

## **Quy Nguyen Huy**

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### **IF POSSIBLE, PLEASE ADD FOLLOWING REQUEST FOR FEEDBACK**

Professor Huy welcomes feedback from readers, in particular their first-hand experience about the role of emotions in organizational change. He can be contacted via e-mail ([quy.huy@insead.fr](mailto:quy.huy@insead.fr)) or by mail (Insead Strategy Group, Boulevard de Constance, 77305 Fontainebleau, France)

### **Further Reading**

**Huy, Q. N., Emotional capability, emotional intelligence, and radical change, *Academy of Management Review*, 24, 325-345 (1999).**

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### **Summary**

Many organisations go through endless turnarounds but fail to revive themselves by using their own internal energy. In this article **Quy Nguyen Huy** argues that part of the problem is a failure to understand how to deal with emotions. These can profoundly influence whole organisations – so managers and change agents should be finely tuned to their impact. Emotions are intrinsic to human nature and cannot be artificially segregated between personal lives and professional activities. During corporate transformation organisations can make appropriate use of emotions to bring about change. The author discusses four organisational skills useful to managers seeking to harness emotions in change situations.

### **Emotional capability and corporate change (HEADLINE)**

In the past decade there has been a growing awareness that internal organisational capabilities constitute the real source of sustainable competitive advantage. Nevertheless, many organisations have to go through endless “turnarounds” without being able to revitalise

themselves by their own internal energy. In this article, I argue that part of the problem lies in the failure of organisations to understand how to deal with emotions.

This issue was recognised by Jack Welch, chief executive of US conglomerate General Electric and his advisers after many years of transformation effort (see Further Reading). Welch learned from painful experience how profoundly emotions could influence whole organisations. Fearful employees in the early 1980s fought him to a standstill through covert guerrilla warfare. The problem, as Welch later acknowledged, was not that he believed emotions were less important than rational calculations. The real issue was that he did not know how to deal with emotions at an organisational level. Most companies conveniently ignore them; at worst, they ban negative emotions as irrational and detrimental to the business.

Work, however, is inherently an emotional experience. Emotions are intrinsic to our human essence and cannot be artificially segregated between our personal lives (where feelings are allowed) and our professional activities (where cold logic is preferred). Neurologists recently located emotional processing in certain prefrontal areas of the brain called the amygdala and the anterior cingulate. Individuals who suffer damages to these areas have great difficulty maintaining a sense of responsibility for themselves and for others, or planning their future as social beings. They know but cannot feel. Their logical reasoning skills and memory, which holds their knowledge base, are intact and performing well — some even have above average IQs. This enables them to analyse various alternatives with great lucidity and detail – but they can neither select one option nor act upon it. They have lost their ability to prioritise and make decisions on personal and social matters where choices involve incomplete data or incommensurable consequences. As a result, their adaptability skills in complex social environments have been severely diminished.

Separately, research on emotional intelligence suggests that beyond a certain functional IQ threshold of 110 to 120, emotional competence is a much better predictor of future business leaders and superior performance in society than intellectual ability (see Further Reading).

Emotional intelligence is defined as the subset of social intelligence that involves the ability to monitor one's own and others' emotions, to discriminate between them, and to use such information to guide one's thinking and actions. Emotionally intelligent individuals are able to recognise and use their own and others' emotional states to solve problems and regulate behaviours. This does not mean that they are always "nice" or constantly emotionally expressive. Emotionally intelligent individuals are more adept at influencing other people and accessing leadership positions in domains where social skills make a difference.

Emotion is thus an integral part of adaptation and change. How emotion affects corporate transformation can be better understood if the change process is divided into individual components. Based on my own research as well as a synthesis of previous research on emotion and change, I will now explain how various attributes of emotional intelligence affect various dynamics constituting a major change process. The three attributes – summarised in Figure 1 – are receptivity, mobilisation, and learning.

Receptivity describes individuals' willingness to consider a proposed change. Resistance to change represents the opposite to receptivity and can range from moral outrage to quiet cynicism and withdrawal. Some degree of receptivity to change is necessary for mobilisation and learning to occur.

Mobilisation is the process of rallying different segments of the organisation to undertake joint action and realise common goals. The ability to mobilise hinges on the availability of adequate resources (eg. finances, time, and manpower), support structures and systems, but most importantly the necessary commitment and skill sets to co-operate during

the change process. Mobilisation during corporate transformation requires significant emotional energy. Strategic change that alters core perspectives and values tends to arouse strong anxiety and scepticism. During such periods, too much analysis may breed increasing doubt and paralysis; warm emotionality has to supersede cold rationality to enable coherent collective action.

Beyond receptivity leading to mobilisation, individuals and organisations can learn from the outcomes of the changes they enact. A person learns by thinking then acting. Emotion provides the primary feedback mechanism that alerts the person that various goals are not being achieved, and this in turn motivates behaviour. Emotion arouses dissatisfaction with the current state of affairs when a person compares the newly perceived reality unfavourably with his or her prior expectations. This stimulates learning and change.

Radical change in organisational beliefs and values often starts with the challenging of deep-rooted assumptions. THE MOST PREVALENT FORM OF LEARNING IN ORGANISATIONS IS INCREMENTAL PROBLEM SOLVING, CALLED SINGLE-LOOP LEARNING. MEMBERS SEEK TO ADJUST SURFACE BEHAVIORS TO ACHIEVE THEIR DESIRED OBJECTIVE. IN CONTRAST, DOUBLE-LOOP LEARNING OPERATES AT A MORE ABSTRACT LEVEL AND REFERS TO IDENTIFICATION THEN MODIFICATION OF THE UNDERLYING FAULTY ASSUMPTIONS (BELIEFS OR VALUES) THAT DRIVE PARTICULAR ACTIONS. THIS DEEP INVESTIGATIVE AND TRANSFORMATION PROCESS ACTIVATES STRONG EMOTIONS. (*I WOULD REMOVE THE NEXT SENTENCE*) (**ck Please explain this concept**) occurs when the error is corrected by changing the behaviour; double-loop learning (**ck Please explain this concept**) requires a change in the underlying assumptions that will then lead to change in behaviours, and this activates strong emotions. Organisational learning and change can therefore be facilitated by judicious attendance to emotions.

When people mobilise, they may find that the outcomes of their actions are not as they had hoped. Ideally, under these circumstances, people: (a) appraise and learn from such outcomes; (b) grow receptive to alternative courses of action; and (c) re-mobilise, taking action along a more promising course. Continuous balancing is necessary because secondary effects of present actions often induce future imbalances. Effective learning processes capture early mistakes and rectify them before they become insurmountable.

### **Emotionally intelligent organisations (crosshead)**

What actions should organisations take to arouse appropriate emotions during corporate transformation? The degree of an organisation's ability effectively to execute such actions determines its level of emotional capability and likelihood of realising major change.

The four organisational skills discussed below have a bearing on emotions. An emotionally capable organisation does not necessarily require most of its members be emotionally intelligent, or in influential positions.

#### **1-Developing empathy and experiencing skills**

Empathy is a central attribute of emotional intelligence. It represents an individual's ability to understand someone else's feelings and re-experience them. Empathy determines the success of social support and is a motivator for altruistic behaviour.

Change agents are more effective if they can experience first-hand what it feels like to be in the shoes of those they seek to change. Trained change agents or those who have experienced emotional pain are better able to understand other people's psychological and social defences and deal with them appropriately. Martin Luther King and Gandhi, went through the painful personal transformation process and developed a deep sense of empathy and care for others that permeated their rhetoric and behaviour.

Organisations should ensure that change agents experience appropriate emotions in response to others' feelings so they can communicate and act on this experience. For example, Ford's CEO Jacques Nasser deliberately encouraged change agents in training openly to air "brutal" emotions about change and act them out in video clips. Demonstrating concern for one another constitutes an emotional basis for trust and has been found to lead to better work performance.

Acting on this emotional experience implies that a sense of honesty, fairness, justice, and respect for those affected by change will be projected. The organisation can establish anxiety reduction mechanisms such as informal communication structures during a threatening period. Emotional support structures such as psychological counselling services, self-help groups, (DROP: T-groups) TEAM BUILDING AIMED AT BOTH TASK ACCOMPLISHMENTS AND SATISFYING MEMBER NEEDS (ck WHAT ARE THESE?), (drop: and single- and double-loop learning) INTERVENTIONS BY PROCESS CONSULTANTS TO FACILITATE SINGLE- AND DOUBLE-LOOP LEARNING, (ck WHAT ARE THESE) may help organisation members cope with the new reality.

## **2-Developing sympathy and reconciling skills**

Sympathy is a less demanding emotional process than empathy but still represents a core attribute of emotional intelligence. The sympathetic are able to feel for the general suffering of others without directly sharing that person's experience. Unlike empathy, the person can retain his or her private feelings while understanding those of someone else. Sympathy is partly demonstrated by reconciling behaviours.

Any proposed major change could be usefully understood as a juxtaposition of additions and deletions. Corporate transformation sometimes requires bringing together two seemingly opposing values – for instance, job security and shareholder interest, or cost efficiency and customer service.

The more a proposed change is framed and accepted by the recipients as an addition to existing values – eg. streamlining to improve efficiency, delayering to improve customer service – the easier it is to accept. The more continuity is perceived to exist between the past and the future, the less the change is perceived as radical. Change agents and recipients can attempt to build a bridge by jointly developing metaphors that contain both familiar and unfamiliar experiences, or through cultural grafts that incorporate some positive elements of the old culture with the new directions. Emotional conversations to build new meanings gradually increase understanding and sympathy between various groups.

Apart from additions, change may require loss of certain cherished values. Mourning these values should be organised. An adequate grieving process is essential in emotional reconciliation. Change agents should be mindful about this transition period – marked as it is by the recipients' frightful disorientation. The past is no longer appropriate while the future direction is not yet clear or not yet fully accepted. People will need time to come to terms with what went wrong and why it needs changing now, as well as to figure out their own steps to renewal. This grieving should be monitored with attention and sensitivity. The allotted time should be neither too long nor too short. Besides organising construction of shared meanings, organisations can actively promote activities to help people find their new roles in the new order and provide them with means to develop new competencies. Wide inclusion should be encouraged, and change agents should openly acknowledge mistakes and losses. Research suggests that change agents who rush the organisation through this mourning phase create an organisation paralysed by survivor sickness and devoid of creative energy (see Further Reading).

Archie McGill, CEO of AT&T, rushed employees through the traumatic post-divestiture period and created a “psychologically damaged” organisation. A higher degree of hostility was directed toward insiders than at competitors, and a dreadful amount of suppressed anger and depression was reported. After failing to come to terms with their past, AT&T employees were deprived of their full energy to attend to the future.

### **3- Developing encouragement skills**

Christian Blanc, CEO of state-owned Air France, listened first to a vast number of people at all levels of the organisation before designing his transformation program. Through open-ended questions and surveys led by neutral academic researchers, Blanc discovered employees had resorted to extreme and violent actions in peaks of desperation where they felt they had no other way of being heard seriously. Previous change agents had been instilling a permanent climate of insecurity and fear without imparting any feeling of hope.

Hope is another attribute of emotional intelligence and refers to the belief that one has both the will and the means to accomplish one’s goals. It buffers people against apathy and depression and strengthens their capacity to withstand defeat and persist in adversity.

Research shows that most people are motivated by the psychology of hope: the expectation and wish that our future work situation will be better (or at least as good) as the present one. It has been shown that hope distinguishes the academic achievements of people with equivalent intellectual aptitudes. Leaders can engender hope by establishing change goals that are meaningful. Meaningful goals have three characteristics: they are (1) ambitious, which attends to aspirations for personal growth and development; (2) achievable, which increases propensity for action and (3) beneficial to employees’ welfare, which attends to safety and comfort needs. All these characteristics depend largely on people’s perceptions, and so change agents can provide alternative ways of framing the same issue. A threat may also be perceived as an opportunity if the phenomenon is seen from a different angle.

Organisations should develop encouragement skills among change agents during traumatic transformation periods. Beyond establishing meaningful change goals (content), change agents can also improve the process of delivery. One can convey goals with the use of vivid images and emotional metaphors that captivate people. Martin Luther King Jr.’s “I have a dream” speech reflects the use of relatively down-to-earth language that inspires people across many races. Simplicity is the essence of elegance and arouses emotion because it suggests authenticity and forthrightness. Other encouragement activities include frequent dialogue – and not one-way information sessions – between change agents and recipients, allocation of quality time and resources, rousing speeches and ceremonies to celebrate partial successes. The challenge for top managers is less strategy making than ideology setting. They can shape an ideological climate that encourages enthusiasm, nurtures courage and reveals opportunities to bring new hope and life to their organisations. When people believe that their actions will lead to positive results, they will be more likely to initiate difficult and uncertain tasks. Optimism and hope propel people into actions that could improve their lot, fuel their persistence, and sustain mobilisation efforts.

### **4-Displaying emotions**

Emotional authenticity refers to a person’s ability to acknowledge, express, and be sincere about his or her feelings. It is an attribute of emotional intelligence. Alexithymia refers to a psychiatric disorder whereby patients are unable to appraise and express their emotions. Individuals who lose this ability bury real selves under false images.

Corporate transformations engender major upheavals in people’ well being and beliefs, and this arouses intense emotions. Denying and suppressing these emotions in work settings only drives their effects underground. Treating display of negative emotions as cynicism or detachment with punitive consequences only means resentful change recipients

improve emotional acting skills and fake co-operation. The transformation process becomes more chaotic and unpredictable as covert resisters are indistinguishable from friends or the loyal opposition. Risk aversion, reduced knowledge sharing, and covert resistance to change intensify during a period where creativity and contextual knowledge are most needed to realise ambitious changes.

Individuals obliged continually to enact a narrow range of prescribed emotions are likely to experience emotional dissonance. This reflects the internal conflict generated between genuinely felt emotions and those required to be displayed. This can result in emotional exhaustion and burnout. Consequent emotional numbness alleviates stress by reducing access to feelings – the central means of interpreting the world around us – and leads to low sensitivity to new ideas and experimentation. This can degenerate into a vicious cycle. As the work load pressure increases because of burnout and downsizing, more and more employees will become tired from trying to compensate for work not done. This further reduces the self-reflection time needed for deep learning. This frustrating state is in turn interpreted as a failure in change which exacerbates cynicism and depresses further efforts at collective learning and change.

Research by Arie Hoschschild on Delta Airlines flight attendants and by David Noer on employees of a large organisation shows the deep psychological damage caused by organisations' attempts to control and suppress what they believed were undesirable emotional expressions. The successful renewal of British Airways in the 1980s has been attributed in part to the top management team's explicit recognition of employees' "emotional labour" and the development of both formal and informal emotional support systems to attenuate emotional exhaustion.

Welsh explicitly stated that one of the key goals of his Workout change initiative was to expose business unit leaders to "the vibrations of their business – opinions, feelings, emotions, resentments, not abstract theories of organisation and management."

During traumatic transformation periods, organisations should acknowledge full emotionality in the work place. How leaders of change deal with emotion is more important than the content itself (positive versus negative emotions). People should be encouraged to express their full range of emotions, without fear of reprisal. As the recipients' capacity to make sense breaks down under the stress of transformation, disenchantment and hurt should be allowed expression, and leadership should deal with it in an open, honest, and caring fashion.

### **Sustainable strategic advantage**

Below are four capability building activities organisations could undertake to facilitate corporate transformation processes. These skill building activities – experiencing, reconciling, encouragement, display freedom – meeting emotions (empathy, sympathy, hope, authenticity) aroused during radical transformation require mindful and important investment of time and resources. The concepts may be relatively simple, but implementing them well is hard. It will require a qualitative transformation of the way in which organisations treat emotion. But building emotional capability may well be a strategically rewarding effort, as it provides a distinctive edge that is highly organisation- and people-specific, is long-to-build, and is difficult-to-transfer.

With access to financial capital, new ideas, and technology increasingly easier to acquire rapidly thanks to the globalisation of knowledge and information technology, several leading change and strategy experts (see Further Reading) now agree the most formidable companies of the 21<sup>st</sup> century will be those that have learned to harness employees' emotional energy and commitment.



**Figure 1**

