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Emotional Filtering in Strategic Change

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Abstract

Based on the findings from a three-year field study of a large firm undergoing strategic change, I build theory by describing how recipient employees emotionally responded to executives' actions. Emotional filtering is defined as change recipients' emotionally charged interpretations of agents' actions that materially influence recipients' cognitive and behavioral responses to the proposed change. I show how emotional filtering differentially affects the outcomes of major change projects.

Competitive pressures caused by deregulation and discontinuous technological changes seem to force many industry incumbents to consider a radical change in order to survive and grow (Baden-Fuller & Stopford, 1994; Tushman & Romanelli, 1985). A radical change is a qualitative alteration of an organization's rules of organizing—the fundamental rules that members use to interact cognitively and behaviorally with the world around them (Bartunek, 1984; Greenwood & Hinings, 1996; Miller & Friesen, 1984). Radical changes may be infrequent in organizational life, but they are consequential to an organization's life chances: realizing radical change is difficult, and underperformance and mortality risks are significant (Hambrick & D' Aveni, 1988; Pettigrew, 1998; Singh, House, & Tucker, 1986).

Fundamental change in personnel, strategy, organizational identity, or established work roles and interests often triggers intense emotions (Bartunek, 1984). Emotions in turn affect how different groups interpret a proposed change and how they behave (Huy, 1999). But there has been little systematic, empirical research on the interaction of multiple groups during radical change (for review, see Rajagopalan & Spreitzer, 1997). In particular, despite the potency of emotion in hindering or facilitating organizational change (Schein, 1996; Weick & Quinn, 1999), few empirical studies have systematically explored in real time the nature and role of emotional processing in radical change. Although there is an abundant literature on emotions in social psychology (for reviews, see Izard & Ackerman, 2000; Staw & Barsade, 1993), empirical research on emotion in work contexts has only begun to explore organizationally social-constructed emotional manifestations such as feeling rules and display norms (e.g., Hochschild, 1983; Martin, Knopoff, & Beckman, 1998; Van Maanen & Kunda, 1989), the effects of emotional expression on work outcomes (e.g., Jehn, 1995; Locke, 1996; Rafaeli & Sutton, 1991; Staw, Sutton, & Pelled, 1994), or affective convergence or diversity in specific groups (e.g., Barsade & Gibson, 1998; Barsade et al, 2000; Bartel & Saavedra, 2000; Sandelands & St. Clair, 1993). Many of these studies were conducted in relatively sta-

ble work contexts, often involving customer service roles, and/or were cross-sectional. Lacking is an understanding of how specific emotions can differentially affect the interpretations and behaviors of various groups involved in such change and how these emotions impinge on the dynamics of radical change and its outcomes.

The evolution of various groups' emotions and how this affects organizational outcomes would seem to be best captured in real time, in situ, and longitudinally. Yet, longitudinal real time research on radical change has been relatively rare. Most of the research has been mainly conceptual or prescriptive (for illustrations of exceptions, see Pettigrew, 1985; Pettigrew, Ferlie, & McKee, 1992). The literature has focused on implementation factors such as the composition and tenure of top management (Boeker, 1997), politics and culture (Beer, Eisenstat, & Spector, 1990; Pettigrew, 1985), cognitive paradigm (Johnson, 1988), and vision (Gioia & Chittipeddi, 1991; Kotter, 1995). On the whole, most of the research on the implementation of radical organizational change has underemphasized emotional processing.

In this paper, I investigate what specific emotions hinder or facilitate the implementation of radical change. Based on the findings of a three-year field study of a large firm undergoing radical change, I build a theory by describing how recipient employees emotionally responded to executives' actions. Emotional filtering is defined as change recipients' emotionally charged interpretations of agents' actions that materially influence recipients' cognitive and behavioral responses to the proposed change. It is shown how emotional filtering differentially affects the outcomes of major change projects. Emotional filtering is important because it provides a more detailed understanding of the specific emotions that facilitate or hinder the realization of radical organizational change. I show how emotions played a critical role in determining the outcomes of such change and thus invite researchers to devote more attention to specific emotional states as important proximal, mediating outcomes that energize the often-protracted process of implementing ambitious change before attaining more

distal macro outcomes. The effectiveness of change actions could be assessed in part and earlier through the specific emotional states that these actions are intended to arouse. Before presenting the findings, I will first discuss the conceptual foundations of the relationships between emotions and the dynamics of radical change.

EMOTIONS AND THE DYNAMICS OF RADICAL CHANGE

A review of the literature on emotions gives us some understanding of how they can influence change recipients' behavior. Emotions are inherent to change in that they are aroused not by the presence of favorable or unfavorable conditions but by actual or expected changes in these conditions (Frijda, 1988). Cognition and emotion are intertwined inasmuch as cognitive appraisals are often necessary to arouse emotion (Clore & Ortony, 2000).

Lazarus' (1993) emotion theory suggests individuals go through a two-stage appraisal process. Through primary appraisal, they evaluate the significance of a new event in relation to their own goals and concerns. If they appraise the potential consequence as beneficial, pleasant feelings are aroused. They experience unpleasant feelings if they appraise the consequence as potentially harmful. Emotions can at times lead to fear paralysis, but they often generate a readiness to act that prepares people to take action (Frijda, 1996). Emotions first serve as relevance detectors focusing people's attention on change events, then as motivators of action. Potential action response is determined through secondary appraisal whereby people evaluate their own capabilities for dealing with a relevant event. If they believe they have adequate resources to deal with this event, they are more likely to respond actively (sometimes referred to as fight). Otherwise, they may adopt a passive/ avoidance approach (flight).

Furthermore, emotions can serve as information for decisions, as typified in the question "How do I feel about it?" Feelings have been shown to guide inferences and judgments about causal responsibility, desirability of risk-reward tradeoffs, problem solving strategies, and perceived risks (cf. Pham, Cohen, Pracejus. Hughes, 2001). People often form overall

evaluations based on their feelings about the target and appear to do so in an informed, deliberate manner. The initial emotional response generates subsequent cognitive processing. This initial response can cue emotion-congruent information in memory (Isen., 1984). Knowledge may be actively recruited to analyze the emotion-arousing event and transform the initial emotional response into a motivationally relevant response (Damasio, 1994).

At the risk of oversimplifying, I use the circumplex model of emotions shown in Figure 1 to explore the wide range of emotions that recipients may experience during radical change. According to this model, emotions share two basic dimensions (Larsen & Diener, 1992; Russell & Carroll, 1999). One dimension reflects hedonic valence (pleasant-unpleasant), while the other refers to intensity of arousal or action readiness (high versus low activation). Together, the four bipolar dimensions produce eight emotion categories that capture almost the full range of emotional experiences among people (Bartel & Saveedra, 2000). Thus, the hybrid category of pleasant-high activation emotions includes hope and enthusiasm, while pleasant-low activation emotions include calm and comfort. Unpleasant-high activation emotions include anger, fear, and discomfort, whereas unpleasant-low activation emotions include disappointment or shame. These four hybrid categories reflect the operation of two broad, evolutionarily adaptive motivational systems (cf. Watson et al., 1999).

Insert Figure 1 about here

The first motivational system mediates goal-directed, opportunity seeking behaviors of people who have voluntarily embraced change and who are likely to experience emotional states displayed in the northeast/southwest axis in Figure 1, depending on the progress of their change effort and how they interpret it. For instance, people may seek to enhance pleasant-high activation emotions and reduce unpleasant-low activation emotions to inject energy into their change projects or instill persistence in adversity (Kanter, 1983; Tichy & Ulrich, 1984).

The second motivational system mediates threat-avoidance, withdrawal behaviors

typical of coerced recipients who may experience emotions in the northwest/southeast direction. These recipients may seek to attenuate unpleasant-high activation emotions and enhance pleasant-low activation emotions (Callan, 1993; Schein, 1996). Early change theories such as Lewin's (1947) unfreeze-change-refreeze model postulate that change typically starts by arousing uncomfortable emotions in recipients by disconfirming their previous beliefs and creating cognitive dissonance. This arouses agitated feelings such as fear, anger, and discomfort (Scherer & Tran, 2000). Schein (1996: 29) notes that "*all* forms of learning and change start with some form of dissatisfaction or frustration generated by data that disconfirm our expectations or hopes." Argyris (1990) added that cognitive disconfirmation is not sufficient to motivate people to change, as people can defensively dismiss it as irrelevant, blame the undesired outcome on others or fate, deny its validity, or deemphasize its importance. People may even have to experience survival anxiety (feeling that if they do not change they will fail to meet their basic needs) or survival guilt (feeling that they have failed to achieve certain ideals they set for themselves) (Schein, 1996). These agitated emotions act as a force that causes disequilibrium in human systems and induces receptivity to change (Senge, 1990). Yet, the same agitated emotions could induce among recipients learning deficiencies such as shallow cognitive processing, deficient inductive reasoning and attention, or reduced memory span (MacLeod, 1999). Too intense and too long a state of agitation could be dysfunctional to voluntary and deep mobilization and learning from interim change outcomes.

In radical change contexts, these individual emotional states could converge into intense group emotions through several mechanisms. First, employees who share a common organizational culture tend to have similar beliefs leading to similar appraisals and emotions (Schein, 1992). Second, a group tends to translate tendencies into collective expressions more easily than individuals acting alone, because group membership boosts people's feelings of power while emboldening them through a perception of anonymity (Barsade & Gibson,

1998). Third, emotional contagion could be at work: individuals could unconsciously respond to others' emotional displays by imitating and exaggerating them. The perceived threats involved in radical change increase affiliative needs, particularly among people who believe they are confronting the same situation (Gump & Kulick, 1997). Group members who identify strongly with one another are more likely to catch each other's emotions, since synchrony conveys empathy. The group's emotional charge amplifies through mutual interaction that promotes group cohesion and continuity (Hatfield, Caciopo, & Rapson, 1992).

Conceptual research on emotion and change at the collective group level has hypothesized how emotional states could affect the various dynamics of organizational change. As shown in Figure 2, Huy (1999) suggests that radical change could be construed as the interplay among at least three change dynamics: receptivity, collective mobilization, and learning. Receptivity as a process shapes and is shaped by the continuous sensemaking and sensegiving activities conducted among various members of the organization. People seek to understand the meaning and nature of the proposed change and to influence each other toward a preferred redefinition of the organizational reality (Gioia & Chittipeddi, 1991). A proposal for radical change—a fundamental change in core values and personal welfare—often triggers strong emotional responses, which will affect how the change is construed and the nature of ensuing actions. Receptivity to change can be characterized by varying gradations of willingness to accept the proposed change, and these can range from resigned, passive acceptance to enthusiastic endorsement. Resistance to change represents the other face of receptivity and can vary from sabotage to quiet cynicism and withdrawal behavior. Some degree of receptivity to change is necessary for cognitive exploration and collective mobilization to take place.

Insert Figure 2 about here

At the organizational level, collective mobilization refers to the organizing ability to rally and propel different groups to undertake joint action and realize common change goals.

This ability hinges on the availability of adequate resources but, most importantly, the necessary commitment and skill sets to cooperate during the change process. Mobilization involves the notion of collaborative know-how as an organization-wide capacity to implement change that cuts across departments, individuals, and time (Simonin, 1997). It requires active collaboration among team members that goes beyond simple compliance. Adherence to the spirit of the change goals, rather than just to the letter, is necessary to overcome unforeseen complications along the way. This requires deep understanding of the change rationale and commitment that would minimize inconsistencies in operationalization (Amason, 1996). Mobilization requires commitment and effort devoted to change actions, and these requisites are contingent on adequate receptivity to the proposed change (Dutton & Duncan, 1987). Wide acceptance of the proposed goals accelerates the change process (Larwood, Falbe, Kriger, & Miesing, 1995). Collective mobilization requires significant emotional energy because aggregate strong personal motivations and commitments are necessary to fuel persistent efforts to complete the actions despite the great difficulties inherent in radical change.

Beyond receptivity and mobilization, people can learn from the outcomes of the change they enact. Learning provides the feedback loop from the interim outcomes of mobilization actions to receptivity. Emotion supplies the primary feedback mechanism that alerts people that various goals are not being achieved, and this arouses feelings of discomfort that stimulate questioning and change. Indeed, radical change of core beliefs and values often starts with exposing and challenging deep-rooted assumptions. Single-loop learning occurs when the error is corrected by changing the behavior; double-loop learning requires changes in the underlying assumptions, and activates strong emotions (Argyris, 1993). While mobilization may focus people on actions, it can also lead to collective complacency, herd behavior, escalating commitment, and eventual disaster (Miller & Chen, 1996). To counter this tenden-

cy toward sub-optimal simplicity, effective learning processes allow people to detect early mistakes and rectify them before they become insurmountable.

In sum, conceptual research on radical change suggests a strong emotional content, and the implementation of radical change could be facilitated or hindered by the arousal of specific emotions. In the field study described below, I empirically explore what specific emotions affect what change dynamics and how emotional filtering operates. I will also highlight three emotion-based findings: (1) the triggers of emotionally charged perceptions of change agents' actions could be multilevel: personal, organizational, and interpersonal; (2) the intensity of agitated emotions (anger, fear, discomfort) needs to be juxtaposed/ attenuated by more quiescent emotional states (sympathy, hope, and comfort, respectively); (3) specific emotions affect different dynamics of change: sympathy facilitates receptivity to change; comfort facilitates learning from changing; hope facilitates collective mobilization.

METHODS

Research Setting. “Servico” is a large service-providing company in the information technology industry, which for many years enjoyed a dominant market position.¹ The company developed an integrated distribution network using state-of-the-art technologies that enabled it to achieve competitive advantage over large geographical areas. It had over 50,000 full-time employees, an established reputation, net assets of about \$10 billion, and a market value of more than \$15 billion. Its core competence lay in a strong engineering culture that designed high-quality and reliable technologies, with cost as a secondary consideration.

Deregulation, followed by the entry of international competitors, changed the rules of market engagement virtually over night. A fundamental and sudden change in strategy and

¹ To protect anonymity of this publicly traded organization, which is still undergoing major changes at the moment of writing, I have taken several measures. The names of the organization and its members, ethnic origins, geographical locations, and specific technologies have been disguised. In the same spirit, some numbers and calendar dates have been altered. These adjustments in the presentation of the data do not affect how the data have been interpreted to explain the proposed theoretical concepts.

organizing was required to address the shift from mild national competition to extreme global competition. A vicious price war ensued. Annual profits declined by almost half in a single year as the company faced rapid market erosion of about 10% annually. When this trend had continued unabated for two years, the board of directors appointed a newcomer to the organization, “John Maxwell,” as CEO . Within a year, Maxwell decided to embark on a radical change project by launching a series of large-scale initiatives that will be described below. The imposed changes were radical in at least three ways. First, a sudden shift was brought about from an engineering-dominated, universal service culture in a quasi-monopolistic environment to one with a market customization focus. A new set of organizational competencies had to be developed quickly. Second, lifetime job security and seniority entitlement were abolished over night in this century-old company. Third, tight control of cash flow and financial accountability were imposed on an organization that had been accustomed to a munificent past with more relaxed resource allocation procedures.

Owing to previous interactions with the company, I began my research on good working terms with several groups inside Servico. I was granted unfettered research access by several executives as a non-participant observer. I was thus able to follow the unfolding of the transformation effort for three years in real time right from its launch. As the effectiveness of various group behaviors, including those related to emotion management, during radical change is not well understood (Rajagopalan & Spreitzer, 1997), I used an inductive approach. My initial research questions were open-ended: How do various groups think, feel, and act in a radical change context? How does the evolution of perceptions, feelings, and actions affect the outcome of change? The idea to build a conceptual model grounded in qualitative data on interactions among people in a single company was inspired by the works of scholars such as Bartunek (1984), Dutton, Dukerich, and Harquail (1994), and Pratt (2000).

Data Collection. I conducted over 1000 informal conversations with about 500 employees at

all levels of the organization to corroborate and triangulate what I had seen and heard and to watch for new experiences of change. This informal process allowed me to screen the individuals most likely to provide insightful but differentiated perspectives; I then solicited them for regular formal interviews. I often asked those interviewed to nominate at least two other individuals who they felt were influential in affecting the realization of one or several change projects in which they were involved, particularly individuals who they felt might not share the same perspective. I repeated the procedure until the different viewpoints gathered repeated themselves at least twice with different projects or groups (Laumann & Pappi, 1976). I eventually followed the evolution of 148 people at different levels of Servico, including 10 executives and 104 middle managers in real time over three years.² A person could act as a change agent in relation to one change project and be a recipient in relation to another. I interviewed many of them more than once, resulting in a total of 265 formal interviews. More than 80% of these were taped and transcribed. I had an office on site and had many opportunities to observe people in their work setting, interact with them, and observe many group meetings. The company also provided a report of focus groups it had conducted with front-line workers to capture their perceptions of change. Multiple data collection techniques, including observations and archival data, allowed me to triangulate findings from diverse sources to build stronger assertions about interpretations (Eisenhardt, 1989; Yin, 1994).

Data Analysis. To study how specific emotions influence change recipients' interpretations and behaviors--the focus of this article--I conducted the analysis of my data in three broad steps. I elaborated each step in turn.

³ Middle managers are people who are two levels below the CEO and one level above first-line supervisor. There are many hierarchical levels of middle managers in Servico, and so one senior middle manager in the line groups could act as a "general manager in the middle" and be in charge of two to five thousand front-line workers (Uyterhovenn, 1989). This manager has hierarchical authority over junior middle managers; and they, in turn, have a typical supervisory range of 50-100 workers. In Servico, people with titles of Vice President and Director are treated as middle managers, whereas those with titles of Senior or Group Vice President are executives.

First, I identified the seven change projects launched by senior executives (Table 1). These executives included the CEO and his close reports, the executive and senior vice presidents. Several reasons motivated this selection. First, changes launched by executives tend to be large in scope and can affect the whole organization in a material way. One is more likely to see important relationships between micro emotions and macro strategic outcomes. These outcomes are strategic because they can affect the performance and life chances of the whole organization. Second, much research on radical change tends to take a holistic view of macro change with general outcomes (Pettigrew, 1985, Johnson, 1988). By analyzing radical change as the aggregation of multiple major change projects with distinct project outcomes, one develops a more fine-grained view of change processes and specific emotional states and managerial actions involved in each project. This should allow more textured, specific theory building (Weick, 1979). Third, these seven projects represent a diverse but manageable number for in-depth analysis and comparison of “extreme” cases that also facilitate theory building (Eisenhardt, 1989). I used the case replication method, in which the seven projects serve as independent experiments that confirm or disconfirm emerging conceptual insights (Yin, 1984). Like Brown and Eisenhardt (1997), I looked for extreme cases that showed sharp variations to allow for nuance in theory development. These major projects displayed clear presence or absence of emotional patterns as well as differentiated outcomes.

Second, for each of these seven projects, I identified the types of emotion that were aroused among the recipients in relation to specific executives’ change actions involved. I identified the people who expressed their views about one or several of these projects. Coding of these emotional patterns relied on evidence of emotional content in observed or self-reported statements and actions. I tried not to make too wide an inferential leap about internal emotional states and sought to corroborate these inferred states with observable outer emotion-laden expressions or behaviors. Wherever possible, I ensured that each pattern was sup-

ported by at least two data sources. For instance, I took care that expressed statements reflecting an emotion were corroborated by observable behaviors, informal observations, or archival information. Table 2 and 3 illustrate how I defined and coded the three dominant emotion types, how they affected the various change dynamics, and how I triangulated various sources of data to enhance the validity of constructs.

Insert Tables 1 , 2, and 3 about here

In the third step, I also examined how each type of emotion affected a particular change dynamic, such as receptivity and mobilization in different recipients. I analyzed over 3000 pages of transcript and 500 pages of company documents. The dominant patterns relating a particular emotion type to a given change dynamic emerged at this stage. While many patterns exist, for reasons of space and theoretical parsimony I will describe a dominant emotion that influences a given change dynamic. For instance, hope facilitates the dynamic of mobilization whereas fear hinders it. Anger may also interact with the dominant emotion of fear to hinder mobilization. I focus on what seems to be the most influential emotion for a given change dynamic. I then aggregated the emotion patterns elicited in each case. I focused on emotions at the aggregate group / organizational level. Thus, it is not necessary for all individual recipients to experience all emotion patterns to affect a given change dynamic. For instance, to the extent that there were a number of influential employees who felt fearful, mobilization—at the aggregate level—was dampened; I consequently tracked how reduced mobilization affected the outcomes of the change project.

In the next section, “Findings,” I will use narratives to describe the causal links between emotions and outcomes of change projects. I used a theory-building approach that required multiple iterations between thick data description and emerging theoretical concepts. I also drew on relevant literatures to enhance plausibility, insight, and criticality of the theoret-

ical model presented in the final section of this article (Golden-Biddle & Locke, 1993).

FINDINGS: EMOTION TYPES AND CHANGE DYNAMICS

Radical change challenges organization members' self-identity and meaning and creates high uncertainty about their future roles and privileges; this could trigger fear for their personal welfare, anger about violation of cherished personal and organizational values, or discomfort with radical change agents perceived as iconoclasts (Argyris, 1990). These agitated emotions could hinder the various dynamics of radical change, such as receptivity, collective mobilization, and learning (Huy, 1999; Schein, 1996). To inject positive energy into a change effort, change agents may consider concrete actions to arouse other emotions that do not necessarily eliminate recipients' agitation, but juxtapose their agitated feelings with more soothing types of emotion such as sympathy, comfort, and hope. Soothing emotions allow restoration of some peace of mind, which comes from the belief that one has control over threats should they arise (Mischel et al., 1996). Medical research suggests that patients who have illusory beliefs that they can exercise partial control over their treatment enjoy important psychological and physiological benefits (Bandura, 1997).

The remainder of this article explores how and why specific emotions affect the change dynamics at the organizational level. Its purpose is not to identify how individual differences affect the display of specific emotion patterns. For space reasons, I will discuss only two cases, both of which changed the organization's formal structures, yet experienced opposite outcomes because of different emotional responses.

Case 1: Change in formal structure: from bureaucracy to divisionalized form

Anger and receptivity to change. The first major change enacted by CEO Maxwell was to replace Servico bureaucracy with a divisionalized structure to be run by a majority of newcomers in the senior management team. Four out of five top managers, as well as 12 out of 20 next-level executives were newcomers by the end of his second year as CEO. It is

commonly assumed that newcomers are more likely to initiate radical change as they are less wedded to the past (Tushman & Romanelli, 1985). Each of the four top team members was in charge of a strategic business unit (SBU) with full profit responsibility. The intent was to reduce managerial complexity and to devolve more accountability to each SBU so that they could become more nimble in fighting competition. As Maxwell privately told me,

My philosophy about an executive team is to make sure that each one is best at what they do functionally—marketing, finance, engineering—they have to have strong leadership skills and they have to be willing to work as a team.

Several newcomer executives began their change process by belittling veterans in public as unfit for the new competitive world. One executive started a kick-off meeting by wondering out loud how so many middle managers present in the room could have worked for the same company for such a long time—more than fifteen years! One organizational value was long tenure that gave deep knowledge of the company enabling networking, which facilitated performance. This perceived violation of one organizational value aroused anger. Veterans were angry because they felt that newcomers disparaged them indiscriminately, too frequently, and for too long. A veteran manager reported what he had observed in meetings:

We were told all the time [by newcomers], This is the old Servico, this is the new Servico. Everything that belongs to the past is considered rotten. We did make mistakes and are trying to adjust ourselves, but we hate to be told continuously that we are bad. This behavior is very gauche.

Another veteran middle manager in Operations—himself a change agent—remarked:

[Newcomer senior managers] have to change their speech. They are bad psychologists. They say that we are not good and while we are making an effort to change ourselves they keep saying that we are not good. Eventually we'll stop trying and go back to where we were initially.

Emotion-laden stories circulated like war stories. As one participant shared with me:

The new executive was speaking from both sides of his mouth. He went to see one group and said that the other was incompetent. Then he went to the other group and told them that the first group was bad. He didn't know that both of us talked to each other, so the resistance was very strong. You can't tell people they have been imbeciles for years.

Thus, veterans seemed not to resent newcomers because they were new to the organization

per se, but because of their condescending manner. As one veteran explained:

It is the way these newcomers are introduced in the company that is problematic. Here is a new person with a vision coming from a well-know outside firm who is going to tell us how to reorganize ourselves. This does not stimulate cooperation with insiders.

These continuous “unfreezing” actions aroused anger among many managers and reduced their receptivity to executives’ proposals. Servico also had to provide generous incentives to entice newcomers to join a troubled company. Veterans somehow discovered that newcomers’ salaries were often much higher than theirs for equivalent positions, and this inequity exacerbated their anger. These incidents had a high symbolic value: stories about the behavior of newcomer executives spread like wild fire in the more private places of Servico—whispered in bathrooms and at water fountains among small groups of individuals—and gradually became rationalized myths that reduced recipients’ receptivity to this kind of radical change.

Fear and collective mobilization. In addition to anger, recipients expressed fear for their personal welfare. One manager in the group that monitored employees’ perceptions underscored the fear and anxiety shared by veteran managers about being ignored for further contribution and career advancement: “There’s an attitude right now ... that if you have been with Servico more than five years you’ve got that printed on your forehead and you’re not going to get anywhere.” Another manager said: “We, the old Servico, feel like second-class citizens. They keep some of us because they cannot afford to replace all of us. If they could they would, so we feel like we are part of the problem and not of the solution.”

Fear could be aroused by violation of personal interests intimately related to organizational values. For instance, many veterans were concerned that Servico’s value of customer service—as well as their personal contribution to and emotional identification with this value (Dutton et al., 1994)—was being eroded by newcomers who had little knowledge or appreciation of the reputation for customer service built up over decades of hard work. One veteran

manager expressed her fear tinged with anger: “They will kill service, and this company is going to live and die on service. Worst of all, they had this attitude of condescension toward the service people, saying that these people don’t know how to manage the company.” Over decades of tenure, these individuals had grown emotionally attached to Servico and its values and they had also expected to derive important benefits from the company, including long-term career growth. Another manager who had been with Servico for over twenty years expressed these shared expectations most succinctly:

We have a system of beliefs. There’s a sense of loyalty to each other, a belief that we are entitled to good working conditions, that Servico will take care of us, and that we would work very hard in return.

A manager in charge of front-line workers reported: “I received a lot of letters from employees expressing concerns that they no longer recognize the company they had so much respect for.” Many felt threatened by newcomers who did not seem to discriminate between veterans on the basis of individual merit, but rather on duration of tenure with Servico. They feared that they would soon be replaced by newcomers, as had been happening to their superiors.

Newcomers’ lack of respect for veterans prevented them from seeking veterans’ advice and from leveraging on their tacit knowledge of the organization. This led to their inadvertent violation of another organization value—diversity--because newcomers were not initially aware of its historical significance to important minority groups. Diversity refers here to representation of employees belonging to large minority groups in influential management positions. Over the past 30 years, there had been a deliberate effort to promote women and Hispanics in front-line positions to middle management positions and then to senior posts, and this effort had been appreciated by these minority groups. Diversity bore a high symbolic importance among the Servico rank-and-file (40% of the 50,000 strong work force was composed of women or Hispanics), and veteran senior executives recognized this sensitive political reality. As one veteran ex-CEO of Servico told me in a private interview:

The Hispanic/ English symbols were critical for Hispanic customers, and that's for political and marketing reasons. You have to be close to the customers you serve. It was a great rallying cry for the employees of Hispanic ancestry. Employees recognize themselves within the company in which they work.

Only one person on the new top team, "Torres," was both a veteran and Hispanic. There was no woman on the top team and only one Hispanic woman in the next level of twenty or so senior executives, and she had assumed a position recognized as low-key. As previously described, CEO Maxwell's expressed dominant selection criterion was heterogeneity of functional skills. However, other groups interpreted this situation differently. Middle managers and union officials perceived Torres as a "token" with little clout. Their dissatisfaction was publicly subdued, as minority representation issues were a controversial topic in this rational bureaucracy (advancement officially based on task competence and fit) and thus were seldom discussed openly. They constituted taboo issues that most politically shrewd veterans in management positions knew about but did not want to register in writing, as illustrated by the previous ex-CEO's remarks. Adequate representation in middle and senior management by women and Hispanics formed part of the traditional tacit expectations of these groups.

Hidden fears hindered collective mobilization for change. On the surface, these minority groups acted calmly. But in private interviews, many of the individuals expressed palpable fear of oppression and purge. For example, one veteran woman middle manager of Hispanic origin—someone I had known for over five years and who was considered a model manager with high advancement potential—was physically shaking, her speech broken, when she confided: "Right now in this organization it's very dangerous and very unfashionable to be a Hispanic, and especially a Hispanic who complains." She reported she had noticed the same apprehension among her colleagues who formed part of her informal private group. Another veteran woman middle manager said: "The executives tend to be white Anglo-Saxon men. It's just the natural tendency to go and get people you know and trust. ... The ratio of women to men in executive positions is just abysmal." Apprehension about being sidelined

and distrust of newcomer executives were shared among these minorities' close-knit informal networks. For instance, a woman manager reported what she heard from her colleagues that a newcomer executive had recently said in a departmental meeting: "He expressed surprise that two of his direct reports were women, and that he didn't believe that women were tough enough for this kind of work. So he intended to replace them." Whether or not these stories were true, and how generalized these phenomena were, would be difficult to verify. It is sufficient to note that these anecdotes about newcomers' undesirable behavior spread like wildfire among women and Hispanic groups, arousing fear and resentment of executives.

This climate of fear dampened collective mobilization for change, as seen through weak lateral cooperation between business units under the direct supervision of executives. Fearful people tend to concentrate on their own narrow interests and become more defensive (Argyris, 1990). One manager described it this way:

We are now living in a confederation state. Everyone was in agreement in a meeting, and as they came out, there were as many interpretations of what was agreed between individuals as individuals in the room. They agreed they would do it, and as they came out, they would mutter, "When I want to. And I did not say when either."

Collective mobilization was further reduced through withdrawal behavior. One line manager in charge of over 600 workers reported: "My group has an unprecedented absenteeism level. Not all cases are burnout, people are becoming more careless in their work. ... All these changes make them feel that they are not that important to the organization. They feel numb, they feel they no longer have any control." Implementation of the details that would smooth the macro structural change to a divisionalized form was slowed down as veteran middle managers foot-dragged. As one reported: "One top team member wanted a certain change to be implemented in the organization, so the managers around the table said. 'Yes, no problem.' Two months later, he inquired why it was not done yet. They just told him, 'Well, it's not put in place yet.'" Other veteran managers left Servico to prove to themselves that they were still "marketable." For instance, a veteran middle manager of Hispanic ancestry admit-

ted privately to me that his newcomer superior's insinuation of risk aversion and lack of mobility as implied by his twenty-years' tenure with Servico compelled him to get an executive job outside to restore his self-confidence.

Thus, recipients' perceived violations of the *organizational* values of customer service and employee loyalty aroused anger that reduced their receptivity to change. Perceived violation of veterans' *personal* welfare through disparaging and demoting them from influential positions produced fear and withdrawal behavior that dampened collective mobilization for this macro structural change. Albert and Whetten (1985) define core identity as the central, enduring, and distinctive values of the organization that all members feel proud about and have personally identified themselves with. A proposed change can be resisted not only because the future is unknown and feared, but because the past is underappreciated as well (Albert, 1984). We often do not know how much something means to us until we lose it. Many significant relations in our life are taken for granted and largely unarticulated, and the proposed change implies possible losses that have hitherto been barely considered. In addition to organizational identity theory, personal construct theory predicts a similar emotional response. To the extent that the proposed change is interpreted as being in opposition to these esteemed core values or personal interests, the negative emotions can be more intense than emotions aroused by a lack of cognitive understanding of the change. Opposing concepts are likely to trigger anger or fear (Reger et al., 1994).

The findings further suggest that recipients could experience another emotion—discomfort--that restricted open *interpersonal* relations with the change agents. Emotional discomfort translated into behavioral distrust of agents.

Discomfort and learning from changing. Recipient veterans felt uneasy and suspicious about agents' motives underlying their change actions. Some recipients even labeled newcomer agents as “mercenaries of change” who indulged mostly in short-term, superficial

financial activities. Many were concerned that Servico's distinctive competence was being "destroyed" by mobile newcomers, as had happened in several "restructured" companies around them. A veteran manager confided: "The members of the senior team came from outside, they have a short-term restructuring mandate. I have no confidence that they will make long-term decisions." Another veteran said: "Senior management say that the highest priority is our customers. Yet all their actions demonstrate that the highest priority is short-term financial results. They had short-term mandates and will make a lot of money. They are the mercenaries of change. I do not trust them to make long-term decisions."

Mutual discomfort between agents and recipients led many newcomer executives to interact infrequently with the lower levels of the company, and this reduced organizational learning. One typical employee's complaint was: "They are not listening to employees who serve customers. How can they listen when they don't even come out of their offices to meet with us and talk to us? How can they know anything?" To make learning worse, discomfort with agents led many veterans to withhold critical pieces of information (such as declining customer service and rising inter-unit conflicts) that might have allowed newcomer executives to adjust their change actions in midcourse—that is, learning from changing. The metaphor of veterans being regarded as "dinosaurs" came up often in interviews. For example, one veteran middle manager in Customer Service shared his private views about the new dynamics of formal meetings: "Each time we heard an executive or an external consultant suggest something, we said we were not going to say anything. We don't want to appear to be dinosaurs one more time." An internal consultant described this curtailed learning climate as follows:

There is a stigma with the old guard. Newcomers expect that the veterans would always bring objections to a proposal, and because they expect objections they would not even bother to consider their merit. Any suggestion for modification is considered as veterans' final agonizing cries and so is ignored.

This withholding of tacit operational knowledge slowed down the learning rate of newcomers. As one veteran admitted: "I don't feel free to express my ideas. I have a feeling we are

now part of the legacy system. Newcomers are paid much more than we are for the same job, yet they have difficulty in operating because they don't know how things work around here.”

Two years after the large-scale changes were launched, a veteran middle manager in charge of over 300 front line service workers reported from his last week's meeting with newcomers:

It struck me that some newcomers know nothing about this company. Because they don't really know the work environment, they can't realize the scope of the change and so we start to see negative impact on service and employee absenteeism.

Reduced sharing of knowledge and learning from interim feedback led to sub-optimal allocation of resources. One line manager noted: “They have a lot of people that focus exclusively on numbers and cost reduction. In some groups, there were as many people doing [financial justifications] as I have to serve customer needs.” Some managers curtailed taking risks. One veteran said: “Newcomers tolerate risk-taking as long as we don't make mistakes. So there is no innovation.” Another described the stunted learning climate as follows: “If you cannot accept mistakes you cannot learn. We are living in a very dangerous climate right now.”

Discomfort leading to reticence about sharing knowledge had a negative spillover effect on the change initiatives that spanned multiple business units. As well, the SBU differentiation of the new divisionalized structure seemed to exacerbate inter-unit conflicts. Unresolved conflicts at the lower levels were eventually escalated to the executives, and this further divided them. Internal rivalry grew and distracted executive attention from current change initiatives. Further decline in customer service and market share led CEO Maxwell to “conclude” one year after its introduction that the change to a divisionalized form was a mistake. He decreed a second structural change to move back to an alternate form of centralized functional bureaucracy. Newcomer executives also “concluded” that veterans could not be trusted to implement such radical changes and recruited even more outsiders to put in influential positions, thus exacerbating the vicious emotional loops of anger, fear, and discomfort among veteran recipients. The same unresolved (and amplified) emotional filtering that hin-

dered the success of Maxwell's first structural change would also undermine his next two macro structural changes in the following two years, leading to his eventual resignation. For space reasons, I will not present the details of these events. I will now describe a second change project to illustrate how a change with negative overtones was realized smoothly thanks to the appropriate emotional climate created by agents. Here, anger was juxtaposed with sympathy, fear with hope, discomfort with comfort: a distinct emotional filtering that favors receptivity, mobilization, and learning.

Case 2: Downsizing of 25% of the work force in three years

One of the most dramatic change projects launched by executives was 13,000 job cuts (or 25% of the work force). This was the first layoff in the long history of this institution, and it was feared that the consequences would be devastating both to the employees who had what amounted to lifetime job security and to the continuity of Servico operations, since there were threats of massive strikes by powerful unions. Yet this change was carried out relatively smoothly. The case also shows that recipients were quite able to discriminate and calibrate their emotional and behavioral responses to target specific change projects and agents.

Sympathy and receptivity to change. Sympathy reflects the ability to feel for the general suffering of others, with no direct sharing of that person's experience (Goleman, 1995). Sympathy is partly demonstrated by conciliatory behaviors. In Servico, organizational sympathy related to the massive downsizing was partly expressed through a relatively generous compensation package. A newcomer executive developed a "voluntary separation" package with veteran human resource managers and consultants. This package provided incentives for voluntary retirement. Employees could opt for early retirement with full benefits if they were within a few years of the retirement age of 55 or were eligible for 8 to 16 months' salary if they had lower tenure. Individuals could also benefit from a variety of free psychological guidance, placement, and counseling services while still receiving full salary for up to three months.

Sympathy was expressed through benevolent actions, which reflected a concern for the well-being of other persons (Schwartz, 1992). The program was viewed as generous compared to what was being offered by other firms in similar situations, and this was appreciated by many employees. One person who opted to leave Servico to become an entrepreneur said: "I truly believe the way Servico downsized to be a real tribute to a caring organization. Servico has been a very good corporate citizen there. If you look around, their termination packages are as good as anybody's." Indeed, I was initially surprised to hear directly from both victims and survivors that they felt the downsizing process to be "fair" and "kind," even though the implicit *organizational value* of lifetime job security had been violated.

Hope and collective mobilization. Hope refers to the expectation and wish that our future work situation will be better or at least as good as the present one (Brockner, 1992). Hope buffers recipients of radical change from extreme apathy and depression, and it strengthens their capacity to withstand and persist in adversity. The implementation of downsizing was carried out largely by many Servico veteran middle managers who mobilized out of both formal duty and sympathy for their workers. These individuals had been supervising their workers for years and so knew the local norms. Veteran managers and unions cooperated to smooth implementation. Both cooperated in this stressful exercise by establishing coordination teams at all levels. Thus, in the fear-prone situation of downsizing, hope was aroused among survivor recipients by caring for the victims. If victims received good care and generous benefits, survivors attenuated their own fear by rationalizing the downsizing as less threatening because they hoped for the same kind of treatment should they lose their own jobs (Bies, Martin, & Brockner, 1993; Brockner et al., 1994). Hope was thus juxtaposed with fear to enable some collective mobilization in carrying out the dismal task of downsizing.

Hope was also aroused when employees heard of people who had left earlier finding another job with other firms and so getting the double benefits of a new salary and Servico's sepa-

ration package. Some came back to report to their ex-colleagues that they were happier now in their new work and were better paid than before. These personal stories circulated as success myths and boosted the self-confidence of many survivors. As one survivor told me, “You realize after an experience like this that there is life after Servico. I now know that I can get a job with many companies, what I am working on now makes me even more marketable elsewhere, and so you start to relax.” These individuals felt less fearful because they realized they were not “trapped” with Servico and possessed the means to cope with the uncertainty of employment.

Comfort and learning from changing. Some feelings of comfort were established through continuous exchange of information between victims of downsizing and agents who had to implement it. Middle managers had to learn for their first time in Servico about communicating honest but at times brutal performance reviews to targeted individuals whom they appraised as less fit for the new environment, with the intent of coaxing them to take the voluntary retirement package. For instance, the rules of voluntary retirement were communicated clearly to everyone and certain managers learned to attend to employees’ agitated feelings. Middle managers reported to me that they treated each case with respect and kindness, allowing people time to evaluate their options over several months and to discuss them with family members and financial advisors. Many employees learned for their first time in their work career to take a more thorough and deeper examination of their own life career aspirations, to assess their current stock of knowledge and skills and those that they wished to develop. The majority of employees perceived these rules to be “open” and “fair”. Agitated emotions such as fear, anxiety, and at times frustration and anger were present because of the effect of downsizing on employees’ careers—appraised by most as highly important and desirable to self. Yet, in the cases that caring of victims took place, I did not detect much evidence of workers’ discomfort and distrust for their supervisors who, on the surface, had apparently hurt their personal well-being.

Establishing emotional comfort through agents’ caring for recipients’ personal well be-

ing allowed both parties to engage in flexible and relaxed interactions under crisis. For instance, many employees were given the option not to leave immediately but in two or three years, so that they could complete what they had been doing before they retired. This provided them with the possibility for achievement and pride. These people reported to me that they felt fortunate to be able to leave Servico at their chosen time and to avoid the humiliation of being forced out.

The presence of sympathy, hope, and comfort seems to have smoothed the downsizing of 13,000 positions over three years and allowed Servico's financial performance to improve by about 500 million dollars a year. Around 16,000 individuals volunteered to leave, three thousand more than the company required at the time. The implementation of this project was perceived by many as a success, largely devoid of anger and the initially feared sabotage. The quality of customer service declined, but not to the extent that had been feared.

Discussion

The failure of an apparently easy change to a divisionalized structure (Case 1) and the relative success of a difficult massive downsizing (Case 2)—corroborated by the other five change cases summarized in Table 1—as viewed through the lens of emotions suggest the importance of emotional filtering in influencing the outcome of radical change. Emotional responses influence recipients' interpretations and behaviors in reacting to the proposed change. Through this process of emotional filtering, the three important dynamics of radical change—receptivity, collective mobilization, and learning from changing—are either enhanced or dampened. At least three types of emotion seem to constitute this emotion filter: anger juxtaposed with sympathy, fear with hope, discomfort with comfort. An emerging model of emotional filtering in radical change is depicted in Figure 2. I will now discuss the deeper social-psychological processes that provide theoretical support to the empirical findings.

Insert Figure 2 about here

In the case of Servico, we have seen how perceived violations of personal welfare in relation to employment could elicit fear and violation of values, such as customer service, could elicit anger. In practice, however, personal welfare and organizational values may be difficult to separate. Servico and similar institutions believed that good delivery of customer service was predicated on employee welfare and this took place through decades of indoctrination. Employees could subconsciously view these two dimensions as inseparable and might invoke the threat to the organizational value as a more legitimate form of justification to reject change.

Another reason for the difficulty in separating emotional responses due to attachment to core values from those due to self-interest is found in social identity theory (Dutton et al., 1994). The notion of self-interest or personal welfare advanced in this theory goes well beyond the pursuit of economic or power needs that no doubt existed in the case of Servico. Long-tenured members had developed images of their organization as embodying desirable attributes that shaped how they defined themselves. Each member's self-concept was strengthened by his or her identification with the organization, allowing opportunities for self-expression, self-distinction, and self-esteem. Thus, the construed threats to the organization's distinctiveness were experienced as threats to a positive evaluation of self. Veteran employees of Servico prided themselves on the desirable images of being thorough and providing quality in whatever they undertook. The interests of the organization and those of its individual members had become interrelated, at least in part. As a result, fear and anger both tended to be present in the radical change context.

How can sympathy attenuate anger and fear? As previously discussed, sympathy is partly demonstrated by conciliatory behaviors. Emotional reconciliation refers to the process of juxtaposing two seemingly opposing values people feel strongly about. Change can be construed as a juxtaposition of additions and deletions (Albert, 1984). The more the proposed change can be framed and accepted by recipients as an expansion of existing values, the easi-

er it is for them to accept the proposed change. However, the portion of valued elements from the past that must be deleted should be mourned to ease the transition (Bridges, 1980). In this case, open recognition and formal mourning of abandoned cherished values are suggested (Albert, 1984). During the transition phase, recipients are likely to feel disoriented and fearful because they sense that the past is no longer appropriate while concrete means to achieve future goals are not yet clear. Sympathy is expressed by acknowledging these feelings and by giving adequate time for recipients to mourn. People need to reflect on the past, to come to terms with what went wrong and why it needs changing now, and then to think about new beginnings. Gradually, sympathy is likely to attenuate anger, and fear is likely to be overcome by hope. Through this process, recipients gradually become less defensive and more receptive to considering the proposed change with a more open mind (Huy, 1999).

Why is hope important in radical change? Brockner (1992) suggests that most people are motivated by hope, which fuels the belief that one has both the will and the way to accomplish one's goals. Certain Servico managers created hope for themselves and the people around them by displaying a will (emotional identification with organizational values) that kept them staying with Servico so that they could enact their way (caring for their subordinates who were affected by downsizing). In this way, hope helped mobilization. At the least, arousing hope may have mitigated employees' depression, burnout, and exit that would have depressed mobilization. When respondents rationalized that they believed that the current stressful situation was only temporary, that the newcomer executives who disparaged them would not be around for long, and that at least some of the change projects, although frustrating, would in aggregate improve Servico's competitive position, they may have been seeking to arouse hope in themselves. Hope bridges continuity and change and makes the pressures of radical change more bearable. Hope represents a future-oriented emotion that fuels positive striving toward mastery and gain, aspirations that enable people to grow (Smith & Lazarus,

1990). This may explain why vision has often been stressed in the radical change literature, since it generates hope (Larwood, Falbe, Kriger, & Mielsing, 1995).

While sympathy reflects a time-related emotion acknowledging the cherished past and hope a time-related emotion aspiring for a better future, comfort is a time-related emotion focused on the present. Comfort is important during radical change because such a change is by nature risky. Recipients need to feel secure that their welfare is entrusted to competent and caring agents of change. Like a patient who is about to undergo major surgery, a recipient must trust that the surgeon--change agent--is able and willing to attend to the recipient's personal welfare. Symbolism becomes important, because recipients scrutinize in the present every word and deed of change agents to assess whether the latter deserve a minimum level of trust. In *Servico*, veteran recipients were perhaps looking for symbolic signs of respect, expressed through inclusion of women and Hispanics as well as veterans and newcomers in influential change positions. It seems that absence of distrust is necessary when the content of change is social—changes in organizational values and interpersonal relationships, which are difficult to impose through crude power, as opposed to changes that are more physical, such as changes in formal structures (Schein, 1992). Changes in the softer human dimensions require a process that is more affective than cognitive, and so emotions tend to play a critical role in the realization of soft changes (Huy, 1999). Moreover, emotional comfort could translate into behavioral trust because there are at least two forms of trust. Cognition-based trust stems from people's judgment about others' reliability based on task performance; affect-based trust goes beyond the work-related needs and is grounded in emotional bonds reflecting genuine care and concern for the personal welfare of others (McAllister, 1995).

Comfort facilitates learning because there is emerging research that suggests that learning is more effective when people feel relatively safe. Providing psychological safety that converts agitated emotions into motivation to change is critical (Schein, 1996). Individu-

als who feel safe in taking interpersonal risks are more effective learners because they are more open to sharing and discussing each other's mistakes (Edmondson, 1999). Beyond interpersonal trust, team psychological safety requires a climate of mutual respect in which people feel comfortable being themselves. Quiescent, soothing emotions are beneficial because a continuous high state of agitation depletes human physio-psychological resources and leads to burnout (Watson et al., 1999). Excessive emotional demands on recipients could lead to emotional numbness and low sensitivity to new ideas and experimentation (Morris & Feldman, 1996). Intermittent periods of relative calm and comfort allow recipients to learn, because radical change is often not a linear, one-time progression through sequential stages, but more an iterative spiral pattern of contemplation and action (Weick & Quinn, 1999). During the contemplation phase, people need relative peace of mind to make sense of and come to terms with what they have lost or gained and to ponder the next action.

In sum, as summarized in Table 1 and Figure 2, emotions seem to have exerted an important influence on the outcomes of major change projects that in aggregate constituted the operationalization of an attempt at radical change in Servico. Major change projects seem to be subject to the process of emotional filtering. The emotional responses generated through this filtering process in turn affect three important dynamics of radical change--receptivity, collective mobilization, and learning from changing--which together influence the outcomes of a given change project. These specific emotional states could also be used (and measured) as advanced warning signals that are likely to predict the outcome of specific major change projects. Put differently, emotional states could act as mediating variables.

The model in Figure 2 contributes to at least two different research streams: organizational change and social psychology of emotion. It contributes to the radical change literature by illustrating specific emotional processes elicited by radical organizational change, an area that has been understudied (Pettigrew, 1990). It proposes emotional filtering as a promising

theoretical lens to examine the likelihood of realization of major change projects in lieu of the traditional aggregate view of radical change. Practitioners could thus be more heedful of the types of emotion aroused by change projects and take concrete actions to attend to them.

This article also contributes to the literature on the social psychology of emotion. First, it links “micro” emotions to “macro” organizational and strategic phenomena. Radical change is strategic because its outcome affects the life chances of the organization. The paper illustrates how emotional filtering could facilitate or hinder major change projects. It contributes to research on routines that shape emotional capability in organizations (Huy, 1999). This study suggests a complementary path to organization theorists interested in including emotion in their research. The current skepticism about measures of emotional intelligence (cf. Salovey et al., 2000) should not discourage organization scholars from studying emotions. In addition to or in lieu of personality and individual psychology constructs, one might consider studying emotion-related interpretations and actions at the project or group level.

An inductive, theory-building study is at best suggestive. The strength of this study is in providing contextualized and textured information, not generalizations, but its limitations indicate potentials for future research. Servico is an institution with a long and proud history. Would the same emotional filtering exist if radical change were implemented in younger organizations composed of newcomers with ill-formed values? Second, radical change here involves a relatively stable, slow-changing bureaucracy. Would the same emotional filtering take place in fast, continuously changing organizations (Brown & Eisenhardt, 1997)? Third, I have illustrated six types of emotion (anger, sympathy, fear, hope, comfort, discomfort) that shape emotional filtering, but other emotions may exist and operate differently.

Future research can explore individual, demographic, and socio-economic differences that influence emotional filtering patterns (Hall, 1984; George, 1990; Manstead, 1991). A fuller theory of emotional filtering would incorporate a wider range of actors and a richer

range of emotions, behaviors, cognition, attitudes, and preferences, and specify sharper boundary and contingency conditions. Finally, with respect to change outcomes, I have de-emphasized variance and effectiveness considerations. Change outcomes depend on many factors other than emotional filtering (Rajagopalan & Spreitzer, 1997). I have emphasized a particular theoretical lens to illuminate certain aspects of a very complex phenomenon, radical organizational change--aspects that would otherwise be intertwined and shadowed by a host of other factors (Pettigrew, 1990; Tichy, 1983). Future research can validate the presence of similar or other emotional processes in other change contexts and test the effectiveness of these processes on organizations' capability for change and its outcomes. Enabling and disabling conditions remain to be more fully specified.

Over the past 50 years, emotions have occupied a relatively narrow space in the literature of strategy and organizational change. When mentioned, emotions in change contexts have often been associated with resistance to change (Argyris, 1990; Schein, 1992). This study tries to open the black box of emotions and reveals the rich variety of emotions and their differential effects on various dynamics of radical change. The findings contribute to an emerging line of research that posits the primary importance of emotions in work organizations. Emotion-based interpretations and actions also deserve a central place in research on strategic realization because strategic issues are by definition critical to the survival and welfare of organizations and their people, and are thus highly emotion arousing (Dutton et al., 1994). Although some scholars may still believe in the ancient dichotomy between emotion and reason, associating emotionality with dysfunctionality, this study suggests that ignoring emotions in strategic implementation may in fact be quite irrational and maladaptive for project managers and strategists acting as change agents. Until we explore further the role of emotions in radical organizational change, we cannot adequately explain the high underperformance rate associated with such change.

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Table 1

Change Projects Launched by Senior Executives

Change projects initiated by senior executives	Outcome	Emotions aroused
Structural change from bureaucracy to divisionalized form	Failure after one year	Anger Fear Discomfort
Structural change from divisionalized form to hierarchical bureaucracy with four executive Vice Presidents (VP)	Failure After one year	Anger Fear Discomfort
Structural change from previous hierarchical form with one of the 4 previous Exec VP promoted to Chief Operating Officer for line operations while all staff functions reported directly to CEO	Failure After one year. CEO and top team quit	Anger Fear Discomfort
Change in interpersonal relations decreed by CEO: “warm intensity”	failure	Anger Fear Discomfort
Downsizing 25% of work force or 13000 jobs	success	Sympathy Anger Fear Discomfort Hope Comfort
Changing 3000 strong sales force from generalist salespeople to specific industry specialists	success	Sympathy Anger Fear Discomfort Hope Comfort
Changing accounting measures to cash flow measures	success	Emotionally neutral change—change did not arouse much emotions in recipients

Note: Even in the cases of successful change projects, recipients could still experience emotions such as anger, fear, and discomfort either about the radical change context in general or about other change projects that affected them. However, these agitated emotions should be distinguished from more quiescent emotions experienced in relation to the specific project described. In aggregate, these various types of emotions were juxtaposed.

Table 2

Triangulation of multiple sources of data for change in interpersonal relations initiated by CEO: “Warm Intensity” (Failed)
 All employees to display warm commitment to work with each other but focused and intense in actions and achieving business results

Emotion and change dynamic	Formal interviews	Informal discussions	Observations	Company surveys	Company documents
Anger and Receptivity	<ul style="list-style-type: none"> - People from outside have more generous compensation, are better regarded and treated” - Warm intensity was just another piece of empty rhetoric 	<ul style="list-style-type: none"> - veteran recipients complained that top executives were not walking the talk. - people were angry that Servico’s reputation of good customer service was destroyed by newcomer execs 		<ul style="list-style-type: none"> - 46% felt valued as employees 	<ul style="list-style-type: none"> -Senior exec’ s letter to middle managers: “Cynicism will not be tolerated” - Focus groups conducted with 40 representatives of front-line workers report that many feel that the company is led by outsiders who are mainly interested in the needs of the financial sector
Fear and Collective Mobilization	<ul style="list-style-type: none"> - Veteran middle manager: There is a lot of fear. A lot of people know that we are not going to achieve all these major change projects. Many of us shared that feeling. 	<ul style="list-style-type: none"> Veterans report many incidents of newcomers disparaging them as unfit for new context - Many dared not confide to others in the company for fear disclosed info could be used against them 	<ul style="list-style-type: none"> Org chart shows that by third year of CT, 1 woman, 5 Hispanics, and 9 veterans occupied the top 24 posts. Employee base has 40% women and 40% Hispanics. 	<ul style="list-style-type: none"> - 38% feel that the organization has a sincere interest in their well-being 	
Discomfort and Learning from changing	<ul style="list-style-type: none"> Veterans midmgr: They expect veterans to object to change. So our opinions are ignored CEO: I got a lot of filtered data - In this culture, we penalize reporting bad news 	<ul style="list-style-type: none"> Veterans called some newcomer execs “change mercenaries” with short term cost cutting mandate 	<ul style="list-style-type: none"> - many information about weaknesses of Information technology systems or interim results of change projects were not shared with newcomers 	<ul style="list-style-type: none"> - close to 80% felt that senior execs were not visible; - 57% have confidence in leadership - 40% felt that senior execs were open & honest 	<ul style="list-style-type: none"> 40 representatives of front-line workers report that some feel that top managers are not comfortable with the Hispanic culture

Table 3
Triangulation of multiple sources of data for project (Success):
Changing 3000 strong sales force from generalist sales to industry specialists

Emotion and change dynamic	Formal interviews	Informal discussions	Observations
Sympathy and Receptivity	Consultant: Industry specialization was framed as an expansion of Servico's core value of customer service	Recipients reported that this change would improve their sales skills and allow them to achieve better results. Veterans did not refer to newcomer executives as change mercenaries as in other projects	Each change team had two co-leaders. Most are veterans representing different sales divisions to be merged
Hope and Collective Mobilization	Veteran senior midmgr: Everyone was looking for a means to accomplish this change in a very short time. We have people specialized in various industry segments helping to increase team focus on particular customer needs. I think this is a very good initiative	Salespeople believed this was a change in the right direction. This increased their hope that they would be able to counter more effectively Servico's competitors who picked their niche markets Around 200 middle managers worked on this project for 6 months.	The new sales structure was put in place smoothly. External observers such as financial analysts noted that Servico had mobilized considerable resources in marketing programs, which slowed market share losses and won back customers (hope of turnaround)
Comfort and Learning from changing	Recipient midmgr: We often heard that this exec wants this or that. This kind of leverage does not really impress us. If the idea makes sense, fine. If it doesn't, we're going to challenge, talk, communicate. Name dropping simply doesn't work	Veterans reported there were open exchange with newcomers and consultants, which allow the latter to learn about Servico cultural and political sensitivities	Recipients appear relaxed and upbeat when discussing about this change project About two years into implementation, sales managers found out that too much consolidation had damaged sales results. Certain Hispanic-based customers felt slighted as they saw reduced bilateral executive contacts and less attention paid to their particular needs. As a result, Servico created the positions of President English-Division and President Hispanic-Division for customer relations. A matrix structure was put in place where a layer of symbolic geographical representation was overlaid onto the vertical industry structures. These mid-course adjustments projected a perception of flexibility. The new structure was adopted as a new routine

Figure 1

Circumplex Model of Emotions

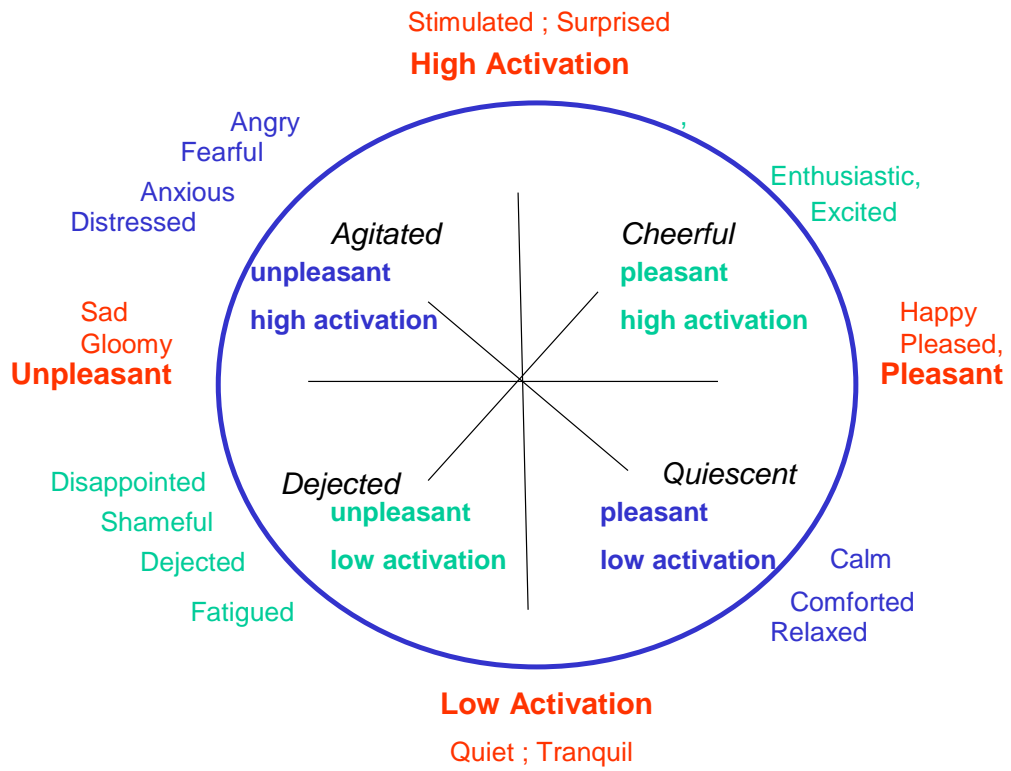


Figure 2

Change Dynamics in Radical Change

(Huy, 1999)

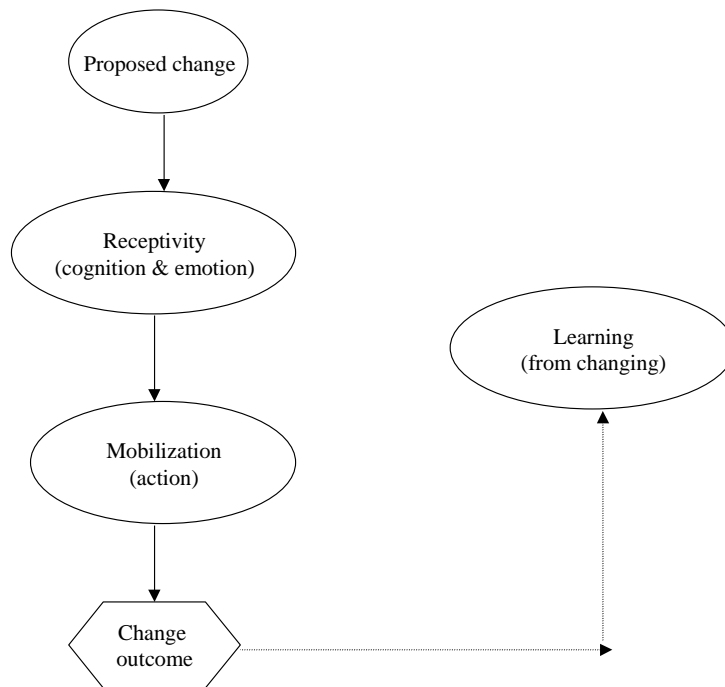


Figure 3

Model of Emotional Filtering in Radical Change

