

# STRATEGY PROCESS

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# AN EMOTION-BASED VIEW OF STRATEGIC RENEWAL

Quy Nguyen Huy

## ABSTRACT

*This paper challenges the dominantly pessimistic view of emotion held by many strategy scholars and elaborates on the various ways in which emotion can help organizations achieve renewal and growth. I discuss how appropriate emotion management can increase the ability of organizations to realize continuous or radical change to exploit the shifting conditions of their environments. This ability is rooted in developing emotion-based dynamic capabilities that facilitate organizational innovation and change. These emotion-based dynamic capabilities express or arouse distinct emotional states such as authenticity, sympathy, hope, fun, and attachment to achieve specific organizational goals important to strategic renewal, such as receptivity to change, the sharing of knowledge, collective action, creativity, and retention of key personnel.*

In regard to highly dynamic markets in which the industry structure and boundaries are unclear and players are ambiguous and shifting (e.g., Eisenhardt, 1989), there has been a growing recognition that an organization's odds to survive and grow in the long term may depend less on its industry structure and positioning (e.g., Porter, 1980), competitive moves

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(e.g., Brandenburger & Nalebuff, 1995), or specific and difficult-to-imitate resources (e.g., Wernerfelt, 1984) than on the organization's rapid capacity to renew itself by matching or even creating environmental changes when appropriate (Brown & Eisenhardt, 1997; Teece, Pisano, & Shuen, 1997).

While a number of scholars suggest that ambitious organizational change is extremely difficult and risky (Hannan & Freeman, 1984; Singh, House, & Tucker, 1986; Hambrick & D'Aveni, 1988), there has been an emerging school of thought, which argues that organizations can systematically renew themselves by learning and developing stable patterns of collective action to change their activities if and when needed so as to avoid their core competencies becoming core rigidities (Leonard-Barton, 1992). The organizational processes that enable such systematic change are called "dynamic capabilities" (e.g., Eisenhardt & Martin, 2000; Teece et al., 1997). Dynamic capabilities display a deliberate, stable, and learned quality that distinguishes them from other change processes that may be more ad hoc, unstructured, and poorly articulated (Zollo & Winter, 2002). While strategy scholars have explored some of the mechanisms that shape dynamic capabilities (e.g., Blyler & Coff, 2003; Zollo & Winter, 2002; Zott, 2003), few have elaborated on how emotion relates to dynamic capabilities, and how emotion-based dynamic capabilities can be used to achieve strategic change and renewal.

Research on emotion in organizations suggests that emotion represents an important dimension in major change processes. At an individual level, people often resist change because of feelings of anxiety about the unknown, excessive attachment to the past, or fear of potential negative consequences (Lewin, 1947; Argyris, 1990; Schein, 1996). At the organizational level, a major change in strategy is often accompanied by concurrent shifts in other organizational dimensions, such as structure, systems, and personnel, to preserve alignment (Ginsberg, 1988; Mintzberg & Westley, 1992). 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 (Bartunek, 1984; 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 non-negotiable assumptions that shape their cognitive structures for sense-making 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).

For instance, even in the cases of reported successful corporate transformations such as that conducted at GE under Jack Welch, GE senior management recognized that the change had been longer and harder than expected because fearful employees in the early 1980s fought its leaders to a standstill through covert guerrilla warfare and managers felt ill equipped to deal with emotions at the level of organizational action (Tichy & Sherman, 1994). Although this issue is peripheral to their research focus, other field researchers have briefly flagged the influence of emotion. For example, Eisenhardt (1989) suggested that managers' emotional inability to cope with uncertainty in high-velocity markets represents a major factor that slowed them down. Mintzberg and McHugh (1985) and Burns and Stalker (1994) also noted that many organizations and employees could not sustain the high level of anxiety, uncertainties, ambiguities, and frustration that characterize organic adhocracies and moved eventually to more psychologically comfortable bureaucracies. These findings suggest the importance of emotion management in the conduct of strategic renewal.

A traditional narrow focus on negative emotions and their dysfunctional effects may have led some organizational scholars to seek ways to eliminate negative emotions rather than to elicit positive emotions (Cameron, Dutton, & Quinn, 2003). Therefore, less is known about the effects of positive emotions in organizations. While I recognize the potentially adaptive effects of certain negative emotions such as fear on receptivity to change (Kotter, 1995; Lewin, 1947), I will focus on the role of certain positive emotions and their effect on some important organizational processes underlying strategic renewal.

Emotion has been often treated as an individual level construct. For example, it has been advanced that highly emotionally intelligent people are likely to be more adaptable and occupy leadership positions than people who are less emotionally gifted (Goleman, 1995). Intelligence is often viewed as an innate, personal, and relatively stable attribute that is difficult to enhance (Salovey & Mayer, 1990). In contrast, the emotion-based dynamic capabilities that I propose here can be codified at least in part, refined through accumulative use and experience, and imparted to and practiced by many people in an organization as part of their learned behavior. In aggregate, these dynamic capabilities represent an organizational competence that can be developed and improved, one that transcends individuals' differences in their relatively stable innate emotional intelligence. The higher the level of organizational attention and resources allocated to the development and diffusion of emotion-based dynamic capabilities over time, the higher the organizational ability to manage strategic renewal.

An emotion-based view of dynamic capability seeks to make three contributions to the strategy literature. First, the model nuances a dominantly indifferent or dysfunctional role of emotion in strategy by suggesting certain situations in which emotion can facilitate adaptive strategic adjustments. The strategy literature has often emphasized a cognitive, calculating economic rationale that relies on knowledge and systematic evaluation of alternatives and consequences (Porter, 1980; Dixit & Skeath, 1999). Emotion is often portrayed as impairing clear thinking and effective strategic action. For example, emotional attachment to old strategies can lead to organizational inertia and decline (Burgelman, 1994; Chandler, 1962; Johnson, 1988); emotional persistence often leads to escalating commitment to attempted strategies, which can exacerbate the cost of eventual failure (Staw & Ross, 1987); or affective undertones can induce biases in organizational politics and cause dissension that impairs collective action (Jehn, 1995; Pettigrew, 1985).

Second, through the specification of organizational processes dealing with emotion, the model proposes organizational level constructs that are distinct from individual variables. These processes can be institutionalized as organizational routines, they can be diffused to and performed by many organizational members, and are thus relatively independent of the composition of individual members and their variable innate emotional intelligence. These organizational constructs can be observed and measured in the same manner as other concrete organizational behaviors. Third, the model adds to the nascent dynamic capability literature by articulating emotion-related processes that facilitate organizational innovation and change in a way that avoids criticisms of tautology, conceptual vagueness, and difficult-to-test theory leveled at the resource-based view (Priem & Butler, 2001).

The remainder of the paper is organized as follows. First, I will discuss the psychological underpinnings relating emotion to action and change (Izard, 1991; Frijda, 1996; Lazarus, 1991). Second, I argue that individual emotions can aggregate to become collective emotion in work settings through mechanisms such as emotional contagion that influence group behavior (Barsade, 2002). Third, drawing on the insights of punctuated equilibrium theory (Tushman & Romanelli, 1985), continuous change (Brown & Eisenhardt, 1997), emotional capability theory (Huy, 1999), and the social psychological literature on organizational creativity (e.g., Mainemelis, 2001), I propose a set of emotion-management routines that help organizations to move through different transition stages of strategic renewal. These routines, which I call emotion-based dynamic capabilities, will help organizations

overcome the psychological stages of organizational transitions known as “endings,” “neutral zones,” and “new beginnings” (Bridges, 1986). These emotion-based dynamic capabilities help organizational members to come to terms with disengaging from past competences (endings stage), tolerate the prolonged anxiety of exploring viable strategies (neutral zone), and finally to learn new competencies, achieve continuous innovation, and identify with a renewed organization (new beginnings and after). These emotion-based dynamic capabilities elicit authenticity, sympathy, hope, fun, and attachment.

### **HOW EMOTION INFLUENCES COGNITION AND BEHAVIOR IN THE CONTEXT OF CHANGE**

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).

While cognitive appraisals are often necessary to arouse emotions (Scherer, 1988; Clore & Ortony, 2000), recent theoretical and empirical advances in psychology, social psychology, and neurobiology suggest that an emotion lens complements the cognitive perspective: emotion can influence cognition and behavior in important ways (Forgas & George, 2001). First, emotions allow translating cognitive judgment into behavior and thus act as a mediator between cognition and behavior, especially in ambiguous or uncertain matters that require judgment (Bay & Greenberg, 2001). Many

strategy issues cannot be adequately solved just by quantitative calculation of expected costs and benefits (Mintzberg, 1994). Loewenstein, Weber, Hsee, and Welch (2001) argued that emotional reactions to risky situations often diverge from cognitive assessment of those risks, and when such divergence exists, emotional reactions often drive behavior. Emotions help people to make a leap of faith and face the challenges of major change or uncertain innovation (Westen, 1985; Zajonc, 1980). Emotions confer flexibility in action by enabling people to reorder priorities as situations change and to set long-term goals especially when choices involve incomplete data or incommensurate alternatives (Damasio, 1994).

Second, emotions have been found to influence behavior independently of cognition. Under similar cognitive contexts, individuals who experience a positive affect (a longer and more diffused experience of a similarly valenced emotional state, that is, positive/pleasant or negative/unpleasant) display more helpful and friendly behavior than people in a neutral or negative affective state (Isen, 1999; George, 1990; Brief & Motowidlo, 1986). This may occur because pleasant emotions can help boost one's personal resources, including physical, intellectual, and social psychological energy, believed to be required to address the challenges of helping others (Lazarus, 1993).

Beyond its effect on behavior, emotions have also been found to influence cognition. For instance, in their "feeling as information hypothesis," Schwarz and Clore (1988) suggested that people rely on their immediate feelings in forming judgment about an event (by asking themselves, "How do I feel about it?"). Raghunathan and Pham (1999) suggested that sad and anxious feeling states prime an implicit desire for uncertainty reduction during decision-making processes, and this ultimately influences people's choices between risk and reward. Meyer, Brooks, and Goes (1990) found that people tend to recall material from memory that is consistent with their affective state at the time of recall, suggesting a mood congruence recall effect. Under similar cognitive conditions, positive affect, in general, enhances cognitive elaboration and flexibility, and thus enhances problem solving and creativity (Isen, 2001; Fredrickson, 1998).

Emotion links to motivation a goal-directed behavior through self-regulation, which involves dynamic and recursive processes of goal setting, goal striving, and goal adjusting from feedback (cf. Seo, Barrett, & Bartunek, 2004; Bandura, 1991). A growing body of research suggests that the involvement of human emotions in self-regulation is necessary and extensive (Cacioppo, Gardner, & Bernston, 1999; Izard, 1993; Damasio, 1994; Lazarus, 1991). The affective system can be activated outside conscious

awareness (Winkielman, Zajonc, & Schwarz, 1997; Zajonc, 1980). As a result, Seo et al. (2004) argued that the purely cognitive perspective of motivation theories constrains our understanding of work motivation that assumes discrete choice processes, and that people always deliberate and plan before they act (Loewenstein et al., 2001). Yet there are situations in which some people engage in action first and think and justify it later, especially when they have little previous knowledge of possible choice alternatives and likely outcomes or when action is required under urgent situations.

## FROM INDIVIDUAL TO GROUP EMOTIONS

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.

Huy's (2002) field research also suggests that inadequate attention to change recipients' emotions could lead to work group underperformance even if there are other change agents who are strongly committed to realizing change. At one extreme, weak commitment to change in a high-pressure strategic change context could lead to organizational inertia and decline. At the other extreme, too much or too rapid change without attending to employees' emotions could lead to work-group chaos and organizational underperformance. This suggests that appropriate emotional

balancing is particularly important for strategic renewal. This article contributes to this nascent literature by proposing the concept of emotional sequencing, that is, elaborating some of the emotion-management routines that attend to change recipients' emotions in the early stages of strategic renewal often punctuated by disruptive radical change (Tushman & Romanelli, 1985), as well as in the subsequent stages of more steady, continuous innovative change (Brown & Eisenhardt, 1997; Floyd & Lane, 2000).

### **BUILDING AN EMOTIONAL CONTEXT TO FACILITATE ORGANIZATIONAL TRANSITIONS**

Emotion management has been traditionally studied in the context of regular work operations (e.g., Martin, Knopoff, & Beckman, 1998), often involving interactions with customers (e.g., Hochschild, 1983; Rafaeli & Sutton, 1991; Sutton, 1991), but is less examined in change contexts (e.g., Huy, 2002). In times of disruptive change, akin to aircraft emergency procedures that are taught to airline crew to deal with infrequent but critical events, managers with personnel supervisory responsibilities could be made aware of the importance of active and appropriate emotion management of their employees and how and when to apply them. Put differently, managers have to be aware of their own work and social context to apply specific emotion-management actions with particular work groups and to calibrate these actions according to their employees' work and personal conditions.

While, a part of managerial practice involves trying to establish an enabling context to achieve managerial objectives, this does not imply that managers should expect to be able to dictate and manipulate every emotional state that each individual experiences at any moment in the work place (Van Maanen & Kunda, 1989). Faced with the same event, not every individual experiences the same emotions with the same intensity for the same period of time (Noer, 1993). Appropriate emotion management requires a manager's close understanding of each of her employees' personal contexts (Hochschild, 1983). By enacting appropriate emotion-management routines with groups of employees in different situations and with different needs, managers can at best create a facilitating emotional context. In other words, they can create a work environment in which there are a number of employees (not necessarily everyone) who appreciate the goals and effects of these deliberate emotion-management actions and who experience the intended emotions at least for some time during their work

What is important to understand in the context of the proposed model is that each emotion-management action is not intrinsically "good" or necessary on its own. While I posit that certain actions are more likely to express or elicit the specified emotion based on social psychological assumptions (Ortony, Clore, & Collins, 1988), there is a risk that, depending on the context, different groups could appraise the same action differently and experience different emotions (Hochschild, 1979; Parkinson, 1996). For example, in a context of high mistrust or anger, follow-up actions that express sympathy to employees may be viewed with suspicion and may not reduce their resistance to change in the short term. Put differently, the effectiveness of each emotion-management action can be principally assessed by the desirable emotion and resulting behavior it is intended to elicit. Conversely, the same action is considered ineffective if it causes recipients to react negatively. For example, the action exacerbates employees' mistrust of change managers about their "real" motives or managerial competence.

I will now discuss specific emotion-management actions that create an emotional context in which a number of employees feel or express authenticity, sympathy, hope, fun, and attachment at work and the ways in which these actions facilitate some of the important processes underlying strategic renewal (Huy, 1999). Authenticity is important in that it helps to build a climate of transparency and trust in the organization. Perceived lack of authenticity is likely to lead members of organization to mistrust even intrinsically well-meaning actions and renders emotion-management actions ineffective; expression of sympathy helps increase receptivity to change; hope enhances organizational alignment and collective mobilization; fun enhances organizational creativity and innovation; attachment helps reduce large turnover of key valuable personnel (see Fig. 1). Furthermore, building skillful emotion-management practices among a large and heterogeneous body of employees is likely to require a long-term, sustained organizational effort. Because organizations have finite resources and need to prioritize their developmental activities, a steady development of emotion-management routines related to strategic renewal seems necessary.

### **ORGANIZATIONAL PROCESSES EXPRESSING AUTHENTICITY INCREASE ORGANIZATIONAL LEARNING**

Organizational processes that express authenticity are those that facilitate consistency between organizational rhetoric, actions, and feelings in the

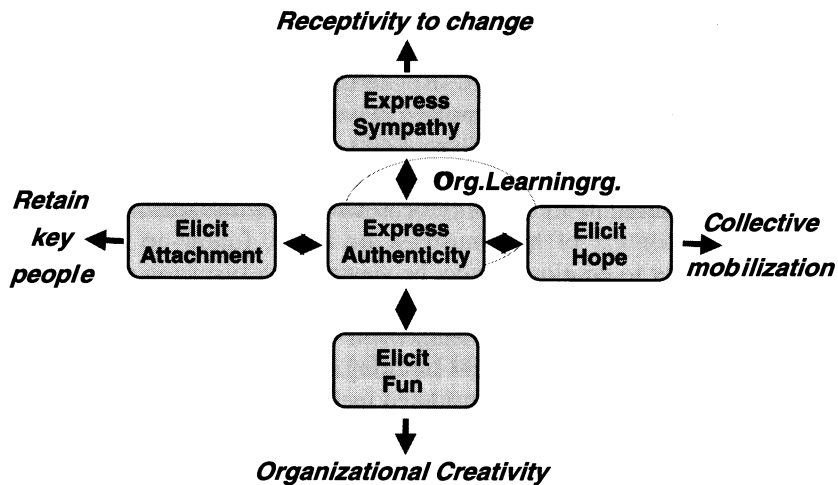


Fig. 1. Emotion Eliciting Actions for Strategic Renewal.

pursuit of organizational goals. For any emotion-management strategies to work as procedural organizational routines, they have to be appraised by employees as transparent and fair (Brockner, Tyler, & Cooper-Schneider, 1992). Otherwise, recipient employees could treat such actions as manipulative and react with even more mistrust and cynicism to the change effort. A context of authenticity is necessary for effective emotion management.

More narrowly, emotional authenticity 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 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).

Achieving emotional authenticity often demands effortful change in mindset and behavior as people in organizations have frequently been socialized to display, and sometimes to internalize, desirable organizational feelings (Hochschild, 1983; Van Maanen & Kunda, 1989). During major change transitions, people who were asked to reflect on their "true feelings" as opposed to "typical feelings" reported that they learned more about themselves and that true feelings helped them clarify their primary personal values and guide their behavior and way of relating to others (Morgan & Averill,

1992). The need for authenticity in thoughts, feelings, and actions is likely to become more salient to employees during organizational transitions because the contemplated changes are likely to challenge a person's fundamental beliefs about her organizational role and what the organization should be and do (Bartunek, 1984).

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 superiors – executives who still frown upon intense emotional displays, especially unpleasant ones. Display of positive emotions tends to be encouraged while 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 stressful strategic change, the Chief Operating Officer of a large company sent a confidential memo to all managers stating, "expressions of cynicism [about change] will not be tolerated. We are in positions of leadership and must display enthusiasm at all times [to everyone]." Many managers privately found such an articulation odd or even amusing. They would not have survived the previous streamlining of middle management ranks had they not long ago figured out the implicit rules of emotional display (Huy, 2002). Some managers, through years of socialization during periods of relative stability, have become skilled at feigning the appropriate emotions for surface work.

Organizations should thus encourage authentic emotional displays done in a socially appropriate way. For instance, certain change managers mitigated their feelings of disappointment and fatigue about change by sharing these among themselves (Huy, 2002). At the same time, certain line managers maintained operational continuity by attending to the psychological well-being of subordinates and their families and encouraged employees to share their feelings privately with their supervisors, or in small support groups. This practice is known as "bounded emotionality," that is, acknowledging the inseparability of private and work feelings and consciously attending to them (Putnam & Mumby, 1993).

People may resist change for non-work-related reasons yet feel compelled to invoke a work-related rationale because the latter is deemed more legitimate. To illustrate, Huy's (2002) research found that in the context of

massive downsizing and relocation of work locations, service employees claimed they were opposed to reorganizing customer service because it did not make sense from a business strategy perspective. In fact, these employees were worried about the effects of relocation on their family's welfare but dared not express these concerns in public. The managers then organized emotion management in information sessions for separate small groups of employees. Employees were encouraged to verbalize in small groups (outside the scrutiny of their superiors) their private feelings about how change had affected them. Then the 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, and of a small sun hiding behind black clouds. 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' (1980) transition model and explained that it was normal and common to have these feelings.

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 pleasant low-activation feelings (Russell & Carroll, 1999) such as calm and sympathy and attenuated unpleasant high-activation emotions such as fear and helplessness. They gave the recipients the additional energy to continue their jobs. The employees reported that they felt more at peace with themselves and had more sympathy for their peers and superiors. These emotion-attending actions helped reduce further absenteeism and decline in employee morale, which is consistent with the findings in other research (Brockner, 1992; Noer, 1993).

Moreover, emotional authenticity is likely to increase feelings of psychological safety because it expresses a climate of mutual respect in which people feel comfortable about being themselves (Edmondson, 1999). 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 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 organizational 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 the emotional dissonance and the higher the proportion of employees disabled by burnout,

thus leading to a decrease in organizational learning and creativity. The success of sustainable strategic change relies ultimately on the institutionalization of new and better ways of thinking and doing (Argyris, 1993), whereas lack of authenticity is known to stifle voluntary cooperation and innovation (Dougherty & Bowman, 1995). Display of authenticity could become more effective to the extent that recipients of change appraise that change managers respect and care about them, which could be demonstrated by actions demonstrating sympathy.

### **ORGANIZATIONAL PROCESSES EXPRESSING SYMPATHY INCREASE RECEPTIVITY TO CHANGE**

Under constraints of time and resources that often prompt the need for strategic change, effective emotion managers try to calm highly agitated employees before eliciting enthusiastic support for change. For example, change managers in one IT firm realized in mid-course that communicating the company's vision for change had little meaning without acknowledging the emotional needs of change recipients and how the vision would affect their personal welfare (Huy, 2002). Agents need first to be aware of, and recognize, the rich range of emotions that could be aroused, and the potential effects of recipients' emotional states on important organizational outcomes and what to do about them (Huy, 1999). This heightened sensitivity requires the display of sympathy.

Sympathy represents a less demanding emotional process than empathy, since 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 (Eisenberg, 2000). Expressing sympathy in strategic change involves actions that show respect for the change recipients' identities and demonstrate care about recipients' welfare. For example, to the extent that certain valued elements from the past organizational culture must be deleted (Albert, 1984), mourning may help ease the transition. To illustrate, change managers set up mourning rituals that preceded the actual closing of employees' cherished work sites; they used heritage and succession rituals and last suppers served by managers. Recipients of change felt more at peace with themselves after these mourning ceremonies, because they felt that they had been treated with respect (Huy, 2002).

Change agents who ignore the crucial mourning period and rush the organization through this phase risk a backlash, as happened to distressed



AT&T employees in the post-breakup phase (Moses, 1987). In 1984, AT&T faced the government's decision to divide the one-million-people strong institution into smaller units known as Baby Bells (Tunstall, 1985). 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 break up was implemented quickly. However, executives in the post-break-up 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 the 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. Or those who really care are being torn apart when making decisions that they are unprepared to make. 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. Frequently, its manifestations are deteriorating physical and psychological health. The impact on managers' health in the future can't be ignored and may be approaching crisis proportions. 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.

One can't help wondering what kinds of managers they will be like in the future as they populate senior levels at AT&T (Moses, 1987, pp. 35–36).

What happened to AT&T employees? Bridges' (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. The "endings" phase is characterized by disenchantment, where organization members recognize that "positive feelings toward past situations cannot be replicated in the future." But successful transition depends critically on patient management of people in the neutral zone, when they feel disconnected from other people and things of the past and emotionally disconnected with the present. This second phase is marked by disorientation (the past is no longer appropriate but the future direction is not yet clear) and frightening disintegration (everything is collapsing). At the extreme, letting go of all the attributes of the organizational identity is equivalent to death and nothingness.

Passage from one phase to another is not automatic. Managing actively the transition between the ending phase and the neutral zone is important. In order to pass through this phase successfully, organization members will need sufficient time to reflect on the past and develop new perspectives for the future. Each employee has 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 and be provided with the means to develop newly required competencies. Inclusion of all members should be encouraged and mistakes and losses openly acknowledged (Bridges, 1986). Greater awareness of repressed feelings and the expression of them gradually bring clarity and emotional closure (Tannenbaum & Hanna, 1985). Denying the emotional impact of the pain and bypassing the catharsis and grieving phase may lead to an organization being paralyzed by survivor sickness, marked by suppressed frustration, covert anger and depression, lack of spontaneity and creative energy, and living day-by-day (Noer, 1993).

In summary, emotion-management actions expressing sympathy are enabled by an organization's allocating adequate resources to train and support personnel supervisors to perform actions such as: (1) organizing one-to-one listening to any concerns that recipients feel uncomfortable voicing in public; (2) coaching supervisors to respond in an sympathetic rather than judgmental way as well as to attend to recipients' personal and work-related concerns, especially when these are caused by the change process; 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 (Huy, 2002); (3) 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. Genuine efforts expended toward achieving a new synthesis and understanding reduce employees' resistance and increase their receptivity to proposals for change.

Although displays of authenticity and sympathy can help reduce recipients' resistance to change and their propensity to express their true thoughts and feelings, collective action to realize change may not necessarily take place. Mobilizing people for collective action to realize ambitious change goals requires the arousal of another important emotion: hope.

## ORGANIZATIONAL PROCESSES AROUSING HOPE INCREASE COLLECTIVE MOBILIZATION

Hope is an emotional state that is elicited by appraisal of future positive prospects for self (Ortony et al., 1988). Hope buffers people against apathy and depression and strengthens their capacity to persist under adversity; it bolsters people's beliefs that they have both the will and the means to accomplish goals (Snyder et al., 1991).

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 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).

Huy (2002) research found that certain 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. Hope helps convert employees as passive recipients of change into proactive agents of change who shape their own future.

Why? Perhaps because people who feel that they can influence the direction of change are also likely to feel more confident about their own future (Beer, Eisenstat, & Spector, 1990). For instance, 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). Amabile, Hill, Hennessey, and Tighe (1994), in their study of artists, also found that intrinsically motivated people showed greater commitment and devoted more time to task completion. Motivated individuals showed deep levels of involvement in problems by focusing on solving them, minimizing distractions, and getting absorbed in work (Ruscio, Whitney, & Amabile, 1998).

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 rituals, such as rousing speeches and award ceremonies; and a compelling strategic vision (Ashkanasy & Tse, 2000; House, 1977). The higher the degree of encouragement to instill hope among all organizational members, the higher the degree of collective mobilization there is likely to be (Shamir, House, & Arthur, 1993).

While hope can facilitate collective mobilization, it may also promote groupthink (Janis, 1972) and action devoid of adaptive creativity. Radical change is often necessary because of organizational decline due, in part, to an organization's inadequate innovative ability to service shifting market demands (Tushman & Romanelli, 1985; D'Aveni, 1989), yet it is often difficult to achieve innovation in the wake of disruptive change. In effect, researchers found that organizational innovation declined during and after negative organizational change (Amabile & Conti, 1999; Dougherty & Bowman, 1995). Threat-rigidity theory (Staw, Sandelands, & Dutton, 1981) explains that under threatening conditions, organizations undergo a mechanistic shift and are likely to rely on centralized control leading to the perception of reduced autonomy, and greater conservatism leading to perception of higher risks for creative behavior. Threatened employees can become narrow minded, risk averse, and therefore less creative in their work (Cascio, 1993; Noer, 1993). Therefore, emotion-management attention should be shifted to relax perceptions of threat and arouse another emotion, fun.

## ORGANIZATIONAL PROCESSES AROUSING FUN

All innovation begins with creative – that is, new and useful – ideas, the successful implementation of which is called innovation. Beyond the individual characteristics of people, the social psychological intraorganizational context can influence both the level and frequency of creative behavior (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Woodman, Sawyer, & Griffin, 1993).

Research on creativity suggests that people who experience flow or timelessness are likely to be more creative. Csikszentmihalyi (1975, p. 43) defines flow as the experience of a series of actions in which one feels in control and in harmony with them and the feeling after which one nostalgically says, "That was fun." Mountain climbers, motivated artists, and researchers are likely to experience a high level of flow when they are totally immersed in their tasks, lose their self-consciousness and sense of time and thus experience "timelessness" (Mainemelis, 2001). Fun replenishes people's energy in their long and arduous work to reach a distant vision with uncertain outcomes, and enjoying the process of doing one's work helps people to persevere in the face of difficulties and disappointments (Csikszentmihalyi, 1997; Deci & Ryan, 1985).

Fun as an emotional state results from the motivated search for pleasant experiences and aesthetic appreciation and is one key attribute of emotional intelligence (Salovey & Mayer, 1990). Fun fuels intrinsic motivation, which represents one of the necessary preconditions 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).

It is thus critical that managers of strategic renewal allocate special attention on rekindling employees' creative energy by enacting a consistent set of actions that display playfulness. Playfulness refers to the organizational ability to arouse fun in employees to create a context that encourages the generation of creative ideas leading to organizational innovation (Amabile et al., 1996; Huy, 1999). Fun here does not just refer to the superficial process of telling jokes, office parties, or sports events, which elicits superficial and fleeting pleasure and provides temporary release but exerts little long-term effect on work creativity and innovation (Csikszentmihalyi, 1997). Fun here refers to "deep fun," which results from the experience of flow when one engages in personally motivating and challenging activities.

Fun in the work context allows safe experimentations and, like jokes, institutionalizes disorder within order and the expression of taboo issues within a legitimate framework. Emotional playfulness induces a state of relative emotional equanimity to juggle tensions between foolishness and cold rationality (Weick & Westley, 1996). What usually kills or blocks one's creativity is the lack of courage to explore novel or countercultural ideas and paralyzing fears about the cost of failures. Reduced self-consciousness

experienced in timelessness and institutionalized playfulness reduces such fears and facilitates experimental actions integral to learning and creativity (Kolb, 2000).

The literature on organizational creativity has suggested a number of organizational actions that create a playful climate conducive to moments of timelessness (Mainemelis, 2001). These actions can be categorized at three different levels: task, organization, and work group.

#### *Task-Level Factors*

First, one can design tasks with a series of clear goals that describe an end within the task rather than one that is separate and remote from the task. These goals help focus one's attention and reduce distractions and worries about future consequences (Shalley, 1991). Second, achievement of these goals can be assessed through intrinsic and almost immediate feedback. Some tasks naturally provide such intrinsic feedback, such as conducting an orchestra or coaching a sports team in play. Boredom and anxiety can also arise if one does not receive immediate feedback about how well one is doing on an activity that one cares about. Consequently, in the case of long-term tasks with uncertain outcomes (e.g., R&D), organizations can help individuals or groups to structure their long-term tasks in such a way that the task itself provides feedback as opposed to feedback received from sources external to the task (e.g., intermediate steps in an experiment, subsections completed in a manuscript) (Csikszentmihalyi, 1990). Third, supervisors can help balance the challenges of the tasks and the person's skills level to provide the employee with a dynamic "optimal challenge," to prevent the extremes of boredom when the goal is felt to be too easy and despair when the goal is felt to be impossible (Deci & Ryan, 1985).

#### *Organizational-Level Factors*

Beyond task-specific factors, employees' perceptions of their work environment influence whether they experience timelessness. First, perception of autonomy or freedom: employees should perceive they have a choice in selecting at least some tasks that provide them with an optimal challenge and in how to go about accomplishing those tasks (Mainemelis, 2001; Oldham & Cummings, 1996). Second, employees should perceive that they do meaningful work, that is, the fit between the requirements of the person's

work role and her individual values and preferences (Spreitzer, 1995). Work perceived as meaningful increases the intrinsic motivation, excitement, and attention of the individual vis-à-vis the task, while work perceived as meaningless leads to apathy (Conger & Kanungo, 1988). These two conditions require supervisors to act as personal coaches to their employees and to know them well enough in order to help them maintain their autonomy in optimal-challenge tasks that are compatible with the individual's evolving preferences and skills.<sup>1</sup>

#### *Work Group Support*

Beyond broad organizational practices, deep fun leading to creativity can be further enhanced within a work group itself. A group's process skills are necessary to lever individual creative inputs and involve team processes such as team citizenship, heedful communication and constructive feedback, active conflict management, and respect of every team member's input (Taggar, 2002).

Organizations can offer training and incentive systems to monitor and enhance employees' behavior in creating a facilitating social setting. To the extent that there exists mutual openness to ideas from members of diverse backgrounds, open sharing of ideas could be energizing and contribute to the perception of flow and fun (Parnes & Noller, 1972). Group members feel more integrated and coordinate better with one another, and this enhances group creativity (Woodman et al., 1993). Shared commitment to the project and constructive challenging of ideas enhance intrinsic motivation and fun because two primary features of intrinsic motivation are a focus on the work itself and a positive feeling of challenge in that work (Amabile, Hill, Hennessey, & Tighe, 1994).

Once an innovative spirit has been (re)kindled in an organization, managers should work hard at maintaining it and retaining innovative employees. This retention is already helped by an emerging innovation climate. Indeed, employees working in innovation-oriented cultures have been found to demonstrate higher levels of satisfaction, commitment, and intent to remain (Odom, Box, & Dunn, 1990; Quinn & Spreitzer, 1991).

Beyond satisficing 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. In effect, Dougherty and Bowman (1995) found that turnover of employees who hold some of the organizational memory could reduce the organization's innovative capability.

## **ORGANIZATIONAL PROCESSES AROUSING ATTACHMENT**

Organizational processes that elicit employees' feelings of attachment to their organization refer to systematic and sustained collective actions that create and enhance an employee's personal identification with the organization (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 babies; professional identity, clothing, houses for adults) that bridge a person's internal and external worlds (Winnicott, 1965).

There are at least three sets of organizational actions that elicit attachment to organizations: first, actions compatible with socially desirable traits that enhance employees' external recognition and self-esteem (e.g., protection of environment, charitable causes, and success, including innovative achievements); second, actions that demonstrate that the organization cares about the long-term development and welfare of its employees and their significant others, such as job development, education, health concerns (including sports facilities), and medical, pension, and family benefits. Further, emotional identification can be reinforced through recruitment selection and retention routines. Third, design of a good fit between the employee's work expectations and the supporting work environment (Shalley, Gilson, & Blum, 2000). For instance, for jobs that rely heavily on creative requirements, there should be a matching work environment that leverages an individual's creative input effectively as described in the previous section on fun and creativity. I now discuss how various groups of emotion-management actions relate temporally to each other during various stages of strategic renewal.

## **EMOTIONAL SEQUENCING**

While various emotion-management actions can be enacted at the same time at various levels of intensity in an organization, limited organizational

attention and resources suggest that the relative degree of emphasis of a particular set should vary according to the particular transition stage that a particular work group happens to be in. According to Bridges (1986), organizational renewal has to transit through various psychological stages that elicit different emotions: endings (of the past), neutral zone (searching for a new strategic direction), and new beginnings (a new strategic direction has been found and seems to work). I call such stage-dependent emphasis of a particular set of emotion-management actions “emotional sequencing.” Put differently, emotional sequencing refers to the chronological order in which particular emotions are aroused to convert fearful recipients at the early stages of change into energized, creative, and loyal organization members in the later stages of strategic renewal.

In the beginning phase of disruptive radical change (Tushman & Romanelli, 1985), actions expressing sympathy should be emphasized during the “endings” phase as well as the “neutral zone” of organizational transition to reduce employees’ agitation and improve their receptivity to the proposed changes. Once this is achieved, arousing hope enables collective mobilization, as energetic group action is often required to realize ambitious change. Actions arousing hope dominate in the concluding phase of the “neutral zone” and the “new beginnings.” To reduce the risk of obstinate and ineffective action, learning from interim feedback is necessary; and organizational learning can be enhanced through emotional authenticity, which reduces mistrust and cynicism about managers’ intentions and actions.

Actions arousing fun prevail during the new beginnings phase and the period after it, which I call the stabilizing phase. In the concluding phase of positive change that represents strategic renewal, reenergized and creative employees are more likely to stay with their organization if they experience strong attachment to it. Thus, actions eliciting attachment should be emphasized during the stabilizing phase and selectively applied on key individuals in all phases of change. This renewal cycle will be eventually followed by another endings phase that starts a new cycle of strategic renewal. Effective implementation requires knowing both the distinct effect of each set of emotion-management actions and its aggregated effect according to a temporal order; such sequenced steps often characterize effective enactment of dynamic capabilities (Brown & Eisenhardt, 1997; Eisenhardt & Martin, 2000; Zott, 2003). While each set of emotion-management actions to arouse a distinct emotion represents a dynamic capability, emotional sequencing, that is, the organizational ability to use an appropriate combination of emotion-management actions in an overlapping or sequential manner

in specific organizational contexts and transition stages can be considered as a higher ability or second-order dynamic capability.

Organizations can develop a repertoire of emotion-management actions as contingent procedures that can be imparted to managers. These procedures enable the organization to transcend the need for a large number of emotionally intelligent individuals in influential positions who might work at cross-purposes and apply their emotional skills to maximize their personal benefit (Jackall, 1988). Managers can be trained to perform emotion-management routines in an appropriate sequence to allay recipients’ fear and anxiety at the onset of strategic change and gradually arouse more pleasant emotions that facilitate collective action, organizational learning and creativity, and loyalty to the organization.

At this stage, it seems that emotional sequencing routines have not been widely developed or skillfully practiced in organizations. Many organizations have been formally designed as emotional vacuums and display, at least on the surface, unemotional and instrumental business logic (Weber, 1947). While this Cartesian mode of management may produce satisfactory performance in some organizations and allow, at best, modest innovation in slowly changing environments, emotion sequencing as a dynamic capability seems necessary to create an organizational context that facilitates creativity and rapid change. This requires emotion-aware executives to systematically allocate organizational resources to enable collective actions that develop emotional sequencing routines, which, with time, will shape the organization’s emotional intelligence. Future research can validate whether the proposed sequence of emotional arousal does in fact facilitate strategic change and renewal, as well as the boundary conditions under which such emotional sequencing is effective.

## CONCLUSION AND FUTURE RESEARCH

In this article, I have argued against a dominantly pessimistic view of emotion held by many strategy scholars and elaborated the various ways in which emotion can help organizations to achieve strategic change and renewal. This ability is rooted in developing emotion-based change routines, alternatively referred to as emotion-based dynamic capabilities. I suggest the beginnings of a framework that relates emotion-management actions arousing specific emotional states to process outcomes relevant to the management of organizational transitions in strategic renewal. These elements are

shown in Fig. 1 and can be formally summarized in the following propositions for future testing.

**Proposition 1.** Organizational actions that express authenticity enhance change recipients' trust in change managers and increase sharing of knowledge and organizational learning.

**Proposition 2.** Organizational actions that express sympathy increase change recipients' receptivity to the proposed change.

**Proposition 3.** Organizational actions that elicit hope increase change recipients' collective mobilization for change.

**Proposition 4.** Organizational actions that elicit fun increase organizational creativity.

**Proposition 5.** Organizational actions that elicit attachment increase loyalty and retention of key employees.

**Proposition 6.** The above emotion-management actions are more likely to be effective if change recipients perceive authenticity in emotion management that reduces their cynicism and mistrust of managerial manipulative attempts to reduce recipients' welfare.

**Proposition 7.** The higher the level of organizational resources and attention devoted to the diffusion and monitoring of these emotion-management actions, the higher the level of organizational adaptation and flexibility that enable timely strategic renewal.

**Proposition 8.** Organizations that implement emotional sequencing are more likely to achieve a higher level of strategic renewal than organizations that do not.

Improving the emotional capability of organizations will no doubt require a new awareness of the importance of emotion in organizational life and potentially significant investment in training, quality monitoring, and institutionalizing "best practices." Such practices could be construed as additional good Human Resource Practices that need to be diffused. This may require some managers of personnel to upgrade their people management skills and put an additional challenge on their already burdensome tasks. However, to the extent that it is the organization's events and actions that generate emotional trauma in employees' lives, it would seem adaptive and responsible that an organization attends to its employees' emotions to reduce potential mental and physical dysfunctions that are costly to both

the organization and the individual employee. Future research can explore the level of organizational resources and efforts involved in building the organization's emotional capability, and the challenges associated with it, and whether the benefits outweigh the costs.

In this respect, an emotion-based view of dynamic capabilities or change routines opens new avenues for research in the under-explored area of emotion management and strategic change and renewal. 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. Emotion management in natural work settings and, more importantly, the organizational consequences of such actions can be studied in a number of different ways – both objectively and subjectively. For instance, the level of organizational attention to the development of emotional sequencing routines may be measured by the proportion of organizational resources allocated to emotion-attending activities such as budget, specialized support groups, emotion training, or executive time. The effect of emotional attachment on employee retention can be measured with perceptual surveys for expressed emotion as well as company records on the turnover rate of key workers past a certain level of tenure and through various measures of organizational identification. Actions expressing sympathy can be measured by the time change targets spent in the mourning process and the time change agents and targets spent together to reconcile different sets of new and old organizational values.

In addition, the overt nature of emotion-related behaviors lends itself more easily to outsider and peer observation and assessment (and thus to enhanced construct validity) via triangulation of private interviews, survey methods, company reports, and ethnographic research in natural settings, all of which allow researchers to validate and enrich participants' self-reports (see Huy, 2002). The same measurement methods can be applied to the study of change processes and change outcomes. For example, the duration of (as well as costs of) launching change can be measured in part by the time it takes to convince the change targets to participate constructively in realizing the proposed change. This measurement is made in addition to perceptual surveys validated through in-depth interviews. The proposed emotion-management constructs lend themselves to multi-method research and triangulation, thus enhancing validity and reliability.

Beyond overt emotion-management actions, the more private emotional states could be studied through a triangulation of methods, such as self-report accounts and surveys, non-verbal observations, and expressions of

such states in support groups or focus groups. Such emotional states are important to capture as they could serve as mediators of behavior, and help predict the direction of people's thinking and behavior regarding the support they lend to the change effort (Huy, 2002). Such emotional states could act as precursors to other consequential organizational behavior related to strategic change, such as work groups' collective mobilization, learning from experiments and interim failures, sharing and development of knowledge, and emergent creative initiatives (Nonaka, 1994; Nonaka & Takeuchi, 1995).

In this regard, the model contributes to the nascent dynamic capability literature that forms part of the resource-based view of the firm (Barney, 2001; Wernerfelt, 1984): it relates specific sets of emotion-management actions to distinct outcome processes related to strategic change and renewal, such as sharing of knowledge, creativity, or employee retention, in a way that addresses the criticisms of tautology and conceptual vagueness leveled at the resource-based view (Priem & Butler, 2001).

Future research can reexamine many established literatures such as organizational learning (e.g., Argote, McEvily, & Reagans, 2003), crisis management (e.g., Weick, 1988), strategic decision making (e.g., Eisenhardt, 1989) including perception of strategic opportunities and threats (e.g., Barr & Glynn, 2004) in light of the recent empirical and theoretical advances on emotion research. Such reexamination has produced fresh insights in many areas such as work satisfaction (e.g., Fisher, 2000), work motivation (e.g., Seo et al., 2004), or leadership (e.g., Ashkanasy & Tse, 2000). In this regard, the link between emotions and strategic processes could perhaps be fruitfully studied in high-emotion variance and high-stake contexts, such as strategic change or mergers and acquisitions, decision-making and crises in financial markets such as the recent "dot.com" burst, major social conflicts, entrepreneurial ventures, combat army units, sports teams, or hospital emergency units.

Future research can also explore individual differences that lead some managers to vary in their emotion-management skills. This variance may arise because of past personal or work experiences that taught them the importance of emotional caring, or because they possessed emotional intelligence competencies such as emotional attending, discriminating, and repairing (cf. Salovey, Mayer, Goldman, Turvey, & Palfai, 1995). Research on whether and how to include recipients in designing potentially negative change and how to reduce the risks of covert sabotage by the included recipients could also be fruitful. One can also try to tease out the effects of organizational conditions from individuals' responses that appear to resist or embrace specific change initiatives or projects, and not just organizational change in a generic sense.

In this paper, I only address partially the ethical aspect of emotion management via the concept of authenticity, which conveys transparency and builds trust. Emotion, like cognition and behavior, could be used in both good and bad ways. How emotion management is used depends on the ethical qualities of the actors. Future research can also explore more comprehensively, the ethical dimensions of managing employees' and other stakeholders' emotions to achieve organizational or business purposes. The marketing or transformational leadership literatures (e.g., Ashkanasy & Tse, 2000; Bass, 1998) have often extolled the desirable emotional influence of charismatic leaders without fully exploring the leaders' ethical character and the potential benefits and dangers of emotional charisma.

## NOTES

1. To further support and sustain these fun-eliciting actions, organizations can enact and diffuse practices that encourage risk taking and idea generation, such as: (1) Explicit instructions or authorization to display creative behavior that pervade all organizational levels (Kanter, 1983; Parnes, 1964). For instance, 3M issued long standing rules allowing researchers to work on personal initiatives; its senior managers diffused myths of mavericks who persisted for years in developing their products covertly despite top management's refusal, no penalty for well-intentioned mistakes. (2) Fair, supportive evaluation of new ideas (Cummings, 1965): constructive, informative evaluation enhances intrinsic motivation (Deci & Ryan, 1985), whereas expectations of highly threatening, critical evaluation has been shown to undermine creativity in experimental studies (Amabile, Goldfarb, & Brackfield, 1990). (3) Reward and recognition of creativity (Abbey & Dickson, 1983); while contracted-for-reward can undermine creativity because it impairs intrinsic motivation, reward that is perceived as a "bonus" to recognize one's competence and enable people to do more ambitious work in the future can enhance creative behavior (Amabile, Hennessey, & Grossman, 1986). (4) Practices that facilitate exposure to other potentially relevant ideas such as participative decision making, cross-disciplinary teams, boundary spanning activities with external idea generators such as research centers, ventures, customers (Parnes & Noller, 1972). Beyond enacting creativity-enabling factors, managers can also facilitate an organization's creativity by reducing internal strife, conservatism, a controlling mindset, and by removing disabling formal management structures (Kimberly & Evanisko, 1981; Adler & Borys, 1996).

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