# CHAPTER 14

# PRACTICAL WISDOM AND EMOTIONAL CAPABILITY AS ANTECEDENTS OF ORGANIZATIONAL ACCOUNTABILITY IN REVOLUTIONARY CHANGE PROCESSES

Rodolphe Durand and Quy Huy


## ABSTRACT

*This chapter explains organizational accountability in context of a revolutionary change by the emotional capability of an organization and the ethical orientation of its top executives. Four situations lead to four propositions accounting for the level and durability of an organization's accountability. This chapter fills a gap in the literature by articulating two antecedents of organizational accountability, underlines the relevance of organizational ethics, and extends the realm of emotion management to strategic organizational outcomes.*


**Emotions, Ethics and Decision-Making**
**Research on Emotion in Organizations, Volume 4, 311–332**

**ISSN: 1746-9791/doi:10.1016/S1746-9791(08)04014-5**

## INTRODUCTION

This chapter draws on organizational ethics (OE) and the management of emotions to explore the evolution of organizational accountability in the context of a revolutionary organizational change process. Over the last decades, organization and management research have increasingly focused on exploring firm performance and explicating its link to business strategies. Relatively less attention has been devoted to the social role of organizations and their impact on human and social welfare (Walsh, Weber, & Margolis, 2003) and how business firms have been confronting growing social expectations (d'Aunno, Succi, & Alexander, 2000). The need for more research on managers' philosophical and emotional orientations and their consequences on organizational accountability vis-à-vis internal and external stakeholders seems overdue (Hinings & Greenwood, 2002; Perrow, 2000; Stern & Barley, 1996).

Organizational accountability refers to the organizational ability to construct "rational" accounts for an organization's actions (Carroll & Hannan, 2000; Hannan & Freeman, 1984; Tetlock, 1992, 2000). Organizational accountability is a fundamental attribute that impacts an organization's ability to build ties, trust, and reputation. It is central to stakeholder management by guaranteeing shareholders' confidence, reinforcing employees' loyalty, and crediting clients' claims and needs. Existing research on accountability has developed at two levels. First, at an organizational level, research has concentrated on explaining how accountability influences firms' policy, strategic behaviors, and structural inertia. Accountability constrains a firm's actions to be congruent with former actions and to conform to established reputation (Hannan & Freeman, 1984). Second, at an intra-organizational level, accountability has been shown to bias managerial action and accounts of action and results. Powerful hierarchies drive lower level (including middle) managers' thoughts and behavior in accordance with their superiors' expressed wishes and entail what some authors have called a "threatening accountability" (Morris & Moore, 2000). Accountability to various audiences affects an individual's public statements as well as private judgments (Tetlock, 1992). Personal epistemologies and political ideologies influence managers' evaluation of decisions (Tetlock, 2000) and impact in turn on how an organization accounts for its collective actions and outcomes.

There are several major gaps in the literature on organizational accountability. First, the organizational accountability stream has not fully explicated to what extent such accountability depends on individual ethical orientations and attitudes. Second, the intra-organizational accountability stream has tended to focus on individual characteristics but has not explicitly considered how the nature of organizational change processes influences organizational accountability. Finally, both streams of research have seldom treated organizational accountability as an outcome, but rather as a prerequisite for organizational survival or as a given constraint affecting individual managers' behavior and choices.

In this chapter, we explore the extent to which radical changes lead to gains and declines in accountability. Currently, we know relatively little about the process by which accountability emerges from the inside of organizations, who the involved actors are, and what the nature and consequences of their actions on accountability are. In order to disentangle these complex relationships, we concentrate on certain agents inside an organization who greatly influence organization behaviors (Jones, 1995; Trevino & Weaver, 2001): top executives and middle managers. We focus on ethics and emotions because we believe both have been underexplored in the literature as antecedents of organizational accountability, especially in the context of organizational change. We draw on these literatures, and particularly on the emotional capability model (Huy, 1999) and a subfield of OE (Durand & Calori, 2006), to suggest how certain dimensions of ethical enactment and emotion management practiced by different groups of organization members during change can affect how they interact and communicate accounts of change to one another. It is the nature of this interaction that affects the level and durability of organizational accountability.

This chapter is organized into four parts. First, we define the elements of the framework: organizational accountability, revolutionary change processes, emotional capability, and an ethical orientation called "practical wisdom." Second, we generate a typology combining the salient emotion management actions and relate them to top executives' openness to others (i.e., practical wisdom) versus closure to middle managers' thoughts and emotions. Third, we elaborate four propositions on the level and durability of accountability that depend on these dimensions. Finally, we discuss the model and its implications for future research on organizational accountability, ethics, and emotional capability.

## DEFINITIONS

### *Outcome Variable: Organizational Accountability*

Accountability "means the ability to construct rational accounts for one's actions" (Carroll & Hannan, 2000, p. 364). At the organizational level, institutional theory and population ecology postulate that the social framework of norms, values, and expectations constrains and influences an organization's actions, as well as its ability to explain and justify past and current choices and their congruence vis-à-vis the organization's history and societal concerns. Organizational accountability is a crucial organizational quality to build confidence and trust among an organization's stakeholders (Donaldson & Preston, 1995; Freeman, 1984; Jones, 1995).

Hannan and Freeman (1984, p. 73) suggested that "organizations must be able to document how resources have been used and to reconstruct the sequences of organizational decisions, rules, and actions that produced particular outcomes. This does *not* necessarily *mean that organizations must tell the truth* to their members and to the public about how resources were used or how some debacle came about; *what matters is that organizations produce internally consistent accounts* indicating that appropriate rules and procedures existed to produce rational allocations of resources and appropriate organizational actions" (emphasis added).

Our definition of organizational accountability differs from the above and refers to aligned internal and external accountability. An organization is held accountable both to the (internal) constituencies and to the (external) larger community in which the group and the organization are embedded. We assume internal accountability represents a necessary condition for sustained external accountability. An organization is accountable when it displays actions and accounts that are congruent with its expressed values and with the expectations of relevant external and internal constituencies. Organizational accountability starts with the internal production of organizational logics and reports on its activities. Organizations seek to achieve a high degree of accountability; but problems could arise when internal constituencies are at odds about the actions or content of the accounts to be conveyed to external constituencies. Within the organization, the nature of managers' beliefs (e.g., philosophical and political ideologies) and structuring actions (e.g., control systems) can influence organizational accounts and accountability (Robertson & Anderson, 1993; Tetlock, 2000; Weaver, Trevino, & Cochran, 1999).

Accountability is important because valuable resources accrue to organizations that are perceived as accountable (Hannan & Freeman, 1977; Oliver, 1997) and provide them with additional strategic flexibility. Accountability is even more critical in ambiguous contexts involving resource scarcity that requires changes from organizations, as organizations will prefer to undertake those actions they can account for. Accountability tends to favor organizational inertia because selection often hinges on rational accounts of past successes and attempts to prolong this success with timid, conservative changes (Hannan & Freeman, 1984; Miller & Friesen, 1984). This brings us to the discussion of the kinds of change processes that contextualize organizational accountability.

### *Revolutionary Change Processes*

Organizational changes are challenging for many organizations and have often been described under several bipolar categories (Weick & Quinn, 1999) such as first-order versus second-order changes, incremental versus radical changes, and core versus non-core changes, among others. In this chapter we focus on revolutionary change processes as suggested by prior research (Huy, 1999, 2002). A *revolutionary* organizational change *process* is episodic, disruptive, and marked with sudden, fast, and major changes in the organization's main dimensions, such as size, structure, competence, and product portfolios. Radically new orientations prevail over past decisions and trajectories. Strategic reorientations, extensive changes in governance and ownership, and mergers or downsizing often accompany revolutionary change (Tushman & Romanelli, 1985).

### *Emotional Capability*

Revolutionary changes jeopardize managers' and organizations' perceived and experienced reality. They elicit emotional responses, which individuals and organizations cater to differently. First, at the individual level, an individual's emotional intelligence is positively related to the individual's ability to change and adapt (Salovey & Mayer, 1990). Neurological and psychological research has found that the presence of emotion is essential to the value judgments, social and ethical considerations, and, more importantly, to the value-laden *behavior* (Damasio, 1994; Haidt, 2001) that will most likely come into play when conflicts about issues of organizational accountability arise. Second, certain specific emotions can foster ethical behavior over and above material considerations, such as the prospective fear of experiencing guilt, shame, or embarrassment (Izard & Ackerman, 2000; Frijda, Manstead, & Bem, 2001).

At the organizational level, according to Huy's (1999) model, an emotionally capable organization is one that can systematically perform appropriate emotion management actions or routines (called emotional dynamics) to attend to organization members' emotions elicited by disruptive change. These actions in turn help members become more receptive to change, effective in mobilizing for change, and able to learn from the results of the initial change efforts and to adjust their course if necessary. Examples of these emotional dynamics are authenticity and the dynamic of display freedom, empathy and the dynamic of experiencing, sympathy and the dynamic of reconciliation.

We focus on organizational emotional capability as a key antecedent of organizational accountability because we believe the relationship between emotion and accountability at the organizational level is important, though as yet underexplored. One of the central enablers of emotional capability is the emotional dynamic of display freedom, which refers to an organization's ability to facilitate the variety of authentic emotions that can be legitimately displayed and felt during change (Huy, 1999). Feelings can act as an important element of information under uncertainty (Schwartz, 1990). The extent to which people experience that they can safely express their true feelings could influence the account they give of change processes and outcomes and also affect the degree of authentic information shared between groups with asymmetrical power (Westley, 1990).

### *Change Agents' Practical Wisdom*

Beyond the emotion and organizational change literatures, we also draw on the OE stream. OE is broadly defined as the literature concerned with ethical principles and behavior at the organizational and individual levels. OE helps us to understand how moral behavior occurs, how organizations ought to behave, and why they should respect normative principles. Exemplary are the works on business ethics (Donaldson & Dunfee, 1994), on reconciliation of ethical principles with economic logic and practice (Soule, 2002), and on stakeholder theory (Jones, 1995; Donaldson & Preston, 1995). For much of this research stream, there would be a positive relationship between key organizational representatives' moral behavior and corporate benefits (e.g., reputation, long-standing relationships, lower incentive problems, lower monitoring costs) resulting in performance advantages (Hosmer, 1994; Jones, 1995). Moreover, most OE research assumes a relative ethos of cohesiveness inside organizations, i.e., the supposition that every organizational member is able to absorb and integrate superior norms. As a result, it is likely that organizational morality will be shaped by top executives' morality (Jones, 1995). Furthermore, recent research has attempted to connect openness to others with the nature of organizational change processes (Durand & Calori, 2006). In this chapter, we do not seek to be either normative or prescriptive on the ethical content of organizational accounts, but to concentrate on (1) how an orientation towards others, including their emotions, characterizes a ''practically wise'' agent, and (2) how this orientation influences organizational accountability.

To make our arguments more textured but at the same time tractable, we narrow our analysis to two groups of influential organizational agents whose ethos may differ: top executives and middle managers. These two groups often play an influential role in the conduct of organizational change (Tushman & Romanelli, 1985; Westley, 1990). This does not dismiss the importance of other groups such as unions. Moreover, we do not qualify the change agents' behavior per se as just or unjust, moral or immoral, but rather their attitude towards others – in particular, top executives' views of middle managers who have been identified as being instrumental in realizing change (Floyd & Lane, 2000; Huy, 2002).

Members who hold hierarchically superior positions often influence an organization's behavior and changes thereof, especially in large traditional bureaucracies, and are also entitled to speak on behalf of the organization (Mintzberg, 1984). They profess the organization's accounts of its actions. Top executives have traditionally been regarded as key decision makers in regard to strategic choices and organizational performance (Hambrick & Mason, 1984); they act as cultural shapers, role models, and symbolic managers (Morgan, 1993; Pfeffer, 1981), as well as shapers of the structural and strategic contexts that influence middle managers' thinking and actions (Burgelman, 1983, 1994).

Beyond their traditional roles of linking and coordinating people and processes for routine operations, middle managers could also perform valuable interpersonal tasks that top executives may be less effective at when they have to deal with a large number of employees. For example, middle managers could (1) adapt the general corporate communications to the local needs and understanding of their employees; (2) act as dynamic balancers between excessive chaotic change and organizational inertia, and (3) attend to their workers' personal needs and emotions (Huy, 2001, 2002). We focus on the emotion management role and use the practical wisdom concept to qualify top executives' orientation toward respecting and accepting others' (including middle managers') perspectives and feelings.

At the organizational level, top executives act as shapers of the ethical context: they define and reward the nature and boundaries of ethical beliefs of their organization. They can do so by formulating explicitly the ethical code, acting as role models, and allocating organizational resources such as time and money to diffuse, train, monitor, reward, and sanction the skillful and consistent enactment of ethical principles in organizational actions. Although top executives may not have the time to deal with a large number of employees on an individual emotional basis, they could still indirectly influence the development of emotional capability in their organizations by selecting, monitoring, training, and rewarding middle managers who are apt to carry out this role during change, and by placing those middle managers who are less skillful in less people-sensitive roles. The relatively value-free nature of emotional competencies can be driven by organizational ethical values thanks to the influence of "practically wise" top executives.

## *Practical Wisdom*

Practical wisdom (classically, phronesis) is an applied philosophy of respect for others and their a priori (before experience and action) right to be different. Several philosophers have developed this notion, among them are Aristotle (1976), Levinas (1989), and Ricoeur (1992). "Practical" connotes the concept's applied nature, useful and present in common situations; and "wisdom" suggests a process of attunement associated with cultural and normative principles, including respect for individuality, freedom to think and speak, and the keeping of promises. Two major dimensions underlie practical wisdom: the ontological and the relational.

### *Ontological*

Practical wisdom represents the ability of a person to comprehend her own as well as another person's distinctive nature and to integrate this comprehension into her actions. Ricoeur (1992) anchors practical wisdom in the definition of the self that by its very nature influences relationships with others. Any self faces the dilemma of persevering as the same self over time (one's character) and evolving a personal history made of encounters, bifurcations, and decisions. This personal history or narrative underlines the points where one distances oneself from oneself to envisage oneself as another. Reconciling the evolution of oneself with the "irreducible" permanence of one's character is difficult for anyone. Coming to terms with this dilemma requires both the recognition of others' rights and the dialectical nature of oneself as both permanent and evolving (Donaldson & Dunfee, 1994; Levinas, 1989). Therefore, in her dealings with others, a "practically wise" person does not only enact her self-character, but also changes herself – and accepts the undergoing changes – via narratives, argumentation, and conversations with others (Ricoeur, 1992).

*Relational*

Furthermore, practical wisdom is an individual quality that is manifested in organizational and social contexts through the practice of (1) reciprocity and (2) moral exemplarity (Durand & Calori, 2006). *Reciprocity* supposes the a priori acknowledgment that others' opinions and judgments are of value and interest. The ability to accept others, change oneself, and accept the bifurcation of one's identity is valued in many societies. Reciprocity refers to full respect for the other in her constitutive traits. It involves mutual abandonment of self-certitudes and the creation of balanced interpersonal relationships in which the powerful agent restrains herself from the urge to dominate the other (Ricoeur, 1992). Reciprocity involves projective feelings of empathy in as much as the change agent could become the change recipient under other circumstances.

*Moral exemplarity* characterizes an agent who subsumes her goals and actions under others' capacity to accept them, and who by this very action, whether consciously or unconsciously, induces collective support about the values underlying such behavior. In large hierarchical organizations, top executives' words and actions toward others are heeded and diffused to the lower levels of the organization. To illustrate, moral exemplarity expresses itself positively when middle managers follow top executives' example by attending to employees' prolonged and intensely agitated emotions (e.g., fear, anger, depression, hopelessness) caused by disruptive changes that could cause lasting harm to employees' work and personal lives (Huy, 2001, 2002). Reciprocity and moral exemplarity constitute two main dimensions of the relational dimension of practical wisdom. We can now proceed to relate practical wisdom to types of change process.

Given the concept of practical wisdom previously discussed, top executives display practical wisdom when they act in a way that expresses respect of others' identities, are open to others' feedback, are parsimonious in their use of coercive power, set more realistic goals and time for others to absorb novel ideas and reconstruct their individual and collective identities. As change agents, they are more likely to adopt less disruptive and dramatic change actions, such as large downsizings or mergers, and practice a more evolutionary process when this is feasible (Durand & Calori, 2006). The practice of reciprocity and moral exemplarity underlies poised change processes. Exemplarity narratives, i.e., narratives extolling salient organizational and ethical values reflected in top executives' behavior, are present in the change process. Conversation spaces, i.e., physical or virtual spaces where conversations and dialogs can occur, further facilitate the patient and gradual process of change (Ford & Ford, 1995). However, if and when a revolutionary process is required, top executives may not be able to perform as wide a range of roles as they can in calmer environments. Top executives may be overwhelmed with the continuous demands of numerous external stakeholders to provide them with frequent accounts of the progress of revolutionary change and organizational performance, and may have less time to deal with internal groups. Aware of their own limitations, practically wise top executives are likely to solicit middle managers to help them actively define and carry out ambitious change instead of trying to perform most critical change activities on their own, especially when they concern emotional capability.

In large hierarchical organizations, middle managers are likely to be more effective than top executives in enacting emotional capability because these managers are structurally closer to their employees and are thus more likely to be attuned to their subordinates' emotional needs. Secondly, compared to executives caught up with many external demands, middle managers are likely to have more time to interact with their employees. Middle managers rather than executives are more likely to be effective in dealing with their workers' emotions because emotion management must be highly appropriate in order to be effective. Different individuals' emotional responses, needs, or coping mechanisms need to be recognized and attended to according to their specific situations (Huy, 2002).

## PROPOSITIONS

From the factors influencing organizational accountability in revolutionary change processes, four combinations exist, depending on whether middle managers enact emotional capability appropriately or not, and top executives are practically wise or not. These cases lead to the propositions summarized in Table 1. Our outcome variable – organizational accountability – is defined by its level (low, moderate, and high), its trend (increasing or decreasing), and its durability (persistent or ephemeral). A high (low) organizational accountability indicates that the organizational accounts provided by influential organization members are very (barely) congruent/aligned with the organization's expressed values, actions, or outcomes and with relevant constituencies' expectations.

***Table 1.*** Level and Durability of Organizational Accountability in Revolutionary Change Processes.

| | Emotional Capability (Middle Managers) | No Emotional Capability (Middle Managers) |
|---|---|---|
| Practically wise influential agents (Top executives) High moral exemplarity and high reciprocity | [Case 1]: Moderate/high and persistent organizational accountability | [Case 2]: Low and persistent organizational accountability |
| Not practically wise influential agents (Top executives) Low moral exemplarity and low reciprocity | [Case 3]: Moderate but decreasing organizational accountability | [Case 4]: High but ephemeral organizational accountability |

### *Case 1: Practically Wise Top Executives + Emotional Capability*

The starting point seems favorable for accountability in this first case. However, whereas practically wise top executives are probably more able to lead and monitor an evolutionary change process because of the gradual pace and content of changes, they will be less able to do so for revolutionary change. Top executives will have to devote a significant proportion of their time to updating external stakeholders who are concerned about the progress and results of change, negotiating with other executives about alliances and acquisitions, or placating politicians who may be concerned about the impact of plant closings on their communities (Pettigrew, 1985). Even if top executives are aware of the need to devote significant time to internal issues, they may not be able to do so. Moreover, revolutionary change also imposes a cognitive and emotional burden on the executives who have to detach themselves from what they were proud of and were good at doing in order to invest in learning rapidly new competences and industry sectors they are less familiar with and that could therefore present significant risks to their business and personal prestige (Tushman & Romanelli, 1985). All this could elicit high anxiety among these executives.

Practically wise executives recognize that in a large and variegated organization, it is not realistic to expect everybody to experience the same feelings about change. Conscious of their personal limits in regard to time availability, knowledge, and physical and emotional resources, practically wise top executives know that they have to rely on many veteran people in a large organization, including middle managers, to cooperate with them if they want to garner a reasonable chance of success. One criterion for selecting these middle managers is that they are also emotionally capable and are respected as natural leaders by their local peers and subordinates (Huy, 2001). These veterans know the tacit ways of working, are familiar with the organization's subcultures and can speak their local language; thus they are likely to be able to convince their peers and make things happen more quickly (Dutton, Ashford, O'Neill, & Lawrence, 2001).

To elicit this group of veterans' voluntary and eager cooperation, top executives have to display "otherness," that is, respect for middle managers' competences and contributions, and to practice "reciprocity" by engaging with them as equals in co-shaping the company's strategic direction (Westley, 1990). Reciprocity supposes the a priori (before action) acknowledgment that others' opinions are of value and interest (Durand & Calori, 2006). Such respect is likely to elicit honest, open accounts originating from various, deep layers of the organization, with middle managers acting as spokespersons. The change goals and the process of implementing them will be openly examined and debated with these veteran middle managers in a respectful climate, to ensure the maximum chance of acceptance by the recipients when the content and process of the revolutionary change are announced to the wider organization. This procedure illustrates "moral exemplarity," that is, the quality of an agent who subsumes her goals and actions under others' capacity to accept them.

In turn, middle managers are likely to feel energized that their ideas and competences are truly heeded by top executives and are materially incorporated in shaping the strategic direction of the company in a way that seems compatible with the values and aspirations of the local constituents they represent (Huy, 2001; Westley, 1990). They are more likely to exert extra efforts to make change happen because they are proud of their plan. It is built by them and for them. These people will be likely to enact all the skills and knowledge they have at their disposal, including locally appropriate emotion management actions (Huy, 2002).

The consequence on the level of accountability is that the accounts will be detailed, multi-level, i.e., contingent upon different activities or geographies, while accurate and trustworthy. However, the multiplicity of details and conditions risk blurring the message and present the risk of misinterpretation. Therefore, accountability is likely to be moderate-to-high. However, that level will probably not deteriorate because coherence exists between top executives' other-orientation and middle managers' emotional capabilities.

**Proposition 1.** In revolutionary change processes, the presence of an emotional capability implemented by middle managers offsets the relative inadequacy of practically wise top executives and produces a moderate-to-high, persistent organizational accountability.

*Case 2: Practically Wise Top Executives + No Emotional Capability*

Two disabling factors are at work in this case. First, top executives are constrained in their ability to attend on their own to the revolutionary change process. Second, the absence of particular emotional capability from middle managers deprives them from the valuable knowledge and continuous feedback embedded in employees' feelings. Third, the relaying veterans are unlikely to emerge as a coherent group by contrast with Case 1. This situation is typical of cases in which middle managers are part of inertial systems (Biggart, 1977; Floyd & Woolridge, 1996). Top executives face moral discomfort and may over-invest to get access to other employees' feelings and thoughts, but achieve limited success. Middle managers may not consider top executives as credible leaders to conduct the necessary change and may resist covertly, diffuse erroneous information, and vie for personal advantages. They are not likely to devote their time and effort to encourage others around and below them to display freely their emotions and thoughts, may dampen individual attachment to top executives and, at the organizational level, weaken the process of identification (Pratt, 2000). Altogether, the level of accountability is persistently low because antagonistic forces create a vicious circle of defensive mechanisms (Argyris, 1990).

**Proposition 2.** In revolutionary change processes, the constraints upon practically wise top executives combine with the absence of emotional capability to produce low and persistent organizational accountability.

*Case 3: No Practically Wise Top Executives+Emotional Capability*

In this case, thanks to middle managers' enactment of emotional capability, employees develop authentic accounts at the lower levels of an organization, but top executives are not receptive to their subordinates' accounts and feelings. Invoking the reason that emotion can impair rational business logic, top executives dismiss emotional states as ''irrational'' or illegitimate in business organizations. These discouraging views are likely to lead middle managers who are concerned about the link between their employees' emotional states and business results to go underground or exit (Hirschman, 1970; Huy, 2002). The result is a moderate-to-high level of accountability because muzzled middle managers do not participate in the production of the organizational account. Depending on the level of identification with the organization, some middle managers may stay longer with the organization and delay leaving from an altruistic concern that the organization might go from bad to worse if they were to leave (Hirschman, 1970). They postpone exit and suffer in silence, hoping that the situation will improve. However, sooner or later, the accumulation of unfaithful testimonies and rival accounts will probably emerge, be diffused, and reduce the initially moderate-to-high level of organizational accountability that was forged by top-level executives.

> **Proposition 3.** In revolutionary change processes, the absence of practically wise top executives reduces the benefits of emotional capability implemented by middle managers and produces a moderate, but decreasing organizational accountability.

*Case 4: No Practically Wise Top Executives + No Emotional Capability*

Here, insensitivity to others and absence of emotional capability combine to enable top executives to produce a plausible account of organizational actions and results, at least initially. Through a combination of hard and soft control systems (Simons, 1994), top executives may be able to persuade emotionally middle managers to buy in to or comply blindly with the executives' wishes for revolutionary change. Other groups may not be kept adequately informed about the reasons for and timing of change. As a result, the initial level of organizational accountability is likely to be high, as two internal groups cooperate in promoting clear and coherent messages about the organization's urgent needs for revolutionary change.

However, subsequent implementation actions may be quite different from initial intentions and rhetoric and may undermine the durability of organizational accountability. Successive accounts of organizational actions lack coherence and appear to be implausible. As a result, mistrust and cynicism set in and demands for substantial evidence validating previous rhetorical pronouncements increase from the lower levels of the organization and make open conversation and collective alignment difficult and protracted (Reichers, Wanous, & Austin, 1997). New conversation spaces are likely to open and rival stories become widespread. Over time, the top executives' credibility erodes and, with it, organizational accountability.

> **Proposition 4.** In revolutionary change processes, the absence of practically wise top executives interacts with an absence of emotional capability implemented by middle managers to produce a high, but ephemeral organizational accountability.

## DISCUSSION AND FUTURE RESEARCH

In this chapter, we propose the beginning of a model that links some elements of ethics (practical wisdom) to emotional intelligence at the organizational level (emotional capability) to show how the enactment of ethics and emotion can interact and influence organizational accountability, which is critical for an organization's sustainability. To simplify our discussion, we model top executives as shapers of the ethical context (by enacting practical wisdom) and middle managers as shapers of the emotional context (by enacting emotional capability) but also attempt to nuance the predictive power of our model by embedding it in the context of revolutionary change processes.

By focusing on a small set of actions performed by top executives and middle managers, we do not imply that these groups are the only two important ones inside an organization that can influence accountability. Further inquiry is required to identify additional factors that could influence the predictability of our propositions. For example, external factors (e.g., unions, social movements) and internal factors (e.g., in- and out-group effects, corporate governance, organizational structure, organizational identity and cultures) may usefully complement our current framework. Moreover, to increase the generalizability of our propositions, considering other social and organizational contexts could help refine the current model. For instance, in a small to medium size organization, the roles of top executives versus middle managers as described in our model could overlap. Finally, extension to other types of changes (e.g., evolutionary changes) would be another avenue for research. Despite these simplifications, we believe this research can contribute to at least three literatures.

*Contributions to Organizational Accountability*

The literature on organizational accountability seems to fall short in explaining its antecedents. It typically indicates how accountability constrains both organizational development (Carroll & Hannan, 2000; Hannan & Freeman, 1984) and individual behaviors (Morris & Moore, 2000; Tetlock, 1992, 2000). We propose a framework that positions the level and durability of organizational accountability as a dynamic outcome that takes into account top executives' orientation toward others, and middle management's emotional capability. Whereas some researchers emphasize the role of an organizational account's rationality and coherence independently of its authentic content (Hannan & Freeman, 1984), we argue that in case of revolutionary changes durable organizational accountability results from situations in which top executives are practically wise, i.e., respect others, exhibit moral exemplarity, and practice reciprocity (in Table 1, Case 1). However, not telling the truth, pursuing self-interested goals, and being closed to others' thoughts and feelings can be associated with high but less durable (even ephemeral) and declining levels of organizational accountability (Table 1, Case 4).

At an intra-organizational level, some authors have shown how accountability affects individual behavior (Tetlock, 1992). Directive reporting procedures may entice managers to take refuge in a fractional treatment of problem-solution dyads for which they are responsible and accountable to the exclusion of the "great organizational accountability picture" about which they may feel not chiefly concerned (Clegg, 2002). Accordingly, using a method based on the study of scenario-based reflections and imagined experiences, Morris and Moore (2000) showed that a threatening accountability and a strategy of "pre-empting self criticism" inhibit individual learning. Tetlock (2000) explored how personal ideologies influence people's rationalizing behavior in organizations. Complementary to these studies of top executives' personal ideologies and individual strategies, we theorize that (1) top executives' "philosophy of the others" in interaction with middle managers' emotional capability leads to differing levels and durability of organizational accountability, and that (2) in the context of change that affects many organizations today, organizational accountability is not a given but an ongoing outcome of individual dispositions and group interactions.

Many managerial prescriptions exist to improve the façade of organizational accountability: matrix structures, employee surveys, external consultancy, HR toolkit (360-degree feedback), "forced" open conversations, governance, and executive compensation schemes (Beer, 2004; Westphal & Zajac, 2001). These prescriptions focus generally on technical aspects such as more data collection and physical structures and processes that enable middle managers to express themselves. What seems underdeveloped in these prescriptions is a clearer articulation about the deeper understanding of and rationale for human action, managers' philosophical and ethical dispositions, and their inner and expressed feelings. We suggest that such prescriptions could enhance organizational accountability durably only if openness to others and emotional sensitivity are central to human actions.

### *Contribution to Organizational Ethics Literature*

OE has mainly developed along two lines of research (Donaldson & Dunfee, 1994; Margolis & Walsh, 2003; Soule, 2002). On one hand, the instrumental research program reflects on the link between ethics and organizational benefits. On the other hand, normative principles focus on advising people what ought to be done in different situations. The instrumental line of research seems to under-specify the link between ethical principles and theories of action, whereas the normative thrust often appears to be disconnected from many ethical dilemmas that characterize business reality. Our propositions contribute to the OE literature because we believe, first, that they guide organizational action without being disconnected from ethical principles. They do not just proclaim the benefits of an idealistic pro-ethical stance, but describe the causal mechanisms and interactions that predict different qualities of organizational accountability. Second, the propositions are not purely normative. We do not judge agents' actions as being good or bad, just or unjust.

We show the cross-level interaction between individual and organizational attributes in specific contexts of change, including how individual top executives' philosophy about dealing with others influences both how other organizational members behave and what quality of organizational accountability results from their aggregate actions. We describe how top executives' practical wisdom and middle managers' emotional capability can dynamically influence organizational accountability and enable it to persist (or not) over time. Moreover, as distinct from previous research, our theorizing does not assume an ethos of cohesiveness where top executives and middle managers agree on collective goals, values, or actions. Nor do we automatically relate ethical behavior to some pre-supposed advantage by showing how some contextual cross-effects could produce situations in which the desirable outcome (high organizational accountability) is not caused directly by actors' ethical behaviors.

Future research can integrate and nuance how actions enacting certain principles or values (such as respecting others' opinions and feelings) link OE more richly to organization theory. Inspired by the philosophy of the ''other'' and by classical ethical writings, we seek to extend OE research to organizational outcomes stemming from influential agents' ethical and philosophical orientations. We foresee the potential for OE to contribute meaningfully to important organizational processes, such as organizational creativity, identification, and conflict resolution issues, with an approach that eschews the extreme ends of instrumental and decontextualized moral prescriptions, and which integrates select insights from economics and the organizational behavior and business strategy literatures.

### *Contributions to Emotion Management Research*

Research on emotion management in organizations has largely been silent on ethical considerations (Huy, 2002; Rafaeli & Sutton 1991; Sutton, 1991; Van Maanen & Kunda, 1989). This may have led some scholars to question whether advances in emotion research, including that of measuring emotional intelligence (Salovey & Mayer, 1990 represents another form of perhaps more insidious management control over employees (Martin, Knopoff, & Beckman, 1998). Our research seems rare in that it explicitly links ethical principles to emotion management actions and reveals how such linkages influence organizational actions and outcomes. We propose that principles of moral exemplarity, reciprocity, and respect of others provide a partial answer to potential ethical dilemmas about using emotion management as an additional means to achieve business objectives.

Such principles are reflected in a clear articulation of organizationally sanctioned emotion management practices that are transparent to change agents and recipients. It can be seen how systematic training and monitoring of the skillful and ethical use of emotion management as a subset of human resource practices can be imparted as a priority to top executives and middle management involved in managing organizational change. We propose that attention to emotions and resulting thoughts and behavior is important to the study of change processes and organizational accountability. More research, however, is needed in this area. In particular, the modeling role of top and middle managers is critical in initiating, displaying, and diffusing appropriate sentiments toward others, whether they are internal or external stakeholders.

Our study calls for more research on ethical awareness specific to emotion management in organizations. Moral exemplarity and reciprocity allow change agents and recipients to discuss openly the need for and application of various emotion management strategies and organizational ends in a quest for continuous improvement. While such an aspiration may seem unduly idealistic, it is nonetheless worth pursuing in light of recent scandals that have undermined trust in institutions as diverse as government security agencies, like the CIA and FBI, hospitals, and corporations like Enron, Shell, and March & McLennan.

## REFERENCES

Argyris, C. (1990). *Overcoming organizational defenses*. Boston, MA: Allyn and Bacon.

Aristotle, A. (1976). *The Nicomachean ethics*. London: Penguin Classics.

d'Aunno, T., Succi, M., & Alexander, J. A. (2000). The role of institutional and market forces in divergent organizational change. *Administrative Science Quarterly*, *45*(4), 679–703.

Beer, M. (2004). How to have an honest conversation. *Harvard Business Review*, *82*(2), 82–89.

Biggart, W. N. (1977). The creative destructive process of organizational change: The case of the post office. *Administrative Science Quarterly*, *22*(3), 410–425.

Burgelman, R. A. (1983). A process of model of internal corporate venturing in the diversified major firm. *Administrative Science Quarterly*, *28*, 223–244.

Burgelman, R. A. (1994). Fading memories: A process theory of strategic business exit in dynamic environments. *Administrative Science Quarterly*, *39*, 24–56.

Carroll, G., & Hannan, M. T. (2000). *The demography of corporations and industries*. Princeton, NJ: Princeton University Press.

Clegg, S. (2002). Lives in the balance: A comment on Hinings and Greenwood's ''Disconnects and consequences in organization theory? *Administrative Science Quarterly*, *47*, 428–441.

Damasio, A. R. (1994). *Descartes' error emotion, reason, and the human brain*. New York: Putnam's Sons.

Donaldson, T., & Dunfee, T. W. (1994). Toward a unified conception of business ethics: Integrative social contracts theory. *Academy of Management Review*, *19*, 252–284.

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, *20*, 65–91.

Durand, R., & Calori, R. (2006). Sameness, otherness? Enriching organizational change theories with philosophical considerations on the same and the other. *Academy of Management Review*, *30*, 93–114.

Dutton, J. E., Ashford, S. J., O'Neill, R. M., & Lawrence, K. A. (2001). Moves that matter: Issue selling and organizational change. *Academy of Management Journal*, *44*(4), 716–736.

Floyd, S., & Lane, P. (2000). Strategizing through out the organization: Managing role conflict in strategic renewal. *Academy of Management Journal*, *25*(1), 154–177.

Floyd, S. W., & Woolridge, B. (1996). *The strategic middle manager*. San Francisco, CA: Jossey-Bass.

Ford, J. D., & Ford, L. W. (1995). The role of conversations in producing intentional change in organizations. *Academy of Management Review*, *20*, 541–561.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Pitman/Ballinger.
Frijda, N. H., Manstead, A. S. R., & Bem, S. (2001). *Emotions and beliefs: How feelings influence thoughts*. Paris: Editions de la Maison des Sciences de l'Homme.
Haidt, J. (2001). The emotional dog and its rational tail: A social intuitionist approach to moral judgment. *Psychological Review*, *108*(4), 814–834.
Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, *9*, 193–206.
Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American Journal of Sociology*, *82*, 929–964.
Hannan, M. T., & Freeman, J. (1984). Structural inertia and organizational change. *American Sociological Review*, *49*, 149–164.
Hinings, C. R., & Greenwood, R. (2002). Disconnects and consequences in organization theory? *Administrative Science Quarterly*, *47*, 411–421.
Hirschman, A. O. (1970). *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states*. Cambridge, MA: Harvard University Press.
Hosmer, L. T. (1994). Trust: The connecting link between organizational theory and philosophical ethics. *Academy of Management Review*, *20*, 379–403.
Huy, Q. (1999). Emotional capability, emotional intelligence, and radical change. *Academy of Management Review*, *24*, 325–345.
Huy, Q. (2001). In praise of middle managers. *Harvard Business Review*, *79*(8), 72–79.
Huy, Q. (2002). Emotional balancing on organizational continuity and radical change: The contribution of middle managers. *Administrative Science Quarterly*, *41*, 31–69.
Izard, C. E., & Ackerman, B. P. (2000). Motivational, organizational and regulatory functions of discrete emotions. In: M. Lewis & J. M. Haviland-Jones (Eds), *Handbook of emotions* (2nd ed., pp. 253–264). New York: The Guilford Press.
Jones, T. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, *20*, 404–437.
Levinas, E. (1989). Ethics as first philosophy. In: S. Hand (Ed.), *The Levinas reader* (pp. 55–78). Oxford, England: Basil Blackwell.
Margolis, J., & Walsh, J. (2003). Misery loves company: Rethinking social initiatives by business. *Administrative Science Quarterly*, *48*, 268–305.
Martin, J., Knopoff, K., & Beckman, C. (1998). An alternative to bureaucratic impersonality and emotional labor: Bounded emotionality at The Body Shop. *Administrative Science Quarterly*, *43*, 429–469.
Miller, D., & Friesen, P. H. (1984). *Organizations: A quantum view*. Englewood Cliffs, NJ: Prentice-Hall.
Mintzberg, H. (1984). Who should control the corporation? *California Management Review*, *7*(1), 90–115.
Morgan, R. (1993). Self and co-worker perceptions of ethics and their relationships to leadership and salary. *Academy of Management journal*, *36*, 200–214.
Morris, M., & Moore, P. C. (2000). The lessons we (don't) learn: Counterfactual thinking and organizational accountability after a close call. *Administrative Science Quarterly*, *45*, 735–765.
Oliver, C. (1997). Sustainable competitive advantage: Combining institutional and resource-based views. *Strategic Management Journal*, *18*, 697–713.

Perrow, C. (2000). An organizational analysis of organizational theory. *Contemporary Sociology*, *29*, 469–476.

Pettigrew, A. (1985). *The awakening giant: Continuity and change in Imperial Chemical Industries*. Oxford: Basil Blackwell.

Pfeffer, J. (1981). Management as symbolic action: The creation and maintenance of organizational paradigms. *Research in Organizational Behavior*, *3*, 1–52.

Pratt, M. J. (2000). The good, the bad, and the ambivalent: Managing identification among Amway distributors. *Administrative Science Quarterly*, *45*, 456–493.

Rafaeli, A., & Sutton, R. I. (1991). Emotional contrast strategies as means of social influence: Lessons from criminal interrogators and bill collectors. *Academy of Management Journal*, *34*(4), 749–775.

Reichers, A. E., Wanous, J. P., & Austin, J. T. (1997). Understanding and managing cynicism about organizational change. *Academy of Management Executive*, *11*(1), 48–59.

Ricoeur, P. (1992). *Oneself as another*. Chicago, IL: University of Chicago Press.

Robertson, D., & Anderson, E. (1993). Control system and task environment on ethical judgment: An exploratory study of industrial salespeople. *Organization Science*, *4*, 617–644.

Salovey, P., & Mayer, J. D. (1990). Emotional intelligence. *Imagination, cognition and personality*, *9*, 185–211.

Schwartz, N. (1990). Feelings as information: Informational and motivational functions of affective states. *Handbook of motivation and cognition: Foundations of social behavior* (Vol. 2, pp. 527–561). New York: The Guilford Press.

Simons, R. (1994). How new top managers use control systems as levers of strategic renewal. *Strategic Management Journal*, *15*, 169–189.

Soule, E. (2002). Managerial moral strategies – In search of a few good principles. *Academy of Management Review*, *27*, 114–124.

Stern, R., & Barley, S. (1996). Organizations and social systems: Organization theory's neglected mandate. *Administrative Science Quarterly*, *41*, 146–162.

Sutton, R. (1991). Maintaining norms about expressed emotions: The case of bill collectors. *Administrative Science Quarterly*, *36*, 245–268.

Tetlock, P. (1992). The impact of accountability on judgment and choice: Toward a social contingency mode. *Advances in Experimental Social Psychology*, *25*, 331–376.

Tetlock, P. (2000). Cognitive biases and organizational correctives: Do both disease and care depend on the politics of the beholder? *Administrative Science Quarterly*, *45*, 293–326.

Trevino, L. K., & Weaver, G. R. (2001). Organizational justice and ethics program "follow-through": Influences on employees' harmful and helpful behavior. *Business Ethics Quarterly*, *11*, 651–672.

Tushman, M. L., & Romanelli, E. (1985). Organizational evolution: A metamorphosis model of convergence and reorientation. In: L. L. Cummings & B. Staw (Eds), *Research in organizational behaviour* (Vol. 7, pp. 171–222). Greenwich, CT: JAI Press.

Van Maanen, J., & Kunda, G. (1989). Real feelings: Emotional expression and organizational culture. In: L. L. Cummings & B. M. Staw (Eds), *Research in organizational behavior* (Vol. 11, pp. 43–104). Greenwich, CT: JAI Press.

Walsh, J., Weber, K., & Margolis, J. (2003). Social issues and management: Our lost cause found. *Journal of Management*, *29*(6), 859–881.

Weaver, G. R., Trevino, L. K., & Cochran, P. L. (1999). Corporate ethics programs as control systems: Influences of executive commitment and environmental factors. *Academy of Management Journal*, *42*, 41–57.

Weick, K. E., & Quinn, R. E. (1999). Organizational change and development. In: J. T. Spense, J. M. Darley & D. J. Foss (Eds), *Annual review of psychology* (Vol. 50, pp. 361–386). Palo Alto, CA: Annual Reviews.

Westley, F. (1990). The eye of the needle: Cultural and personal transformation in a traditional organization. *Human Relations*, *43*, 273–293.

Westphal, J. D., & Zajac, E. J. (2001). Decoupling policy from practice: The case of stock repurchase programs. *Administrative Science Quarterly*, *46*, 202–228.