

**Emotion Management to Facilitate Strategic Change and Innovation:  
How Emotional Balancing and Emotional Capability Work Together**

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**Emotions in the Workplace**

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For organizations faced with the stress of strategic change to improve declining performance, skillful management in all areas is required. Without the emotional touch, executives may find it difficult to bring about strategic renewal. Anxious, fearful employees cannot devote their full attention to their current tasks and have little inclination or capacity to gain new knowledge and skills. Resentful and angry employees may engage in covert sabotage. Depressed and sick employees increase the burden of work on peers who are already overwhelmed (Noer, 1993). All of these emotion-related conditions slow and even thwart organizational learning and strategic renewal.

Skillful emotion management is necessary because, for many people, work not only provides the economic compensation that provides for their material needs, but also defines who they are and how they view themselves, that is, their identity and self-esteem (Ibarra, 1999). Anxiety about not having a meaningful job often causes shame, sadness, hopelessness, and depression among people, and can result in major deterioration in work productivity, effectiveness, and innovation (Dougherty & Bowman, 1995).

Unfortunately, thoughtful management of employees' emotions during strategic change processes is little understood and even less systematically practiced in organizations. Many organizations have been designed formally as emotional vacuums and display, at least on the surface, unemotional and instrumental business logic, that is, operational efficiency and financial effectiveness (Weber, 1947). Although this mode of

management may produce satisfactory performance in machinelike bureaucratic organizations and allow, at best, modest innovation in slowly changing environments, I suggest that skillful emotion management is necessary to create organizational contexts that foster innovation and rapid change. This requires emotion-aware managers systematically to allocate organizational resources to develop procedures related to emotion management. Skillful enactment of these procedures constitutes the organization's emotional capability. Such a collective capability mobilizes aggregate emotion management efforts from many people and allows the organization to transcend the need for having a large number of individuals with superior emotional intelligence.

This chapter is organized as follows. First, I discuss why strategic change can arouse strong emotions and some of the emotions that matter to the realization of disruptive organizational change. Second, I introduce the concept of emotional balancing of radical change and continuity to discuss emotion management related to change agents - the people proposing and conducting the change - as well as change recipients, that is, people affected by the proposed change. Too much change driven by agents could lead to organizational chaos, whereas too much attention to recipients' continuity could lead to modest change or organizational inertia. Adaptive change requires emotional balancing. Third, I elaborate how recipients' emotions can be managed during strategic change through the concept of emotional capability. Emotional capability refers to organizational emotion management actions that addresses specific emotions aroused during strategic change. Appropriate enactment of emotional capability enhances the odds of renewed organizational innovation and renewal. Fourth, I suggest one key organizational group that is particularly positioned to perform skillful emotion management, middle managers,

as opposed to senior executives. I conclude with implications for future research in the area of emotion management in organizational change.

### **Why is strategic change emotional?**

Strategic change refers to a qualitative change in an organization's capabilities (Ginsberg, 1988). This change is often accompanied by a fundamental change in the firm's philosophy, supported by shifts in other organizational dimensions, such as structure, systems, and personnel, to preserve alignment. Strategic change not only causes a pervasive redistribution of resources and power but also demands a "paradigm shift" that challenges members' basic assumptions about the organization (Reger, Gustafson, Demarie, & Mullane, 1994). These assumptions define intersubjective reality and provide a way of dealing with ambiguous, uncontrollable events (Schein, 1992). Organization members are emotionally invested in these nonnegotiable assumptions that shape their cognitive structures for sensemaking and meaning giving. Challenging this source of cognitive and emotional stability represents an attack on core identity and, thus, triggers strong defense mechanisms, such as anxiety and defensiveness (Schein, 1992).

Core identity refers to the central, enduring, and distinctive values of the organization that many employees have personally identified with (Dutton & Dukerich, 1991). If recipients view the proposed change as opposing these values, the emotional arousal becomes more intense than that caused by a lack of cognitive understanding of change. Oppositional concepts are likely to trigger feelings of anger and fear (Reger et al., 1994). Because strategic change arouses strong emotions, I discuss how emotions influence employees' thinking and behavior as they affect the realization of such change.

## **Emotion links to cognition and action in response to change**

Emotions and change are intertwined because emotions are not aroused by the presence of favorable or unfavorable conditions, but rather by actual or expected changes in these conditions (Frijda, 1988). Emotions enable people to reorder priorities as situations change, allowing them to take actions they believe will enhance their chances of survival, and permit them to set long-term goals when choices involve incomplete data or incommensurate alternatives (Damasio, 1994). Emotions also help people make a leap of faith and face the challenges of major change (Westen, 1985; Zajonc, 1980).

Change arouses emotions that motivate action responses. Emotions focus people's attention on an event and prompt the search for adaptive actions. Lazarus's (1991, 1993) emotion theory suggests that this involves a two-stage appraisal process. First, through primary appraisal, people evaluate the significance of a new event in relation to their own goals and concerns. If they appraise the potential consequence as beneficial, pleasant emotions are aroused. However, they experience unpleasant emotions if they appraise the consequence as potentially harmful. Emotions can lead to paralysis because of fear, although they often generate a readiness to act (Frijda, 1996). Emotions serve first as relevance detectors, focusing people's attention on change events, then as motivators of action. Second, potential action response is determined through secondary appraisal, whereby people evaluate their own capabilities for dealing with a relevant change event. If they believe they have adequate resources, they are more likely to respond actively. Otherwise, they may adopt a passive/avoidance approach, which is sometimes interpreted as a form of resistance to change (Lazarus, 1993; Huy, 2002).

Emotions aroused by strategic change are not only felt at the personal,

idiosyncratic level. Faced with a change event, a large number of employees in different work roles can collectively experience certain shared group emotions. Individual emotions converge into group emotions through several mechanisms. First, employees who share a common organizational culture have similar beliefs, leading to similar appraisals and ways of feeling (Schein, 1992). Second, a group translates tendencies into collective expressions more easily than individuals acting alone, because group membership boosts people's feelings of power by making them feel bolder through 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 strategic change increase needs for affiliation, particularly among people who believe they are confronting the same situation (Gump & Kulick, 1997). Group members identify strongly with one another and experience each other's emotions, for synchrony conveys empathy. The group's emotional charge amplifies through mutual interaction that promotes group cohesion and continuity (Hatfield, Cacioppo, & Rapson, 1992). In this regard, organizational groups can express shared emotions and act upon them.

I now introduce two emotion-based organizational concepts and elaborate how they work with each other: emotional balancing and emotional capability. Emotional balancing involves the emotion-management behavior of two distinct organizational groups: change agents and change recipients. Practicing emotional balancing brings about positive organizational adaptation and avoids the extremes of organizational chaos and inertia. Emotional capability then focuses on change recipients and elaborates how recipients' emotions should be managed to facilitate major change and innovation.

## **EMOTIONAL BALANCING**

Emotional balancing refers to a group-level process juxtaposing emotion-related actions intended to drive change while inducing a sense of continuity in a group of people (Huy, 2002). My field research suggests that balancing is necessary because too many and too rapid change risks generate chaos, while too little and too slow change risks create inertia (Huy, 2002). Methods for my field research have been described in more detail elsewhere (Huy, 2002). Findings from this research have since been validated with research conducted with over 20 large-profit as well as nonprofit organizations world wide. Some of these findings are published in Huy (2001).

Emotional balancing entails, at the organizational level, (a) the change agents' commitment to champion and pursue change projects and (b) organizational attending to the emotions of recipients to restore some operational continuity. Different organizational members can play different roles, however. Some people may choose to play the role of change agents who propose radically new ways of doing things, whereas others may focus on attending to organizational continuity and employees' emotions. Put differently, the emotional balancing model I propose does not require all influential employees to display a high level of emotion management skills. The aggregation of various emotion management actions performed by different groups of people and facilitated by the organization's procedures, resources, and training could help develop an enabling emotional climate that facilitates adaptive change. Furthermore, although the presence of a very large number of supporters of change is obviously desirable, this may not be critical to start a strategic change. Many successful major changes seem to have been initiated by a small group of people and then to have been diffused (Rogers, 1995).

Because strategic change can elicit very different intense emotions in change agents and recipients, it helps to understand the psychological mechanisms that elicit these emotions.

### **Psychological mechanisms of emotions related to change and continuity**

People have at least two motivational foci. When they are focused on change (or growth), people are driven by development needs and seek to bring their behaviors and self-conceptions in line with how they would like to be; eagerness or ensuring gains dominate their behavior. On the other hand, when they are continuity (or security) focused, they seek to align their actual selves with their duties and responsibilities.

At the risk of oversimplifying, I use the circumplex model of emotions to explore categories of emotional states that people experience during strategic change. The circumplex model is akin to an emotional compass (see Figure 1), in which emotions are categorized along two dimensions (Larsen & Diener, 1992). One dimension reflects the hedonic valence (pleasant-unpleasant), and the other refers to the intensity of arousal or action readiness (high versus low activation). Together, the four bipolar dimensions produce eight emotion categories that capture a large range of emotional experiences (Bartel & Saveedra, 2000). Thus, the hybrid category of pleasant high-activation emotions includes enthusiasm and excitement, whereas pleasant-low activation emotions include calm and comfort. On the other hand, unpleasant high-activation emotions include anger, anxiety, and fear, whereas unpleasant low-activation emotions include disappointment, shame, or dejection.

As shown by the 45-degree axes in Figure 1, the emotions of change-focused people vary along a cheerful-dejected axis, whereas those of continuity-focused people vary along an agitated-quiescent axis. These four hybrid categories reflect the operation



of two evolutionarily adaptive motivational systems (Watson, Wiese, & Vaidya, 1999).

The first system motivates people to seek change; the second motivates people to seek continuity and security and act as change recipients. Enthusiastic change agents who are also distressed recipients of another change initiative could, however, experience a wide range of conflicting emotions and experience uncomfortable emotional ambivalence. Treatment of ambivalence is beyond the scope of this chapter.

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### **Change agents' emotions**

To create the necessary emotional energy that helps people envisage ambitious change and persist in adversity (Kanter, 1983), change agents seek to enhance pleasant high-activation emotions (e.g., enthusiasm) and reduce unpleasant low-activation emotions (e.g., dejection). As previously discussed, strategic change often challenges organization members' identity, roles and privileges, thus triggering anxiety (Argyris, 1990). Anxiety, in turn, can degenerate into depression, which blocks all learning efforts as people perceive that they cannot achieve valued outcomes and are pessimistic about potential improvement in their situation (Schein, 1996).

To fight against this anxiety and depression, people seek to restore peace of mind, which comes from the belief that one has control over threats that may arise, either by changing objective circumstances or by altering the psychological impact of the situation (Mischel, Cantor, & Feldman, 1996). For example, 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).

Emotional commitment to change provides agents with stamina and hope to

persevere in change efforts and reduces premature despair from potentially disappointing outcomes. Moreover, people who feel they can influence the direction of change are likely to feel more confident about their own future. After committing to a goal, people will normally pay selective attention to information relevant to its realization and generally evaluate its consequences positively (Gollwitzer, 1990). This shields them from the distractions of competing alternatives and paralyzing self-doubts (Kuhl & Beckman, 1985). Research also suggests that perceptions of personal control are related positively to maintaining the effort devoted to challenging tasks, such as the pursuit of ambitious change projects (Aspinwall & Taylor, 1997). People who display low emotional commitment to major change projects are likely to have a difficult time competing with highly committed peers for scarce organizational resources (Huy, 2002).

But how would people on the receiving end of change agents' actions feel? I now explore change recipients' emotions and their underlying mechanisms.

### **Change recipients' emotions**

Employees affected by strategic change may feel powerless and fatigued about change and, as a result, neglect to perform the mundane but critical organizational routines that serve the needs of key constituencies, such as paying staff salaries, delivering good customer service, and ensuring safety and quality in production. Organizations need to mitigate the extreme effects of too much change and chaos by focusing managers' attention on the importance of maintaining operational continuity in their own work groups (Huy, 2002).

As I alluded to previously, the second motivational system (seeking continuity) mediates the threat avoidance withdrawal behaviors typical of coerced change recipients

who likely experience emotions in the upper-left and lower-right quadrants of Figure 1. These recipients seek to attenuate unpleasant high-activation emotions (e.g., fear, anger) and enhance pleasant low-activation emotions such as calm (Schein, 1996).

The organization needs to display emotional sensitivity behaviors that distinguish, repair, and manage the emotions of change recipients. This requires managers to attend to their subordinates' emotional responses to achieve some emotional equanimity in their employees' work and private lives. Attendance to employees' private lives is crucial to enhancing their receptivity to strategic change, because during such disruptive change, employees tend to be less concerned about the organization's new strategy than the potential effects of the new strategy on their personal and family welfare. This arouses strong emotions that need to be attended to achieve beneficial organizational outcomes, which I illustrate in the next section.

### **Organizational outcomes related to emotional balancing**

In my field study, I found that managers' aggregate emotional balancing actions facilitated two important organizational outcomes: development of new skills and operational continuity (Huy, 2002). From employees' experience in doing change projects, learning to change seems to represent, at the aggregate organizational level, one of the major benefits of change. Through "learning by doing," certain organization members developed a more refined embodied understanding of the necessary skills involved in major, rapid change. These change skills included, for example, process mapping and reengineering, project management, employee downsizing and relocation, outsourcing routines, customer segmentation, statistical analyses related to work processes, and emotion-attending to highly stressed employees. They gradually built new

skills by applying and adapting to their own work context a variety of change tools that had been relatively new to them. Besides getting acquainted with the technical and human elements involved in change knowledge and skills, veteran employees learned to interact with executives and external consultants and appreciated the exposure to new ways of doing things, such as aggressive marketing, quick competitive responses, taking more risks in fast action, and the importance of cash and profits.

With regard to operational continuity, certain middle managers' attention to work details and subordinates' emotions contributed to a smooth downsizing in certain work units. By working with union representatives to soften downsizing and relocation hardships on recipients, managers reduced the likelihood of extreme responses. Powerful unions had threatened management with sabotage and strikes to protest downsizing, but very few of these actions occurred. Managers' emotion-attending behaviors dampened in part employees' anger and fear, emotions that could spread and amplify through the dynamics of emotional contagion. Some continuity in providing products and services allowed the organization to maintain some of its revenue-generating capability, thus providing part of the needed cash to fund more than 100 change projects (Huy, 2002).

My research also suggests that inadequate attention to recipients' emotions can lead to underperformance in outcomes even if change agents' commitment to realizing operational efficiency and manpower savings are strong (Huy, 2002). Similarly, weak commitment to change in a high-pressure strategic change context or when emotions are not attended to can lead to workgroup inertia or chaos, thus resulting in deteriorating workgroup performance. This suggests that emotional balancing is particularly important for major change that requires both strong commitment to pursuing change and,

minimally, some moderate acceptance from recipients to integrate the change while maintaining some of their traditional but still important tasks (e.g., serving customers).

In summary, emotional balancing involves broad categories of emotion management actions related to change agents (e.g., emotional commitment to the proposed changes) and recipients (e.g., the need to attend to their emotions). I now elaborate the concept of emotional capability, which specifically describes more textured emotion management actions that attend to recipients' emotions.

### **EMOTIONAL CAPABILITY**

At the organizational level, emotional capability refers to the organizational ability to acknowledge, recognize, monitor, discriminate, and attend to emotions at both the individual and the collective levels (Huy, 1999). This ability is built into the organization's habitual procedures for action, otherwise known as routines (Nelson & Winter, 1982), which reflect the collective knowledge and skills demonstrated in local contexts to manage emotions related to strategic change. Organizations that develop procedures related to emotion management and provide systematic training on this subject to employees reduce the need to rely on the innate competence of individuals' emotional intelligence and their variable individual initiatives. In this respect, an organization's emotional capability can be far greater than the sum of the emotional intelligence of its more mobile individual members (Huy, 1999). Building emotion management skills among a large number of employees with various levels of emotional intelligence is likely to require a long-term, sustained organizational effort (Goleman, 1995). Because organizations have finite resources and need to prioritize their developmental activities, a gradual development of emotional capability seems necessary.

I elaborate the various emotion management action routines that constitute an organization's repertoire of emotional capabilities: experiencing, reconciliation, identification, encouragement, liberation, and playfulness. Figure 2 summarizes how the various emotion management routines described below influence the three change dynamics of receptivity, mobilization, and learning, discussed in Huy (1999).

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### **Sympathy and the capability for reconciliation**

Sympathy represents a less demanding emotional process than empathy, because it refers to the ability of an individual to feel for the general suffering of another, with no direct sharing of that person's experience (Goleman, 1995). Expressing sympathy in strategic change involves emotional reconciliation, that is, the process of bringing together two seemingly opposing values or goals people feel strongly about (Huy, 1999). Genuine efforts expended toward achieving a new synthesis and understanding increase receptivity to proposals for change.

To achieve this new synthesis, Albert (1984) suggested that change agents present change as a juxtaposition of additions and deletions. If change can be framed and accepted by the recipients as an addition or an expansion of existing values, it is easier for employees to accept it. The more continuity is perceived to exist between the past and the future, the less the change is regarded as radical. In one case study of the merger between two large organizations with different value systems (Ramina & Huy, 2002), for example, managers organized formal sessions with employees from both organizations. Each company group was asked first to articulate the traditional ways of doing (norms

and values) that they would like to keep and those they would like to abandon. Then the results were shared with the other group. Employees discovered, much to their surprise, that the norms they valued and those they were less proud of were very much alike. A sense of continuity between the two cultures was thus established, and there was a shared understanding to delete certain negative elements of each culture.

However, to the extent that certain valued elements from the past must be deleted, mourning may help ease the transition. Change agents who ignore the mourning period and rush the organization through this meditative phase risk a backlash, as happened to distressed AT&T employees in the post-breakup phase (Moses, 1987). AT&T faced the government's decision to break up the million-people-strong institution into smaller units known as Baby Bells (Tunstall, 1984). These employees were proud of their company's achievements, values, and history and could not fully understand or accept the forced break up of a great American institution. The physical aspect of the massive structural breakup was implemented quickly. However, executives in the post-breakup phases were eager to move on to a new phase and cut down on emotion management of their employees. The mourning period was curtailed. This resulted in lingering widespread emotional stress among employees and caused major organizational damage, as an internal report on AT&T employees written by a psychologist revealed:

*'We have very "disturbed" managers. Managers who are forced to make work force reduction decisions without any guidance, training, or support are becoming cynical ...Open hostility is surfacing as never before and its focus is toward the company rather than toward the competition or the marketplace where such energies can be productively channeled. The amount of suppressed, covert hostility lurking just below the*

*surface in many people is truly frightening. Unfortunately, much of the frustration, anger, and depression is taking its toll on the non-work lives of our people. At the same time, we have noted a marked increase in symptoms of depression among managers we have studied. Today's survivors are often disillusioned, frustrated, bitter, and, most of all, lacking in hope (Moses, 1987 pp. 35-36).*

What happened to AT&T employees? Bridges's (1980) work on personal transition suggests careful management in all three phases of transition, that is, "endings," then "neutral zones," and finally "new beginnings. These phases seem to have been ignored in managing AT&T employees' emotions. In the endings phase, organization members recognize that "positive feelings toward past situations cannot be replicated in the future." In the neutral zone, people feel disoriented (the past is no longer appropriate but the future direction is not yet clear). Managing actively the transition between the ending phase and the neutral zone is important. Members will need sufficient time to reflect on the past and develop new perspectives for the future. They have to come to terms with issues such as what went wrong, why it needs changing *now*, and thinking about the new beginning. The time allotted to mourning should be adequate, neither too long nor too short. The organization has to encourage shared meaning construction about the proposal for change, and people should be helped to find their new roles in the new order (Bridges, 1986).

Change agents who rush the rest of the organization through this meditative, seemingly unproductive phase of allowing people properly to work through their emotions could suffer recipients' backlash, as happened in the case of AT&T. In summary, emotional reconciliation are translated through a combination of emotion



management actions, such as organizing one-to-one listening to any concerns that recipients feel uncomfortable voicing in public; empathetic rather than judgmental response; attending to recipients' personal and work-related concerns, especially when these are caused by the change process; organizing mourning sessions for cherished values that are no longer appropriate while extolling values that have been preserved; and organizing regular small-group meetings to inform as well as to listen to recipients' feedback on both task and emotional needs.

These activities require different levels of skills, sensitivity, and specialized training and should be shared among many managers and their support staff. Sharing is necessary because individualized emotion management can become taxing on a manager's time and stamina if he or she has to personally attend to the emotional needs of every employee in a large group (Huy, 2002). However, for a demonstration of sympathy to be appreciated by change recipients, an overarching climate of emotional authenticity has to present, as is discussed next.

### **Authenticity and the capability of liberation**

At the organizational level, the emotional capability of liberation refers to an organization's ability to facilitate the variety of authentic emotions that can be legitimately displayed (and felt) during a strategic change process. Under major stressful change, employees are likely to experience emotional dissonance if they are only allowed to express a narrow range of emotions. Emotional dissonance is the internal conflict generated between genuinely felt emotions and emotions required to be displayed in organizations (Wharton & Erickson, 1993; Morris & Feldman, 1996).

Display of positive emotions tends to be encouraged whereas display of negative ones

is sanctioned, as the latter are feared to cause poor group performance (cf. Jehn, 1997). For example, during a process of strategic change, the chief operating officer of one company I studied sent a confidential memo to all managers stating that “expressions of cynicism [about change] will not be tolerated. We are in positions of leadership and must display enthusiasm at all times [to everyone].”

Curtailing a full range of emotional display may be viable in a slow change environment, as it speeds up execution by reducing hesitation and doubt. Nevertheless, emotional suppression can impair collective learning during strategic change. Under major change, it may be more productive for managers to relax emotional display rules and express more authenticity in order to restore some continuity in their subordinates’ lives. To protect themselves, however, managers may strategically choose to observe traditional rules in their dealings with certain superior - executives who still frown upon intense emotional displays, especially unpleasant ones.

The routine of emotional liberation to encourage authentic emotional displays needs to be activated to increase receptivity to change. People may resist change for nonwork-related reasons yet feel compelled to invoke a work-related rationale because the latter is deemed more legitimate (Huy, 2002). To illustrate, in my field research, certain managers had to relocate their staff and maintain the operating objectives of revenue generation and service quality. These actions were taken in the context of a massive downsizing effort to centralize work locations and cut costs. Their customer service employees claimed they were reluctant to reorganize customer service because it did not make sense from a business strategic perspective. More astute line managers discovered, however, that the invoked business reasons often acted as a cover for employees’ concerns for their

families' welfare. For example, one manager realized that half of the relocated people were mothers with young children and that the longer commuting time for them would be exhausting and not sustainable.

Another manager organized emotion management for separate small groups of 20 to 40 recipients. Employees were encouraged to verbalize in small groups (outside the scrutiny of their ) their feelings about how change had affected them. Then managers invited each group to make a drawing about how the change felt collectively, and they displayed the drawings around the room. There were drawings of anxious-looking people in lifeboats, of caravans lost in the desert, big thunderstorms. It was only then that individual people started to realize how similar their feelings were, and they started to laugh and joke about them. A facilitator showed them Bridges's (1980) transition model and explained that it was normal and common to have these feelings (Huy, 2002). The sessions encouraged emotional authenticity by liberating employees to experience a wide range of emotions and to surface and accept their deep feelings.

The sessions were also therapeutic in that they elicited low-activated pleasant feelings such as calm and sympathy and attenuated unpleasant emotions such as fear and helplessness. Mild pleasant emotions like calm can facilitate problem solving. Calm people are more likely to make associations among ideas and to see more complex relations than do people in an agitated state (Isen, 2000). Conversely, excessive agitation and emotional demands on recipients can lead to emotional numbness and low sensitivity to new ideas and experimentation (Morris & Feldman, 1996). It follows that the more organization members feel free to display authentic emotions during strategic change, the higher the level of learning is likely to be (Huy, 1999, 2002). The less they feel free to

display authentic emotions during strategic change, the higher are the emotional dissonance and the proportion of employees disabled by burnout, and the lower is the learning.

Although display of empathy, sympathy and authenticity can help enhance recipients' receptivity to change, mobilizing people for collective action to realize ambitious change goals seems to require the arousal of another important emotion, hope.

### **Hope and the capability of encouragement**

The emotional capability of encouragement refers to an organization's ability to instill hope among all of its members during a strategic change effort. Hope refers to the belief that a person has both the will and the means to accomplish goals; hope buffers people against apathy and depression and strengthens their capacity to persist under adversity (Snyder et al., 1991).

Organizational actions that arouse hope among employees include establishing meaningful change goals; creating small wins to rekindle optimism and self-confidence; frequent and cheerful interaction between change agents and employees; uplifting ritual devices, such as rousing speeches and award ceremonies; and a compelling strategic vision (Ashkanasy & Tse, 2000). The higher the degree of encouragement to instill hope among all organizational members, the higher the degree of collective mobilization is likely to be (Huy, 1999). In the more successful cases in my study, change agents aroused hope and action by promoting wide participation of, and active consultation with, recipients right from the beginning of the planned change. They developed some enthusiastic supporters in recipient groups, who, in turn, championed their cause inside their respective units in language that their local peers could relate to. As a result, they

achieved a wider receptivity for the proposed change and voluntary cooperation in adapting the change to the specific local conditions to make it work better (Huy, 2002)

While hope can facilitate collective mobilization, it may also promote group think (Janis, 1972) and action devoid of adaptive creativity. Consequently, innovative change actions require the arousal of another emotion, fun.

### **Fun and the capability of playfulness**

Fun results from the motivated search for pleasant experiences and aesthetic appreciation (Salovey & Mayer, 1990). It fuels intrinsic motivation, which is necessary for creativity (Amabile, 1988). From a neuropsychological perspective, fun permits the rapid generation of multiple images so that the associative process is richer. A happy person engages more often in exploratory behavior, which is necessary for creative discovery. By contrast, neurologists have found that sadness slows image evocation, thus narrowing the associative process and reduces creativity (Damasio, 1994).

Playfulness refers to the organizational ability to arouse fun in employees to create a context that encourages experimentation and tolerates mistakes during strategic change (Huy, 1999). Fun here does not just refer to the superficial process of telling jokes, office parties, or sports events, which provides some temporary release but bears little effect on work creativity and innovation (Csikszentmihalyi, 1997a). “Deep fun” as opposed to superficial fun is accompanied with the experience of flow or timelessness involved in intense activities (Csikszentmihaly & LeFevre, 1989). It represents an intense state of consciousness in which one’s entire affective, cognitive, and physical resources are totally invested in the task at hand. Mountain climbers, motivated artists, and researchers

are likely to experience this state when they are totally immersed in their tasks and lose their sense of time (Csikszentmihalyi, 1997b).

Organizational actions that elicit deep fun and timelessness in a work context combine establishing tasks with clear goals, optimal challenges, and frequent feedback; allowing employees autonomy in tasks that require creativity; developing meaningful work (i.e., work that is compatible with a person's preferences and values); and reducing pressures and distractions on employees (Mainemelis, 2001).

Once an innovative spirit has been (re)kindled in the organization, managers should work hard at maintaining it and retaining innovative employees. Beyond satisfactory economic incentives, which are unlikely to elicit or sustain people's intrinsic motivation in the long run, managers could develop emotional rewards that would create in their employees a strong sense of identification with, and loyalty to, their organization, thus leading to the sustained innovation that allows organizations to produce distinctive products and services ahead of their competitors.

### **Love and the capability of attachment**

The process of attunement, in which emotions are accepted and reciprocated, elicits love; unconditional and sustained love is often exemplified in the relationships between parents and children (Goleman, 1995). At the organizational level, the emotional capability of attachment represents the collective behavior of organization members, expressing their deep identification with the organization's core values (Dutton, Dukerich, & Harquail, 1994). In order to maintain a sense of identity, individuals have to feel a basic level of security and comfort, which can be achieved through attachment to

symbolic objects (e.g., teddy bears for children; professional identity, clothing, houses for adults) that bridge a person's internal and external worlds (Winnicott, 1965).

The deeper the change targets' positive attachment to an organization's identity (core values), and the more the proposed change is evaluated as incongruent with that identity, the more resources are needed to promote receptivity to the proposed change (Huy, 1999). Individuals identify more strongly when their organizational identities evoke positive affects, but disengage themselves if organizational identities are conducive to negative affects (Harquail, 1998). The stronger the significance of the current identity, the more intense the emotions will be. This suggests that building emotional attachment to the organization's renewed values and goals in the later stages of strategic change is important.

There are at least two organizational actions that elicit attachment to organizations: first, socially desirable actions that enhance employees' external recognition and self-esteem (e.g., protection of environment, charitable causes, innovative achievements) and second, actions that demonstrate that the organization cares about the long-term development and welfare of its employees and their significant others, such as career development, education, and medical, pension, and family benefits. Emotional identification can be reinforced through personnel selection, socialization, and retention.

To summarize, emotional balancing works in tandem with emotional capability in that emotional balancing addresses general management of different broad categories of emotions experienced by change agents and recipients. Emotional capability further specifies discrete emotions experienced by change recipients and how they should be managed in an orderly manner to bring about major change and innovation.

During strategic change, there is a group of organizational actors that seems singularly better situated and equipped to perform more effectively emotion management actions than other groups, namely, middle management (Huy, 2001, 2002). Consequently, the role of middle management is discussed next.

### **EMOTION MANAGEMENT: THE CONTRIBUTION OF MIDDLE MANAGERS**

Consistent with the literature on middle management, I define middle managers as people who are two levels below the CEO and one level above the first-line supervisor (Floyd & Woolridge, 1996; Kanter, 1983). Large organizations tend to have many hierarchical levels of middle managers, so one senior middle manager in the line groups could act as a “general manager in the middle” and be in charge of 200 to 5,000 front-line workers (Uyterhoeven, 1989). This manager has hierarchical authority over junior middle managers, who in turn supervise a number of line supervisors overseeing professionals and workers.

The literature on middle managers has documented their proactive contribution to organizational innovation mainly in incremental change contexts. In such slow change contexts, the resource allocation mechanisms are assumed to be relatively stable, while the organization’s strategy is evolving gradually (Burgelman, 1983). Middle managers are then motivated to act under familiar incentives and structurally pre-designed reward systems. The more successful agents are the individuals who can manipulate and maneuver within the complex web of explicit rules and informal interactions (Kanter, 1983). For example, middle managers mediate vertically between the strategic and operational levels by acting as linchpins between executives and front-line workers and by balancing conflicting demands (Westley, 1990). They also mediate horizontally by



facilitating diffusion and integration of knowledge across departments and locations (Bartlett & Goshal, 1987). Middle managers implement by synthesizing strategic and operational details, infusing data with meaning, championing new issues, and influencing how executives interpret them (Guth & McMillan, 1986). By providing slack resources and sheltering initially illicit experimentations, they facilitate surprising innovations outside the scope of deliberate strategy (Burgelman, 1983, 1994). Many of these functions would also be useful in implementing radical change.

Yet in planned strategic change, middle management's roles and contributions are seen as much weaker (Tushman & Romanelli, 1985). The literature tends to deemphasize the role of middle managers and to portray them in a relatively self-effacing role as compared with executives. Most normative models of strategy tend to accord middle management a supporting role at best (Shrivastava, 1986); executives are advised to reduce equivocality so that middle managers can act on clear instructions.

Middle management has often been singled out as the primary organizational group that resists strategic change (Biggart, 1977). Executives view middle managers as part of the inertial systems and barriers to change that need to be co-opted, sidelined, or disposed of, especially if attempts at co-optation fail. This implies that for change to spread, putting newcomers in influential executive positions to initiate radical change is only the first stage of a sweeping personnel change process (O'Neill & Lenn, 1995). Consequently, middle managers have been portrayed as denergized and emotionally stricken in the face of the overwhelming power of turnaround executives (Noer, 1993).

My field research suggests, however, that it was middle managers, rather than senior executives, who took on the essential role of emotion management, including

emotional balancing, to help achieve successful strategic change (Huy, 2001, 2002). Middle managers were able to devote more time to internal company issues than were the executives, who had to attend to multiple external institutional demands. Middle managers were generally closer to their front-line workers than executives and, therefore, more attuned to their employees' needs. Emotion management must be highly appropriate in order to be effective, so middle managers were more suitable than executives. One must be close to a particular individual or group to recognize that not everyone feels the same type of emotion with the same intensity at the same time in response to the same event (Huy, 1999). This suggests that middle managers could be key loci for emotion management during strategic change.

Further, in my study, I found that a number of middle managers formed a selfemerging social support group that attended to employees' emotional needs in an organization supposed to function on instrumental, unemotional routines. This social support group provided an emotional buffer against, and a repair unit for stressful events and thus facilitated continuity (Stroebe & Stroebe, 1996). Other managers emerged as intrapreneurs, applying emotion management to drive change, and this relaxed the unrealistic requirement that influential organizational actors had to support and drive change (Kotter, 1995). Thanks to this diversity in the emotion management patterns that shape emotional balancing, these middle managers (in aggregate) created emotionally capable organizational groups that adapted positively to change without requiring a majority of influential individuals to be emotionally intelligent (Goleman, 1995).

As previously mentioned, the emotional balancing model I am proposing in this chapter does not require all middle managers to play an exemplary role in their

organizations. While the presence of a very large number of supporters of change is desirable, it may not be critical to start a strategic change. Generally, it is a small group of people who initiate major change, and who diffuse it gradually to a growing number of adherents. Consequently, careless downsizing of middle management means that whatever skills these veteran managers have gained in incremental change are unavailable when the organization implements strategic change.

### **CONCLUSION AND RESEARCH IMPLICATIONS**

In this chapter, I have discussed how emotion management is critical to successful realization of strategic change. Strategic change tends to arouse strong emotions because (a) it upsets existing personal privileges, personal comfort, and self-esteem derived from work and (b) alters organizational values many employees personally identify with. Intense negative emotions, such as anxiety, fear, and anger, can lead people to resist the change and sabotage it. Consequently, recognizing the range of emotions and attending to them is critical to sustained successful change.

First, I have discussed the concept of emotional balancing as a broad concept addressing organizational change and continuity. Emotional balancing can facilitate adaptive change by recognizing the emotions of two groups of organizational actors: change agents and change recipients. Change agents have to manage their own emotions related to the pursuit of change (enthusiasm, emotional stamina) that allow them to persist in their change efforts. But for adaptive change to occur, some maintenance of operational continuity is also necessary to keep the organization running and serving its existing customers. It is thus critical to attend to recipient employees' emotions elicited by too much disruptive change. How to attend to recipients' emotions was then

elaborated in the concept of emotional capability.

Building emotional capability involves developing systematic organizational action routines that attend to recipient employees' emotions caused by major change; it includes at least six different types of action, which over the long run build the organization's capabilities: the capability of experiencing that expresses empathy, reconciliation that expresses sympathy, liberation that creates a context of emotional authenticity, capability of encouragement that arouses hope, playfulness that arouses deep fun or timelessness, and the capability of identification that arouses organizational attachment or loyalty.

I have also suggested why and how middle managers could be one of the key agents of change and innovation. Based on my field research (Huy, 2001, 2002), I found that some middle managers were capable of acting as change agents because they had entrepreneurial ideas they had not been able to sell and implement previously. Other middle managers facilitated change by attending to operational continuity: they attended to work details and subordinates' emotions. Continuity in providing products and services allowed the organization to maintain some of its revenue-generating capability during strategic change, thus providing part of the needed cash to fund change projects.

The ideas advanced in this chapter contribute to three research streams: research on organizational change, the social psychology of emotion, and middle management. I now elaborate these contributions and conclude by suggesting avenues for future research.

### **Contributions**

This chapter contributes to the strategic change literature by proposing emotional balancing and emotional capability as two promising emotion-based theoretical lenses to use in examining the challenges of implementing strategic change. The literature on

strategic change has often focused on executives. This study suggests that a richer knowledge of strategic change can be achieved by including other actors. It reveals that there were a number of middle managers, many of them veterans, who were willing and able to initiate, lead, and implement changes even under very stressful conditions.

The chapter also contributes to the literature on the social psychology of emotion. First, it links microemotions to macroorganizational and strategic phenomena. Radical change is strategic because its outcome affects the life chances of an organization. Although building on some of the insights of the emotional intelligence literature, such as emotional awareness and repair, this chapter suggests a complementary path to organization theorists interested in including emotion in their research. The current skepticism about measuring emotional intelligence and associated undersubstantiated grandiose claims (cf. Salovey, Bedell, Detweiler, & Mayer, 2000) should not discourage organization scholars from studying emotions. In addition to or in lieu of personality and individual-level emotion constructs, one might consider studying the aggregation of emotion-related expressions and actions at the social group level. These group-level emotion constructs could also be studied as organizational phenomena.

Emotional balancing and capability rely on observable behavioral constructs. I suggest that beyond self-reported questionnaires and lab experiments that have advanced our knowledge on emotion, the study of emotion in work organizations can be enriched by a repertoire of measurement tools that complement each other. Emotional arousal in natural work settings and, more importantly, the organizational consequences of such emotional arousal and management thereof can be studied in a number of different ways - both objective and subjective. For instance, development of emotional capability in

general may be measured by the proportion of organizational resources allocated to emotion-attending activities such as budget, specialized support groups, training, or executive time. Emotional identification can be measured using the turnover rate of workers and through various measures of cultural strength. Emotional reconciliation can be measured by the time change targets spend in the grieving process and the time change agents and recipients spend together to develop a cultural graft.

In addition, the overt nature of emotion-related behaviors lends itself more easily to outsider observation and assessment (and thus to enhanced construct validity) via triangulation of interviews, surveys, company reports, and ethnographic research in natural settings, all of which allow researchers to validate and enrich participants' self-reports (see Huy, 2002). The proposed emotion management constructs lend themselves to multi-method research and triangulation, thus enhancing validity and reliability.

### **Future research**

The limitations of the studies reported in this chapter reveal potential for future research. First, emotional balancing involves management of four groups of emotions in the quadrants of low-high activation and pleasant-unpleasant hedonic valence (see Figure 1). Within each of these four groups, discrete emotions can be quite different in terms of what people experience (e.g., anger is distinct from fear, disappointment is different from depression). This suggests that the antecedents and consequences of discrete emotions can also differ. Future research on emotional balancing should go beyond the effects of groups of emotions to tackle the effects of discrete emotions (cf. Izard & Ackerman, 2000). Emotional capability with its focus on certain discrete emotions represents only a

preliminary step toward greater specificity.

Second, the organizations that are involved in the research reported in this chapter tend to be large and bureaucratic ones in which little attention was given to emotions before strategic change was implemented. Future research can explore individual differences that led some managers to emphasize emotions related to change and others to focus on attending to recipients' emotions. Future research could tease out the effects of organizational conditions from individual competences in predicting attention to recipients' emotions versus emotional commitment to change behaviors.

Third, this chapter suggests that emotional balancing and capability are likely to widen and deepen the learning of managers involved in strategic change. Future research could flesh out the underlying organizational and psychosociological mechanisms that facilitated such cognitive learning processes. Emotional balancing may enhance certain kinds of organizational learning such as trial-and-error learning. Balancing continuity and radical change can be alternatively studied as balancing exploitation and exploration in organizations. Learning organizations may be those that systematically develop "emotional capability" routines that arouse certain mildly pleasant emotions such as interest and fun that favor creativity and attachment to work (Huy, 1999; Isen, 2000).

Emotional balancing and capability may also be useful for other forms of organizational change that are less extreme than radical change, such as continuous-change. Brown and Eisenhardt (1997) found that continuous change organizations applied time-paced "semistuctures" balancing mechanistic and organic activities. Time-related pressures could cause a high level of emotional excitement and agitation among employees (Perlow, 1999). Many innovative employees have played the role of

change agents when promoting their new ideas and acted as recipients to defend their achievements from threats of cannibalization, and so could experience the full range of emotions (Kanter, 1983; Burgelman, 1994). Burns and Stalker (1994) found that the abnormally high levels of emotional stress inherent to the success of many organic, innovative organizations and firms that were exciting places to work could also be harmful and exhausting for their employees. The protracted emotional hardship in dealing with relentless uncertainties and ambiguities made employees yearn for some stability and, in part, led certain organic firms to become more mechanistic in the long run. Appropriate emotional balancing and capability could help increase innovators' emotional resilience and could sustain the pace of continuous change.

The challenge of sustaining beneficial continuous change raises another issue. Would developing emotional balancing and capability in organizations vary according to organizational age and employee turnover? In large and established organizations with a long history, people (including middle managers) who attend to recipients' emotions generally had a long tenure and knew many of their subordinates well, and this might explain in part their voluntary efforts to attend to their subordinates' emotions. In young companies, such as dot-com startups, where many employees expect short tenure or share few, if any, core organizational values, people may be less likely to expend extraordinary personal efforts over a long time to attend to colleagues' emotions when faced with adversity. Future research could validate whether and how emotional balancing emerges in young organizations undergoing stressful change, and whether emotional capability can be developed in such transient contexts.

It is also unclear what kinds of emotional balancing and capability might be



developed during strategic change in flatter or networked organizations and who might be willing and able to do it. The majority of the employees in these organizations will be front-line workers or professionals rather than experienced personnel managers. It is possible that emotional balancing and capability and thus organizational adaptation in these organizations might depend mainly on individuals' skills and predispositions. This raises the hypothesis that organizations that tend not to value emotional awareness, such as certain engineering or financial trading companies, may have less emotional resilience and adaptive capacity under strategic change than organizations that value it more, such as The Body Shop (Martin, Knopoff, & Beckman, 1998).

Despite growing evidence showing that downsizing middle management may reduce organizational flexibility and innovation (Dougherty & Bowman, 1995; Floyd and Woolridge, 1996; Huy, 2001), executives still appear to make this a frequent practice (Wysocki, 1995). If downsizing precedes change, whatever skills veteran managers may have gained in incremental change are therefore unavailable when the organization implements radical change. The possibility that there might be a number of effective middle managers in organizations who could facilitate major changes through emotion management invites us to reconsider an important issue: blanket dismissal of the role of middle managers in strategic change and careless downsizing of middle management ranks risks throwing the baby out with the bathwater and damaging one of the key levers of organizational renewal. Until we explore further the role of middle managers in strategic change, we will not know the long term costs of that damage.

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Figure 1

Circumplex Model of Emotions

(adapted from Larsen and Diener (1992))

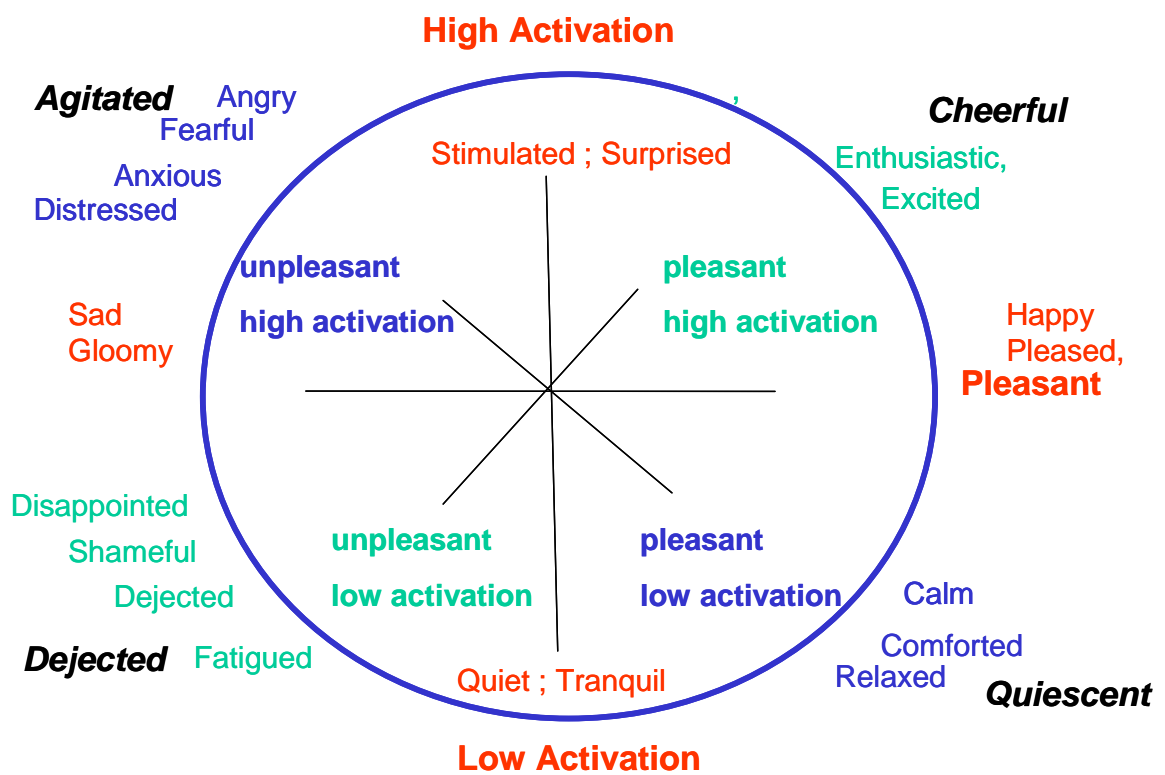


Figure 2

Developing Emotional Capability in Organizations

(adapted from Huy (1999))

