Emotional Balancing of Organizational Continuity and Radical Change: The Contribution of Middle Managers

1 author:

Quy Nguyen Huy
INSEAD

86 PUBLICATIONS   **7,296** CITATIONS

Emotional Balancing of Organizational Continuity and Radical Change: The Contribution of Middle Managers

Quy Nguyen Huy
INSEAD

Based on a three-year inductive field study of an attempt at radical change in a large firm, I show how middle managers displayed two seemingly opposing emotion-management patterns that facilitated beneficial adaptation for their work groups: (1) emotionally committing to personally championed change projects and (2) attending to recipients' emotions. Low emotional commitment to change led to organizational inertia, whereas high commitment to change with little attending to recipients' emotions led to chaos. The enactment of both patterns constituted emotional balancing and facilitated organizational adaptation: change, continuity in providing quality in customer service, and developing new knowledge and skills.●

Competitive pressures caused by globalization, deregulation, and discontinuous technological changes seem to have forced many organizations into considering radical change as a way of surviving and growing. A radical change is a qualitative alteration of an organization's rules of organizing—the fundamental rules that members use to interact cognitively and behaviorally with the world around them (Miller and Friesen, 1984; Greenwood and Hinings, 1996). Radical changes may be infrequent in organizational life, but they are consequential to an organization's life chances: realizing radical change is difficult, and disappointments and mortality risks are significant (Singh, House, and Tucker, 1986; Hambrick and D'Aveni, 1988).

While radical change seems at times necessary for organizational adaptation, both continuity and change are typically simultaneously present in an organization and may even be necessary for its continuous adaptation over the long term (e.g., Brown and Eisenhardt, 1997; Leana and Barry, 2000). Organizations pursue change to enhance their competitive positions and to grow. At the same time, they seek to sustain their competitive advantage by reducing uncertainty and securing continuity in exploiting their resources. Furthermore, although organizations may at times need to transform themselves rapidly to meet new institutional demands, such as deregulation and global competition, they typically have to maintain operational continuity to provide services to customers, preserve institutional legitimacy, and secure the resources to fund costly changes (Oliver, 1991). Although much research has been done on radical change, little has been done on maintaining continuity during such change, a task that generally falls to middle managers, who must also implement change.

This tension between continuity and change also exists on the individual level. Employees seek predictable relationships, dependable resources, and consistency in behavior and thinking, while simultaneously seeking new stimulation and personal development. Individuals are more likely to join collective action, such as implementing change, when there is trust, support, or organizational identification (Leana and Van Buren, 1999). Part of the continuity and change tradeoff thus involves maintaining the emotional balance of individuals in the company and attending to emotion-management activities (Staw, Sutton, and Pelled, 1994; Huy, 1999; Bartel and

Saavedra, 2000) so that employees continue to be productive during radical change. This study explores how middle managers do this by managing the emotional states of their employees in a radical change context, a role that would not be predicted by the literature on radical change.

Middle management has often been singled out as the primary locus for resistance to radical change (Biggart, 1977; Miles, 1997), even though the literature on middle managers has documented their proactive contribution to organizational innovation in incremental-change contexts. In such an environment, middle managers are motivated to act under familiar incentives and structurally predesigned reward systems (e.g., Nutt, 1987; Uyterhoeven, 1989; Westley, 1990; Floyd and Lane, 2000). Yet, in planned radical change, middle management's contributions are seen as much weaker. The literature tends to de-emphasize the role of middle managers and to portray them in a relatively self-effacing role as compared with executives. Middle managers have been portrayed as de-energized and emotionally stricken in the face of the overwhelming power and drive of turnaround executives (Noer, 1993; O'Neill and Lenn, 1995). Tushman and Romanelli (1985: 173–180) contended that "only executive leadership can mediate between forces for convergence and forces for change" and "implement the set of discontinuous changes" in radical change, whereas middle management "interpolates structures and systems" in incremental-change contexts. Most normative models of strategy tend to accord middle management a supporting role at best (Shrivastava, 1986); executives are advised to reduce equivocalness so that middle managers can act on clear instructions. Conventional wisdom suggests that middle managers tend to attenuate the pace and magnitude of the quantum organizational learning required in a radical change (Floyd and Woolridge, 1996). Executives view middle managers as part of the inertial systems and barriers to change that need to be co-opted, sidelined, or disposed of, if attempts at co-optation fail (Biggart, 1977; Tichy and Sherman, 1994). Such views overlook the role that middle managers may play in maintaining continuity during radical change.

Fundamental change in personnel, strategy, organizational identity, or established work roles and interests often triggers intense emotions (Bartunek, 1984). Emotions in turn affect how different groups interpret a proposed change and how they behave. How organizations attend to a rich range of employees' emotions could facilitate or hinder the progress of ambitious change (Huy, 1999). But there has been little systematic empirical research on the interaction of multiple groups during radical change (for a review, see Rajagopalan and Spreitzer, 1997) or on how managers deal with the emotions that this kind of change generates. Middle managers are structurally closer to their employees and so are likely to be more attuned to their subordinates' emotional needs. Compared with executives caught up in many external demands, middle managers are likely to have more time to interact with their employees. This suggests that middle

managers could be key loci for emotion management during change.

I have used grounded research to explore how middle managers might facilitate or inhibit change by managing or mismanaging the emotions of their employees. Relying on the findings of a three-year field study of a large firm undergoing radical change and by focusing on projects, I build a theory by describing how middle managers facilitated organizational adaptation through a juxtaposition of emotion-management activities. I call this theory emotional balancing. Emotional balancing refers to a group-level process involving the juxtaposition of emotion-related activities intended to drive change and to induce continuity in a group of people. Different individuals can perform separate activities without a common goal and produce an aggregated effect. Such a dynamic balancing process does not assume the existence or practicality of achieving an optimal emotional balance. Emotional balancing may represent a partial solution to the difficulties of realizing radical change because it facilitates organization adaptation: too many change actions without regard to continuity could create organizational chaos, while the opposite could lead to inertia (Sastry, 1997). Both extremes lead to underperformance.

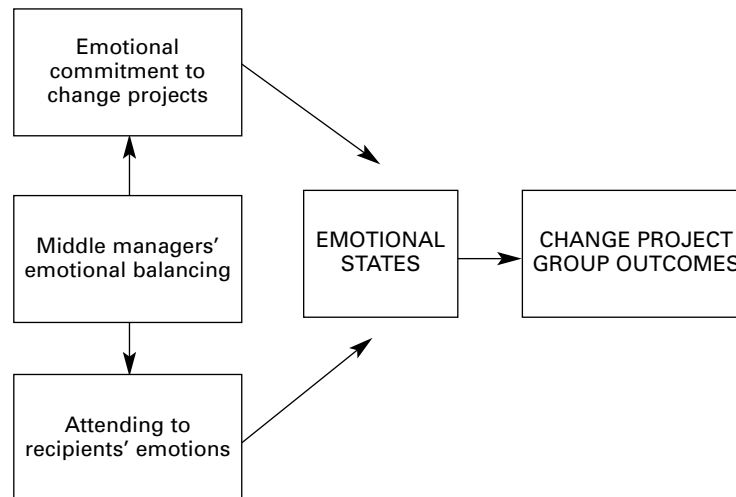**Figure 1. A model of emotional balancing during radical change.**

Figure 1 shows the theoretical model that was inductively derived from my data. I present it here as an interpretive framework to organize the presentation of the conceptual foundations as well as the empirical findings. Very briefly, to generate the emotional energy that fuels the pursuit of their change projects, middle managers as change agents have to strive continuously to manage their own emotions associated with change. To maintain operational continuity in a radical change context, recipients' emotions also have to be carefully managed. These two types of behavior create emotional states that then affect the outcome of the change project.

EMOTION MANAGEMENT IN RADICAL CHANGE

A review of the literature on emotions gives us some understanding of how they may be important in radical change as

regulators of behavior. Emotions are the organized psychobio-logical responses linking physiological, cognitive, and motivational systems (Salovey and Mayer, 1990). Although concepts such as emotions, mood, affect, and feelings are distinct (cf. Ekman and Davidson, 1994), drawing out the subtler differences among them does not seem critical for the theoretical aims of this paper. I generally use the term emotion, since the pressures of radical change often intensify affective states and direct them toward specific objects, which distinguishes emotion from more generalized moods (Bartel and Saavedra, 2000).

Emotional intensity depends on the relationship between an event and a person's frame of reference, which determines the subjective meaning of the event (Frijda, 1988). Change and continuity are subjective, relative concepts that refer to differential rates of change (Sztompka, 1993). Continuity refers to relatively predictable changes, as perceived by those who are affected by them, that can be forecast by inference from past patterns. For instance, people share certain expectations about future changes in their group's composition and work (e.g., employees age and retire, equipment gradually becomes obsolete). Radical change is discontinuous and unpredictable modification in states over two separate instants of time as subjectively perceived by the people affected (Ford and Ford, 1995), and this elicits intense emotions.

Emotions are inherent to change in that they are aroused not by the presence of favorable or unfavorable conditions but by actual or expected changes in these conditions (Frijda, 1988). Neurological research has established that emotions confer flexibility by enabling people to reorder priorities as situations change, allow them to take actions they believe will enhance their chances to survive and flourish, and enable them to set long-term goals, especially when choices involve incomplete data or incommensurate alternatives (Damasio, 1994). Emotions help people to make a leap of faith into the unknown (Zajonc, 1980; Westen, 1985).

Cognition and emotion are closely intertwined inasmuch as cognitive appraisals are often necessary to arouse emotion (Clore and Ortony, 2000). Lazarus's (1991, 1993) emotion theory suggests that people go through a two-stage appraisal process. Through primary appraisal, they evaluate the significance of a new event in relation to their own goals and concerns. If they appraise the potential consequence as beneficial, pleasant feelings are aroused. They experience unpleasant feelings if they appraise the consequence as potentially harmful. Emotions can at times lead to paralysis because of fear, but they often generate a change in readiness to act that prepares people to take action (Frijda, 1996). Emotions first serve as relevance detectors, focusing people's attention on change events, then as motivators of action. A 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 to deal with the new event, they are more likely to respond actively. Otherwise,

Emotional Balancing

they may adopt a passive/avoidance approach, which is sometimes interpreted as a form of resistance to change.

At the risk of oversimplifying, I use the "circumplex" model of emotions shown in figure 2 to explore the wide range of emotions that people may experience during radical change

Figure 2. Circumplex model of emotions (Larsen and Diner, 1992).
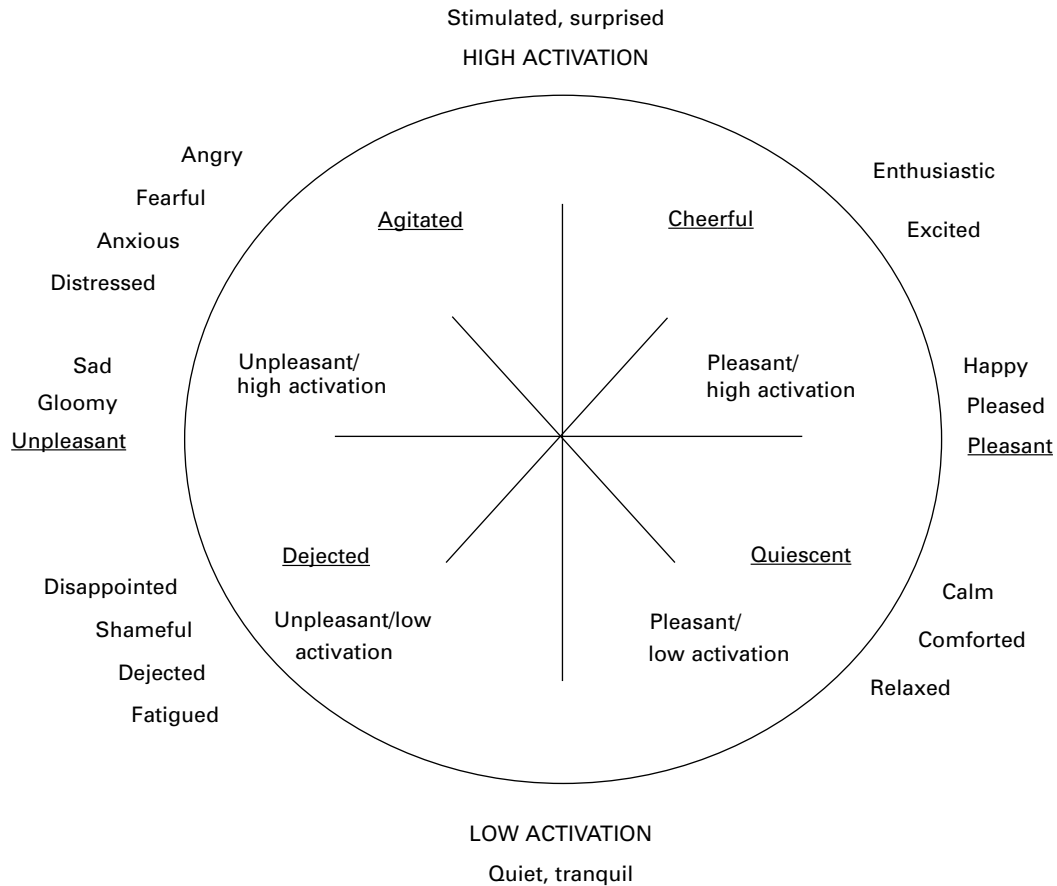
and that middle managers need to manage. According to this model, emotions share two basic dimensions (Larsen and Diener, 1992; Russell and Carroll, 1999).[1] One dimension reflects the hedonic valence (pleasant-unpleasant), and the second refers to the intensity of arousal or action readiness (high versus low activation). Together, the four bipolar dimensions produce eight emotion categories that capture almost the full range of emotional experiences across people (Bartel and Saavedra, 2000). Thus, the hybrid category of pleasant/high-activation emotions includes enthusiasm and excitement, while pleasant/low-activation emotions include calm and comfort. Unpleasant/high-activation emotions include anger, anxiety, and fear, while unpleasant/low-activation emotions include disappointment, shame, or dejection. These four hybrid categories reflect the operation of two broad, evolutionarily adaptive motivational systems (Watson, Wiese, and Vaidya, 1999).

[1]
Although there is debate about whether every octant of the circle should be equally spaced 45 degrees apart or whether the circle should be an ellipse because of the higher influence of the valence effect (cf. Watson and Tellegen, 1999; Russell and Carroll, 1999), these arguments do not seem critical to the theoretical aims of this paper.

The first motivational system mediates goal-directed, opportunity-seeking behaviors of voluntary change agents who are likely to experience and have to manage emotional states displayed in the upper-right and lower-left quadrants of figure 1, depending on the progress of their change effort and how they interpret it. For instance, agents may seek to enhance pleasant/high-activation emotions and reduce unpleasant/low-activation emotions to inject energy into their change projects or instill persistence in adversity (Kanter, 1983; Tichy and Ulrich, 1984). The second motivational system mediates threat avoidance, withdrawal behaviors typical of coerced change recipients who may experience emotions in the upper-left and lower-right quadrants of figure 1. These recipients may seek to attenuate unpleasant/high-activation emotions and enhance pleasant/low-activation emotions (Callan, 1993; Schein, 1996). People who act both as an enthusiastic agent for a change project and as a distressed recipient of another project could, however, experience a wide range of conflicting emotions and would probably need to manage their own emotional ambivalence (Van Steenberg LaFarge, 1994).

People seem to have at least two motivational foci. When they are change (or growth) focused, people are driven by development needs and seek to bring their behaviors and self-conceptions into line with how they would like to be; eagerness or ensuring gains dominate their behavior. When they are continuity (or security) focused, people seek to align their actual selves with their felt duties and responsibilities. As shown by the 45-degree axes in figure 2, the emotions of change-focused people typically vary along a cheerful-dejected axis, while those of continuity-focused people typically vary along an agitated-quiescent axis. Vigilance or preventing losses underlies security-seeking behaviors.

In radical change contexts, these individual emotional states could converge into intense group emotions through several mechanisms. First, employees who share a common organizational culture tend to have similar beliefs, leading to similar appraisals and emotions (Schein, 1992). Second, a group tends to translate tendencies into collective expressions more easily than individuals acting alone, because group membership boosts people's feelings of power while emboldening them through a perception of anonymity (Barsade and Gibson, 1998). Third, emotional contagion could be at work: individuals could unconsciously respond to others' emotional displays by imitating and exaggerating them. The perceived threats involved in radical change increase affiliative needs, particularly among people who believe they are confronting the same situation (Gump and Kulick, 1997). Group members who identify strongly with one another are more likely to catch each other's emotions, as synchrony conveys empathy. The group's emotional charge amplifies by mutual interaction, which promotes group cohesion and continuity (Hatfield, Cacioppo, and Rapson, 1992).

Despite these potentially important emotion-based effects, there has been very little empirical research that examines how managing seemingly opposing emotions affects organizational adaptation in a radical change context. In the field

study described below, I explore the effects of various emotion management patterns on work groups' ability to adapt to change and simultaneously to ensure continuity in delivering services to their constituents. A number of managers aroused emotions related to the promotion of their change projects, that is, their behaviors displayed pleasant/high-activation emotions (e.g., excitement) and sought to reduce unpleasant/low-activation emotions (e.g., disappointment) among themselves. These emotion management behaviors helped agents increase the likelihood of realizing change. Yet other managers sought to attenuate recipients' feelings of chaos by managing emotions aimed at maintaining work-group continuity. They sought to reduce unpleasant/high-activation emotions (e.g., anger and fear) and instill pleasant/low-activation emotions (calm) among their employees. In the aggregate, these emotion-management patterns promoting both group-level change and continuity constitute the emotional balancing process and are the focus of this paper.

METHODS

Research Setting

"Servico" is a large service-providing company in the information technology industry, which for many years enjoyed a dominant market position.[2] The company developed an integrated distribution network using state-of-the-art technologies that enabled it to achieve a competitive advantage over large geographical areas. It had over 50,000 full-time employees, an established reputation, net assets of about $10 billion, and a market value of more than $15 billion. Its core competence lay in a strong engineering culture that designed high-quality and reliable integrated technologies, with cost as a secondary consideration.

Deregulation, followed by the entry of international competitors, changed the rules of market engagement virtually overnight. A fundamental and sudden change in strategy and organizing was required to address the shift from mild national competition to extreme global competition. A vicious price war ensued. Annual profits declined by almost half in a single year as the company faced rapid market erosion of about 10 percent annually. When this trend had continued unabated for two years, the board of directors appointed a newcomer to the organization, John Maxwell, as chief executive officer (CEO). Within a year, Maxwell decided to embark on a radical change project by launching a series of large-scale initiatives, such as replacement of the top team, changing the organizational structure from a traditional, centralized bureaucracy to a divisionalized form, and reducing the workforce by 25 percent (or 13,000 positions) in three years. The imposed changes in strategic direction and mindset were radical in at least three ways. First, a sudden shift was brought about from an engineering-dominated, universal service culture in a quasi-monopolistic environment to one with a market-customization focus. A new set of organizational competencies had to be developed quickly. Second, lifetime job security and seniority entitlement were abolished overnight in this century-old company. Third, tight control of cash flow and financial accountability were imposed on an organization that

had been accustomed to a munificent past with more relaxed resource-allocation procedures.

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

Data Collection

I conducted over 1,000 informal conversations with about 500 employees at all levels of the organization to corroborate and triangulate what I had seen and heard and to watch for new experiences of change. This informal process allowed me to screen the individuals most likely to provide insightful but differentiated perspectives; I then solicited them for regular formal interviews. I often asked those interviewed to nominate at least two other individuals who they felt were influential in affecting the realization of one or several change projects in which they were involved, particularly individuals who they felt might not share the same perspective. I repeated the procedure until the different viewpoints gathered repeated themselves at least twice with different projects or groups (Laumann and Pappi, 1976). I eventually followed the evolution of 148 people at different levels of Servico, including 10 executives and 104 middle managers in real time over three years.[3] A person could act as a change agent in relation to one change project and be a recipient in relation to another. I interviewed many people more than once, resulting in a total of 265 formal interviews. More than 80 percent of these were taped and transcribed. I had an office on site and had many opportunities to observe people in their work setting, interact with them, and observe many group meetings. The company also provided a report of focus groups it had conducted with front-line workers to capture their perceptions of change. Multiple data collection techniques, including observations and archival data, allowed me to triangulate findings from diverse sources to build stronger assertions about interpretations (Eisenhardt, 1989; Yin, 1994).

Data Analysis

To study specifically how the management of emotions related to change and continuity affects organizational adaptation, the focus of this article, I conducted the analysis of my data in two broad steps. First, I identified various emotion-management patterns displayed by the individuals involved. Sec-

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

ond, I examined how these patterns influenced continuity and change in select work groups and change projects. I elaborated each step in turn.

To identify emotion management patterns, I coded individuals' statements or behaviors that (1) attended to emotional issues and/or (2) expressed their emotions or evoked emotions in others for specific goals. These patterns suggested the management of emotions. While many subtle patterns exist, for reasons of space and theoretical parsimony, in this paper, I describe one dominant pattern that drives change and another that induces continuity: (1) a manager is emotionally committed to a change project, appraising it as important to his or her personal goals and (2) attends to change recipients' emotions to ensure continuity in operations. Moreover, the first pattern illustrates emotion management of the self whereas the second illustrates management of other people's emotions.

In coding the two emotion-management patterns, I relied on evidence of emotional content in observed or self-reported statements and actions. I tried not making too wide an inferential leap about internal emotional states and sought to corroborate these inferred states with observable emotion-laden expressions or behaviors. Wherever possible, I ensured that each pattern was supported by at least two data sources. For instance, I took care that expressed statements reflecting an emotion-management pattern were corroborated by observable behaviors, informal observations, or archival information. Tables 1 and 2 illustrate how I defined and coded the two dominant emotion-management patterns and triangulated various sources of data to enhance the validity of constructs.

In the second step, I examined how these two emotion-management patterns affected continuity and change in different work groups. Some of the distinctive contributions of middle managers emerged at this stage and led me to focus further on their roles. Moreover, I used the case replication method, in which cases serve as independent experiments that confirm or disconfirm emerging conceptual insights (Yin, 1994). Like Brown and Eisenhardt (1997), I looked for extreme cases that showed sharp variations to allow for nuance in theory development. I selected cases involving change projects affecting specific work groups that displayed a clear presence or absence of emotion-management patterns as well as differentiated outcomes. The Appendix provides a description of these change projects. I analyzed projects promoted by middle managers who displayed varying levels of emotional commitment to their projects and who enacted varying levels of attending to employees' emotions. I also traced different types of outcomes: (1) the degree of realization of a given change project; (2) the degree of quality of service achieved by the recipient work group; and (3) learning reported by agents and recipients.

A work group could be affected by many change projects, some of which were more emotional than others. Highly emotion-arousing projects tended to upset both employees' work and private lives and included downsizing, major reengineering of work, and/or job relocation. This selection of

Table 1

Coding and Triangulation of Data Sources for Emotional Commitment to Change Projects

Formal interviews:
"You have to really own the change job in your own heart. Here's our Mount Everest. We must achieve this Mount Everest."
"I am extremely excited about the dream to fashion a new work environment. This is the kind of project you wait ten years to get to be part of."
"Change feeds many of us because we are goal-focused and achievement oriented. You wouldn't want to return to your previous job without this initiative successfully implemented. Many people have this commitment, and it sure isn't for the money. We are not being well paid enough for that."
"I will speak very personally; I'm putting my career on the line on this piece of work."
"This project is a personal dream that can finally be realized. Before I retire, I want to see it done."
"I want to leave a lasting legacy to Servico. This will make the difference. I want to see it through."
"We were like drugged. There was hope that nothing shall stop us, that we will overcome. We were optimistic and saw life through rose-colored glasses. We had to succeed, we had to make it fit. Life was beautiful, we were the best team in the world."
"I could have left, and I could have gotten a lot more money, but I decided to stay. I had a sense that I could contribute something. . . . What's in it for me personally? This sounds odd, this will sound overdramatic—there's a sense of destiny . . . I can help convert the mess into one of the best companies the world. I can really have some kind of impact, and that's what keeps me here."

Congruent behaviors: people persevere in their tasks; go beyond managerial duty to realize projects; defend their projects fiercely in meetings; devote a lot of personal time on projects; hoard resources for project; get angry with people who oppose them.

"We went through such a low point. Everybody wanted to walk away [from the change project]. But a little light shines: we told ourselves we can't change 3000 people overnight. Why don't we find the odd few who like this change, and work with them?"
"I feel angry: why can't they see the future? Why is everybody dragging their heels? I feel frustrated that things are not changing as fast as we want them to."

Informal conversations: Change agents use expressions such as: "I personally care about this project"; "This project means a lot to me"; "I want to leave something behind when I leave"; "I want to realize my personal dream"; "This project is my baby."

Observations of formal meetings: Project managers fiercely defended the logic and worth of their projects to superiors, peers, and recipients, using all arguments, including those related to sunk costs (too late to get out now, we've invested too much).

Focus groups: Evidence absent. I do not have much data on focus groups involving project managers.

Casual on-site observations: Some agents maintained focus on implementation of change projects despite corporate-induced distractions: transfer of key personnel to other tasks, budget reduction, lack of visible executive support. Many believed strongly that these changes would benefit the organization in the long run.

Archival data: Company reports described project managers' strong attachment to the pursuit of their project despite multiple challenges. They refused to abandon their projects despite advice in this direction. Words such as "suicidal heroism" and "dying" for their projects were used to express this commitment.

extreme cases produced ten change projects, as summarized in the Appendix. I identified the people who were involved in each of these cases and coded their emotion-management patterns. This involved 76 individuals whom I formally interviewed 138 times. Certain individuals were involved in more than one project. I also distinguished newcomers from veterans—employees with more than five years of tenure when the radical change began. I then aggregated and identified the emotion-management patterns applied in each case.[4] I analyzed over 2,000 pages of transcripts and 400 pages of company documents. I employed a theory-building approach that required multiple iterations between thick data description and emerging theoretical concepts. Finally, I drew on relevant literatures to enhance the plausibility, insight, and criticality of a conceptual model of emotional balancing (Golden-Biddle and Locke, 1993).

[4]
A more complete description of the respondent and project sample is available from the author.

Table 2

Coding and Triangulation of Various Data Sources for Attending to Recipients' Emotions

Formal interviews:
"You have to be committed to providing the time for the people to work though personal issues with their peers. Downsizing lowers the trust level, people constantly wonder that someone isn't out to get them."
"We have to do more than giving employees technical training only. We have to prepare them to cope with psychological issues, to help them overcome the fear of change during this transition period."

Congruent behaviors: People devoted time and effort to take care of emotional well-being of people affected by change. Hired facilitators, psychologists to help people express their emotions more freely. Took care of recipients' personal and family issues caused by change (i.e., relocation of dual-career families). Worried about burnout and absenteeism and finding ways to alleviate employees' stress and workload. Prevented or delayed other ill-timed change projects that would impose too much burden on the recipients (loss of sensemaking, feelings of chaos).

Informal conversations: Managers mentioned that they watched for signs of burnout among their subordinates, imposing vacations on them and organizing parties to celebrate small wins. Many managers shared with me their need to "psyche" themselves up, to "blank out" negative thoughts to deal with employees in a more positive frame of mind in order not to exacerbate recipients' fear or hopelessness.

Observations of formal meetings: Middle managers expressed the need to prevent change fatigue among themselves so that they could take care of their subordinates.

Focus groups: Middle managers set up focus groups in which front-line workers expressed the need to see their emotional hurt addressed. They wanted to see managers openly acknowledge the existence of problems.

Casual on-site observations: Private or small-group meetings to facilitate airing of private, emotional issues: elderly parents, handicapped children, marital issues that interfered with new work responsibilities caused by organizational change. Manager offered paid psychological counseling and treatment, provided company resources to people to take charge of employees' personal and family needs due to work relocation. Middle managers organized venting sessions and healing sessions for groups and celebrations of small wins.

Archival data: Reports from middle and lower-level managers (especially HR) suggested more focus on emotional and personal issues and deplored lack of senior management's attention and care about these issues.

EMOTIONAL BALANCING FOR CONTINUITY AND CHANGE

Radical change challenges organization members' self-identity and meaning and creates high uncertainty about their future roles and privileges, which triggers anxiety (Argyris, 1990). Anxiety can degenerate into depression that blocks all learning efforts when people perceive that they cannot achieve valued outcomes, feel irrevocable loss, or 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 might arise, either by changing objective circumstances or by altering the psychological impact of the situation (Mischel, Cantor, and Feldman, 1996). Medical research suggests that patients who have illusory beliefs that they can exercise partial control over their treatment enjoy important psychological and physiological benefits (Bandura, 1997). Perceptions of personal control have also been found to be positively related to maintaining the effort devoted to challenging tasks over time, such as the pursuit of ambitious change (Aspinwall and Taylor, 1992).

Emotional balancing enabled Servico's managers to regain some personal control over a discontinuous and threatening change context. In the aggregate, these managers displayed seemingly opposing emotion-management patterns to realize change and maintain operational continuity in their work groups. Some displayed intense emotional commitment to

their change projects and used all the resources at their disposal to influence others to support change. Other managers attended to their subordinates' agitated feelings so that the employees could maintain continuity in delivering services to the customers. In sum, different individuals could separately enact different emotion-management patterns to drive change or continuity and still produce an aggregated adaptation and learning effect on a given recipient work group. Rather than identify how individual differences affected the display of specific emotion-management patterns, therefore, I focus on how and why the aggregate of the two emotion-management patterns—emotional commitment to change projects and attending to recipients' emotions—contribute to balancing organizational continuity and change at the work-group level.

Emotional Commitment to Change Projects

As Servico's market share declined precipitously due to intensifying competition, radical change seemed an increasingly unavoidable option for senior executives and some middle managers. The critical issue was to figure out what specific actions to take to restore financial strength and build new capabilities, and to do this quickly. About forty veteran middle managers championed over 100 projects to improve Servico's operations and profits; these projects shaped the Corporate Transformation (CT) program. While executives were imposing the large-scale structural changes, the majority of projects championed by middle managers involved changes to work processes, such as consolidation and process reengineering, to compensate in part for the work previously done by the 13,000 employees who were being let go.

Many of the projects championed by these middle managers came from ideas that collected in their reservoir of "dreams." As one manager who was coordinating the funding of these projects commented, "Most of these initiatives came from ideas that many of us already have had for a long time but could not manage to get financed in the past. CT represents the dreams that can finally be realized." The large discretionary fund of CT allowed many managers to realize those long-harbored dreams. I was initially surprised to hear managers actually uttering the word "dream" and its synonyms, desires and wishes. Dreams motivate change in that they are representations of what people want to achieve or to have in their lives to enhance their self-esteem and get closer to their ideal selves, and this makes the self-selection and pursuit of a dream personally meaningful and emotional (Pratt, 2000). After all, Servico was better known as a rational bureaucracy with impersonal rules. In private, many managers shared with me their deep desire to leave a lasting imprint on the organization, which many of them had started their careers with and hoped to retire from. This desire came from their long operational experience, their frustration with the company's inherent dysfunctionalities, and their wish to build a better organization. They embodied change goals rooted in organizational life. For example, one manager in Networks said,

Emotional Balancing

I expect to retire seven to ten years from now. Before I leave, I want us to have an online, intelligent preventive maintenance system to fix customers' [transmission quality] problems before they even become aware of them. Today, the system is really nuts. The more problems get reported, the more money we can get from the company.

There were at least two reasons why these managers had not sought to enact their dreams earlier. First, Servico had been a highly profitable quasi-monopoly, and so the need to make important investments to improve operational quality or do finer market segmentation seemed secondary. A financial crisis caused by deregulation increased the felt need for better marketing. Second, the availability of a $1.2 billion CT slack fund reserved only for change projects made middle managers' dreams now seem closer to reality. The pursuit of the championed projects would satisfy managers' intrinsic initiative and assertiveness and their desire for challenging tasks and high achievement, which suggest entrepreneurial behaviors (McClelland, 1987; Kets de Vries, 1996). For example, one change project manager told me with palpable conviction, "I have a very strong desire for us to be successful. The solutions that we've got, they are good ones, and the teams develop them and believe in them and want to make these things happen and see them through. It is going to make the difference. I want to see it through to the end."

Frijda (1996) construed desire as the action tendency toward arriving at a given state or owning and consuming a given object. Zirkel (1992) suggested that people often choose goals that favor meaningfulness over feasibility, even lofty goals that they do not always know a priori how to realize. Desire gives many emotions their passionate quality, which intensifies the emotional content of ensuing actions. In Servico, emotional commitment to the realization of projects escalated in the face of adversity and with increasing investment of effort. Managers became more narrowly focused and self-centered and began to rationalize the legitimacy of their autonomy to themselves and others. These pleasant high-activation emotional states interacted with cognition as managers reinterpreted events in an optimistic light and concentrated only on the things they felt they had control over. These patterns suggest self-efficacy efforts (Bandura, 1997). As a project manager said, "We believe we do have excellent initiatives here, and we will achieve absolutely the most we can, and if we don't achieve the CT financial targets, screw. . . . We started to set our own agenda. . . . We were just going to go about our own. It was just that we decided, shit, we're going to do this."

Pleasant/high-activation emotions such as excitement and optimism fueled the pursuit of dreams. Choice and commitment to it provided flexibility in the initial project-promotion stage, while self- and action-control enabled perseverance in the later project-implementation stages. Although it may have been easy for Servico agents to be enthusiastic in their early change-promotion efforts, the drawn-out implementation phase, which required attention to less glamorous operational details and was often disrupted by unexpected events, eroded the energy of many agents. Not only were these man-

agers receiving lukewarm or infrequent support from executives, they were also encountering resistance from recipient line groups. People working on the front line could not see how costs could be cut and the same level of customer service be maintained. Perceived misunderstanding by their own operating groups created fatigue and disappointment among many agents. One manager's feelings were typical: "This is very difficult for many of us. We felt we were outsiders when we had to force our [recipients] to accept a change initiative. It creates a very high level of stress. Some of us are stressed, de-energized, fed up." Different groups tried to uncover each other's hidden agendas, and mistrust was prevalent.

Middle managers as change agents sought to lower unpleasant/low-activation feelings of disappointment and fatigue by sharing these among themselves. Many worked long hours, putting their personal relationships and health at risk. Nevertheless, they felt a sense of personal achievement in attempting to perform difficult tasks. The wish to achieve helped to shore up their own emotional stamina to withstand the many frustrations along the way. They did this by blanking out the larger threatening context and focusing on the smaller, more isolated and controllable portions of their jobs. They also hoped that what they had been learning would enhance their marketability inside and outside the organization. As one of them explained:

I think many of us are here for our ability and interest in making changes, just as a type of personality maybe, and achieving a challenge and not being willing to fail ever. . . . This is probably the toughest challenge that any of us have had. . . . We've seen the importance of these initiatives to the future and have been recognized for doing that. That feeds many of us because we are goal-focused and achievement-oriented.

These manifestations suggest a strong personal commitment to realize one's goals. In effect, Gollwitzer (1993) predicted that after committing to a goal, people normally will attend selectively to information relevant to its implementation and tend to evaluate its consequences positively. This would shield them from the distractions of competing alternatives and paralyzing self-doubts (Kuhl and Beckman, 1985). Thus, when Servico agents were faced with adversity, emotional commitment provided them with the stamina and hope that fueled persevering efforts and reduced premature despair. A change agent reflected on her perseverance until the very end of CT as follows: "A lot of what we did was to continually nibble away and just keep working at it. That's where tenacity and perseverance comes in. You've got to keep working and say, well, if it didn't get through this time, we'll try it again next week. You keep plugging away, and over time people do come around."

Emotional commitment was also reinforced through change agents' selection and retention routines. Certain supervisors' emotional monitoring of project managers was discreet yet active, as one supervisor of over 40 projects shared with me: "Project managers don't need to be pumped because they designed their own projects, so when I ask them how it's

going and they answer me it's going okay, then I start to worry. Emotional indifference is the worst sign, because it means their commitment is going away. So we learned to celebrate milestones because the project is so long." Thus, this supervisor continuously monitored his agents' emotional displays: "Enthusiasm, faith [in the project's success], love of their work, desire to persist, these elements are always important for change projects to work well."

There were variations in the emotion-management patterns that drove change or continuity for each of the ten cases, and each of these two patterns differentially affected the performance of a change project and its recipient work group, as well as learning. Moreover, the projects varied in their results: inertia, adaptation, or chaos.

FAST-ADMIN Projects: Inertia

Not all change projects invoked the same intense level of emotional commitment among their promoters. Certain middle managers, relying on their operational knowledge of the company, requested and got funding approval for a number of quick-win projects. Three illustrative projects are listed in the Appendix. For instance, the change project to stop sending return envelopes with the bills for customers who seldom used this medium resulted in an annual savings of $1 million for Servico. Managers labeled these quick wins "fast admin[istrative]" changes. They reported these achievements to me in a manner that was matter of fact and quick, with at best an expression of subdued satisfaction, and then devoted much more time and emotional intensity to describing their dream projects. In a sense, the successful realization of these fast-admin changes did not result in any significant enhancement of the organization's capabilities and learning to change and so represented fine-tuning changes in what was essentially organizational inertia. Middle managers were aware of this and devoted very little emotional energy to the promotion and realization of these projects, which were in any event clearly profitable and easily implemented in the short term. Also, these three projects were reported to have little negative effect on the personal welfare of affected employees.

In contrast, long-term, major projects that required important investments of financial and human resources and could materially disturb Servico's operations were subject to others' scrutiny, analysis, and ongoing monitoring. The credibility of the touted project's financial and operational benefits relied in part on middle managers' past track records. In this respect, Servico's decision-making process for funding uncertain and ambitious projects seemed not very different from resource allocation processes applied in certain other large organizations (Burgelman, 1983; Kanter, 1983; Bower, 1986). As the executive in charge of funding told me, "For big projects I met their promoters face to face. Numbers only told you part of the story. I wanted to see how they defended these numbers, how convinced they were about the project's viability and chance of success, and how much they were willing to stick their neck out and sweat for it." Monitoring of promoters' emotional commitment to their projects was dis-

creet yet active even in the early funding phase, and middle managers who displayed low emotional commitment to their championed major projects were likely to have a harder time competing for funds with highly committed peers.

INV Project: Inertia

Even if the project was funded, wavering commitment among agents during implementation could still lead to organizational inertia, as illustrated in the case of project INV, which was close to successful completion when it lost senior management support. INV was important to Servico both in terms of economic benefits and new values: it sought to instill more transparency and discipline in a politicized capital allocation process that seemed inefficient. Product champions and financial people were frustrated with the old system because of known cases of lack of professionalism or cheating:

One product manager asked for 7 million dollars to sell 170,000 units of a new product line. He omitted most of the costs, put [in] only a little bit of software development and advertising costs—the strict minimum. He did not include any infrastructure and support costs, which represented 90 percent of the costs. The finance people who did not understand the business took these numbers at face value and produced financial indicators with a five decimal precision. They compared the profitability of one project against another on that basis and allocated funding accordingly. . . . Others who were a little bit more thorough or honest lost . . . [and will practice the new rules of the game next time].

Little systematic tracking and culling of unprofitable product lines took place. This laxity was no longer tenable in a highly competitive environment. The goals and reasons for INV were widely accepted. Managers ironed out many implementation details across the myriad of antiquated administrative systems. Emotional commitment to realize INV remained strong and escalated with investment of important resources and agents' energy. INV did not threaten recipients' personal welfare to the same extent that downsizing would have, and change agents consistently sought wide participation of and consultation with recipients. They developed enthusiastic supporters in recipient groups who championed their cause inside their respective units. After two years, successful institutionalization of INV seemed well under way. But macro structural changes unexpectedly neutralized the momentum and emotional commitment of change agents.

Coincident with a much larger reshuffling of business units and executive responsibilities at the top, senior management decided to establish a more permanent capital management group and to disband the current change-agent team. Because almost no one who belonged to the change team became part of the new administrative structure, precious tacit knowledge and organizational memory were squandered. The premature dispersion of the change team delayed or stopped the development and refinement of procedures and information systems that supported INV. As the distraught project manager bemoaned:

Emotional Balancing

The whole process is losing momentum. . . . I am afraid that everything is going back to where it was before. We [have yet to complete] the administrative tools that were required to help the [professionals] do their jobs. . . . The development of these tools has been delayed or dropped. . . . Nobody continues with the training.

The new capital management group soon managed capital investment in the old fragmented ways. Instead of tracking revenues and expenses associated with the capital investments, it resigned itself to tracking the capital budget only. Other groups managed the operating expenses or revenues budgets, and there was little harmonization between them. Active political negotiation games resumed. This seemed to indicate suboptimal organizational inertia. Former change agents helplessly watched their efforts being unraveled. One agent asked me, "Who else can I turn to? The CEO? Is it viable for me to see the CEO and say, 'Look, I don't think this process is going the right way.' I think not, unless I win a big lottery ticket. Who do you go and see when you think people are doing the wrong thing?"

Individual agents' commitment to INV was neutralized by executives' actions. Executives were often distracted by urgent external demands due to intense competition. This rather dramatic case illustrates that very important but long-term projects such as INV might fail to get adequate executive attention and get trampled on, sometimes accidentally. As one executive explained:

We're a very reactive company. It's always a fire. Right now . . . we just lost [a major customer]. . . . So there was this immediate reaction of the senior team to pull together a multifunctional team within 30 days to win back the customer. Now that we have recommitted the resources behind this new top priority, something else will suffer.

FINA Project: Inertia

Another change project, FINA, affecting the finance groups, suffered from its inception from diluted emotional commitment to change. Unlike INV, the few agents who were emotionally committed to FINA failed to promote this change to the people around them. The aggregated commitment among a few agents seemed insufficient to drive this ambitious and broad change. There was little tangible support from overwhelmed executives. Insufficient support was also partly caused by agents' accentuating in-group and out-group distinctions between themselves and groups from which they asked for resources to drive change. These agents launched FINA with a separate project group of 150 people, one-third of whom were external consultants. The high project cost of $70 million and the large number of consultants were unique in Servico and exacerbated feelings of envy and resentment. FINA agents were frustrated about the recipients' foot-dragging in providing the best resources for the "special" change team. They could not understand the reasons behind recipients' behavior, which they perceived as covert resistance. Lack of skilled and experienced people slowed down the design and implementation of change. Agents focused their activities on the cognitive, technical elements of work process reengineering and were unaware of

the importance of attending to recipients' emotions, stressing, instead, a fear-arousing approach to driving change. As one told me, "I think change requires a very strong, definite, militaristic style to be successful. . . . The fear of God has to be put into the organization; otherwise, it will not force itself to change as quickly and as dramatically as may be required." These agents did not know how to address recipients' anxieties and, so, kept repeating the same business rationale, to little effect. As one project manager said,

Intellectual, scientific arguments did not seem to convince recipients. Quoting what the CEO said doesn't work. There are some fears involved. So I repeat the same message at the beginning of every meeting [with recipients]. What I learned in change management seminars has not been as effective as I thought it might be.

Two years later, however, the information technology (IT) people discovered that the information infrastructure did not have adequate processing capacity to support new software applications, including those needed for FINA, and the project was "shelved." The paper redesign of financial structures and systems to make them fit with the new financial software methodology had already cost $30 million, which was well over budget. Conceptual design was done on paper only, and there was only one year left to develop customized software applications and test and implement complex new financial systems among the skeptical recipients. Project managers were disappointed but also relieved, as they realized it would have been virtually impossible for them to meet the initial commitments in terms of benefits delivered and deadlines. As one said,

The cancellation of the project was probably a good thing, because we might have had a target ahead of us that we would have been hard pressed to reach. We were spending money faster than we had anticipated, and we are falling behind schedule. We could have dug up even more significant difficulties ahead.

Even after FINA was aborted, the agents' learning from it appeared to be limited. They concluded that they might have succeeded if executives had been more physically present to increase pressure on recipients or if they had used more project management. Agents in the finance groups were unable to see the importance of also attending to recipients' emotions, something that managers in charge of similar types of personally disturbing changes such as downsizing and relocation were aware of, as will be seen in the next cases. Beyond the timely scapegoat of the weak IT infrastructure that directly caused the abortion of FINA, diluted emotional commitment among the change agents and insensitivity to recipients' emotions had already led to underperformance of FINA in terms of cost and deadline overruns, even when the project was only in its paper design stage. Suboptimal organizational inertia remained in the finance groups.

The cases of INV and FINA reveal that change agents were in constant conflict. Those playing the role of committed change agents for one project could at the same time be recipients, subject to senior executives' actions or other change projects launched by their peers. There was constant competition for resources. Many managers involved in CT

felt that they were stretched to the limit (intellectually, emotionally, and physically) and expressed concern that Servico was teetering dangerously on the edge of chaos. Somehow, the organization did not implode under the severe pressure. One partial explanation may be that, beyond a focus on driving major changes, there were other managers who took emotion-management actions, such as attending to recipients' emotions, to maintain work group continuity. These actions helped employees remain relatively calm and attend to their daily production tasks. "Keeping the company working" seemed to represent a goal of continuity shared by many line managers. During the three years of CT, managers commonly reported to me that they worked 80 to 100 hours a week to implement change while simultaneously attending to their work group's operational continuity and their subordinates' emotional stability.

Attending to Change Recipients' Emotions to Maintain Continuity in Operations

I also observed cases in which certain middle managers and union representatives acting as middle managers maintained operational continuity by practicing a form of "bounded emotionality" that attended to the psychological well-being of subordinates and their families (cf. Martin, Knopoff, and Beckman, 1998). Bounded emotionality refers to acknowledging the inseparability of private and work feelings and consciously attending to them (Putnam and Mumby, 1993). Middle managers encouraged employees to express a wider range of emotions, both personal and work related, than had been traditionally allowed. These actions violated Servico's explicit personnel procedures, which strongly discouraged managers from getting involved in employees' individual concerns and advised them to keep supervisor-employee relationships task-oriented and unemotional. Such impersonal criteria for decision making and emotional control underlie bureaucracy (Weber, 1964). Bureaucratic organizations are deemed successful to the extent that they eliminate "all purely personal, irrational, and emotional elements which escape calculation" (Weber, 1946: 216). As one female manager said, "I have been with Servico for 25 years. Over the years I have evolved to believing my success would be with my professional approach—not to show emotions [except being] funny and dynamic!"

Many of Servico's managers, through years of socialization, seemed relatively skilled at feigning the appropriate emotions in surface work. Good acting seemed a prerequisite to remaining in influential positions. As CT reached mid-course, sensing negative feelings from some of the employees he interacted with, the chief operating officer sent a confidential memo to all managers stating that "expressions of cynicism [about change] will not be tolerated. We are in positions of leadership and must display enthusiasm at all times [to everyone]." Many managers privately found such an articulation odd and amusing. They would not have survived the previous streamlining of middle management ranks had they not long before figured out the implicit rules of emotional display. In a similar vein, Jackall (1988: 128) suggested that managers who wish to succeed in bureaucracies are expected "to

mask all emotion and intention behind bland, smiling, and agreeable public faces." Under radical change, however, certain managers deliberately broke emotional display rules to maintain some continuity in their subordinates' lives, while observing traditional rules in their dealings with certain superiors—executives who still frowned upon intense emotional displays, especially unpleasant ones.

CONRET Project: Adaptation

Attending to recipients' emotions proved critical in CONRET, a project aimed at closing 10 call service centers in small towns, consolidating them into one site, and at reducing about 20 percent of the workforce. Agents in CONRET displayed high commitment to change. Peter, a vice president, privately told me that he maintained "a state of insecurity and one must be an agent of change or be out. I [keep] the managers cranked up." Thus, Lisa, a veteran middle manager, was put in charge of coordinating over 20 change projects affecting the retail group, including CONRET. Lisa pressed executives to put pressure on her recalcitrant colleagues, because she thought the "garbage that line managers [were] dishing out unbelievable." Lisa also had little tolerance for employees' personal concerns, not directly related to business: "We had an open line for questions. Ninety percent of them were basically the same: how was it going to affect my work scheduling, my vacation. Not about the business structure or how customer segmentation works. In the future should we take these calls? No!"

Some line middle managers did not agree with her and devoted great effort to maintaining some continuity amid radical change. Jack, a line middle manager in charge of 700 service reps, had to carry out CONRET, relocate his staff, and maintain the objectives of revenue generation and service quality. He implemented this change out of duty while remaining skeptical of the project's touted benefits. Jack discovered soon enough that watching a video on the new corporate vision had little meaning for employees unless they could understand how the vision would affect their personal welfare. He worried that half of the relocated people were mothers with young children and that the longer commute time for them would be exhausting and not sustainable: "I spent most of my time coaching people on human issues, playing the psychotherapist role. . . . These [agents] act as bulldozers and focus on numbers. I had to concentrate on meeting with unions to solve relocation issues." Jack attended to his subordinates' personal needs and was explicit about managing their emotions:

Over time, I learned to avoid mass meetings. I used to meet a large group where everything seemed to go well and then I got all kinds of surprising feedback later. I realized that one could not deal effectively with emotions when one was with a crowd. So I began to set up smaller meetings in groups of seven or eight, and I told them I would be available for private meetings after the group discussion. . . . It was a winning formula. Every case was different: one service rep from a small town emotionally told me in a public meeting that she could not move to [Dallas] immediately. In private, she explained to me that she was going through a divorce. Another one was worried that her handicapped child could not find a specialized

school, so I looked for a job that would suit her needs. Others have sick parents. Relocation is a very emotional thing. We addressed that by offering them paid visits to the new location a few months in advance. The welcoming party appointed sponsors for every family to look after their personal needs, to take them out to dinner the first weeks or to find a baseball team for the kids.

The juxtaposition of emotional commitment to change projects, displayed by people such as Peter and Lisa, and attending to recipients'emotions to restore some psychological stability among employees and maintain operational continuity, as exemplified by Jack, created tensions among change agents and recipients. Jack, as a recipient, complained that Peter and Lisa were too "focused on numbers as opposed to operations [and were] rigid, militaristic, disrespectful of human beings" in driving change. Curiously, this juxtaposition of seemingly opposite behaviors nevertheless resulted in overall adaptation to change at the group level.

CONBUS Project: Adaptation

I observed similar emotion-management patterns promoting change and continuity in the service representatives (reps) unit serving business customers. Vicky, a line manager, had to close five of the nine service centers and relocate her employees (project CONBUS). She described how her employees felt about the downsizing and relocation related to the consolidation of the sites:

There were a lot of reactions when the changes were announced. Some people were angry, some wept, some expressed no reaction at all. . . . The group mood was very variable. On one day, everything was harmony, and on the next day, as soon as the work became demanding, people just exploded, cried, so many reps seemed not being able to come to terms with their feelings. . . . Even after a year, some came to terms with quitting their hometowns, but there were others who felt they did not really have a choice, personally they could leave but their families didn't want to.

CONBUS exacerbated the emotional and cognitive stress that reps were already under from continuing pressures to improve their selling skills and keep updated about new technology and products. And pressures from committed change agents were relentless. On the recipients' side, a union rep also working as a service rep bemoaned, "There's so much information. We've become so bombarded, so saturated at one point that you become stupid. Some simple things become difficult." Absenteeism increased from two people a week to six to 10 weekly, and long-term disabilities doubled, mainly due to burnout. News of burnout amplified fear among the reps. Lucy, a first-line supervisor, said, "We lost our head and thought burnout was a contagious disease. Fear was very contagious, I started to appreciate it." In fact, events such as change that are negatively perceived tend to evoke stronger and more rapid cognitive, emotional, and behavioral responses than do neutral or positive events (Cacioppo, Gardner, and Berntson, 1997).

Sam, a process consultant, hired by Vicky, found that the stress caused by site closure, insecurity, and work overload due to downsizing, as well as the pressure to absorb new knowledge, pushed many reps to the edge and some to

burnout. Sam then trained the reps to practice time-management techniques, prioritize external demands, and negotiate deadlines. This training seemed effective, as reps reported that they were able to reduce the matters they had to react to immediately by two-thirds. This restored some feeling of control among them. He also suggested ways to formally mourn the closing of their cherished work sites, such as "heritage and succession" rituals and "last suppers" served by managers. Reps reported that they felt more at peace with themselves after these mourning ceremonies because they felt that they had been treated with respect. Change agents who ignore the crucial mourning period and rush the organization through this meditative phase risk a backlash (Moses, 1987). If change recipients' emotional pain is denied, the organization may become paralyzed by survivor sickness and devoid of creative energy (Noer, 1993). But as Vicky noted, not everyone responded positively to the training efforts:

Some reps rebelled and refused to be trained, saying that they had only four months left to work; others wept. One hour later, everything seemed to be forgotten. I realized that people were living on the edge, and feelings were very contagious in groups. A computer systems breakdown was like the straw that broke the camel's back. We had to be always vigilant and could never take for granted that things were going well. Curiously, people who reacted with the most calm in one site when the announcement was made are now reacting the most. They have not accepted the closing. We offered them psychologists' individual help, but they angrily refused, saying that they were not crazy.

In response, Vicky organized emotion management in "information sessions" for small separate groups of 20 to 40 reps. I asked to observe one of them. Rapid downsizing exerted tremendous pressure on line groups to maintain an acceptable level of customer service, and taking a whole day for this kind of "touchy-feely" exercise represented a risky investment of time for line managers who were evaluated monthly for meeting concrete measures of customer satisfaction and revenue/cost objectives. While most of the morning was devoted to addressing employees' instrumental queries about the strategic direction of their own group and of the whole company, the afternoon session was set aside to bring to the surface and deal with their hidden emotions. Employees were encouraged to verbalize in small groups, outside the scrutiny of their superiors, their private feelings about the ways in which change had affected them. Then each group was invited to make a drawing about how it felt collectively, and drawings were displayed 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 individuals started to realize how similar their feelings were, and they started to laugh and joke about them. Sam, the process consultant, then showed them Bridges' (1980) transition model and explained that it was "normal" and "common" to have these feelings.

My initial skepticism about the effectiveness of these emotion-management techniques subsided in my informal inter-

actions with workers during the following days. Many told me that they found these emotion-attending sessions very useful. The sessions elicited pleasant/low-activation feelings such as calm and sympathy and attenuated unpleasant/high-activation emotions such as fear and helplessness. They also helped recipients to accept their own emotions and gave them the additional energy to continue their hard work. They reported that they felt more at peace with themselves and more sympathy toward their peers and superiors. These emotion-attending actions seemed to help reduce further absenteeism and decline in employees' morale. Vicky reported that the quality of customer service remained high and "people remained professional and took customer service to heart."

These findings seem to support Bartel and Saavedra's (2000) finding that emotion management is particularly effective for intense emotions. Expressing personally upsetting experiences has been found to improve mental and even physical health (Pennebaker, 1997). Repression of a traumatic experience only serves to maintain thoughts of the experience, and these will not disappear until adequately resolved (Wegner, Erber, and Zanakos, 1993). Clarity in labeling one's feelings helps resolve one's thoughts about a past trauma because emotional disclosure helps reorganize disturbing experiences in a causal way and gives them a coherent place in a person's life (Salovey et al., 1999, 2000). By narrating stories, people escape from passive and repetitive ruminations that amplify distress and enhance understanding of their situations. Knowing the causes of discomfort has been found to reduce anxiety level and panic attacks among patients because it mitigates their fear of losing control (Dienstbier, 1989).

Greenberg (1996) argued that effective emotion-focused interventions involve three processes. First, one has to come to accept that unpleasant feelings are not objective things but the outcome of one's internal relations with an event. One should focus on the event itself and its associated emotions. Second, one has to re-own these feelings through experiential linking to the self and not try to depersonalize them through intellectualizing. Last, one develops a sense of agency insofar as one feels confident that action is possible, and this generates hope: "It is I who am feeling this, it is I who am the agent of this feeling, and it is I who can do something about this."

CONTEC Project: Chaos, Eventual Adaptation

Inadequate attending to recipients' emotions can lead to underperformance in change outcomes, as illustrated in the implementation of CONTEC. This project aimed at consolidating 29 repair test sites into seven in one year and affected about 2,000 technicians, downsizing the group by about 20 percent. Change agents' commitment to realize the operational efficiency and manpower savings were strong, and they did not feel the need to get the buy-in of the recipient line managers, as they could not "afford the time." Agents were conceptually aware of potential emotional issues but could not gauge their importance beforehand. They were

more concerned about whether to introduce the change in work processes concurrently with the physical consolidation, for top managers had ordered them to rush the physical change to "grab the cost savings and worry about the rest later." As one change management advisor asserted after the consolidation took place, "I really do believe there is a time for power. I don't believe in touchy-feely. [I stress task processes and] results-focused thinking."

The change project manager, Gary, reported a "horrendous amount of mistrust" and lukewarm cooperation from recipient line managers. Union reps complained that managers minimized direct contacts with employees. Unlike CONRET, change agents here did not benefit from the voluntary actions of line managers to attend to their subordinates'emotions. Gary offered this partial explanation: "Many inexperienced technicians were promoted as managers. People were overcome with other [work] priorities and other change projects. It took us a lot of time to learn how to communicate properly . . . and deal openly with emotions." Agents discovered intense emotional backlash only well after the consolidation was completed. Emotional responses were similar to those experienced by the service reps. Gary noted,

We [have underestimated] the pain of people having to quit. A lot of people had a tough time moving, and those who did, had a hard time adjusting. People now take an hour and a half to get to work when it only took them 15 minutes before. We were affecting people's lives and it got extremely emotional. . . . We found that we didn't allow the time to let their feelings out . . . people were still caught up in the emotions of leaving their [job or hometown] . . . and were bringing a lot of emotional baggage to the job. . . . We don't deal well with a lot of these soft issues.

The consolidation was physically achieved, but the quality of service declined drastically, and resistance to change remained fierce. As a union rep reported, "People distrust the company." The absentee rate increased by about 20 percent. Loud customer complaints caught the attention of top management, which demanded urgent service recovery actions. When agents brought in facilitators to attend to emotions about a year later, they noted a "night and day" difference and concluded that these "soft" interventions should have been done up front in the change.

OUT-EAST and OUT-WEST Projects: Adaptation and Chaos

Most of the emotion management at Servico was done by middle managers, but in an outsourcing project, other organization members undertook this task when managers ignored it. For analytical convenience, I treat it as two distinct change cases, one affecting home repair technicians in the Eastern division of Servico (OUT-EAST), the other affecting technicians in the Western division (OUT-WEST). The technicians belonged to the same union. Change managers claimed that they could cut costs by about $30 million annually by giving home repair to outside suppliers who charged lower prices. Although there was strong commitment to change from certain managers, line managers here did little to attend to recip-

ients' emotions before and during outsourcing, for the same reasons as described in CONTEC.

These two cases, which seem to display problems similar to the previous consolidation cases, reveal two surprising findings. First, through deliberate reframing, certain technician union reps in the Eastern division tried to reduce members' fear and anger at outsourcing, while their counterparts in the Western division exacerbated their members' agitation. This may help explain in part why implementation of OUT-EAST was quicker and less costly than that of OUT-WEST. Second, the union reps worked as front-line workers but were also elected as middle managers in the union hierarchy, and some of them sought to reduce the agitated feelings among their members to maintain some operational continuity when line managers failed to do so. As a union official explained, "In the East there's a sense that the corporation is losing the competitive battle, the job market is not as great [as in the West], so workers tend to be more accommodating. The level of anger and militancy is different between the two divisions." Notably, union officials based in the East created some continuity by asking Servico managers to set up a new company (Newco) in which the outsourced jobs could be given to some of the 3,500 technicians being let go. This would allow at least 900 technicians in the two divisions to keep doing similar tasks (at $12 an hour versus the $18 previously earned with Servico) and the union to keep union dues. Newco would be held by an investment fund based in the East. But this unusual scheme was poorly received in the West, where it was seen as driven by people in the East. Union reps reported threats of angry members suing the union leadership for colluding with management to downsize and outsource, and there were incidents of physical violence. Western union reps reported that "morale is rock bottom and people are just totally fed up."

These contrasting responses suggest that faced with essentially the same objective event, influencers could alter the type of emotions experienced by recipients by reframing the situation and by raising alternative meanings that reshape people's interpretations of events and their emotional responses to them (Wasielewski, 1985). How the union reps framed outsourcing in each division explains very different types of emotions elicited among their members:

When you outsource this job, would you say we want you to go back to do the same job for $12 an hour as opposed to $18 with benefits? To me that was immoral. It demoralized everybody. It smacked of sleaze and no ethics. (Western division)

We have succeeded in protecting valuable jobs. This is a win-win for both the company and the union. We convinced the company to give work exclusively to Newco. . . . It's not to the union's advantage to go on strike; we could have lost even more jobs since surplus managers could replace technicians. (Eastern division)

EMOTIONAL BALANCING AND CHANGE OUTCOMES

Table 3 summarizes, for each change case, the presence or absence of emotion management patterns driving change or promoting continuity, as well as the associated outcomes for

Table 3

Effects of Emotional Balancing on Outcomes

Change cases	Commitment to change	Attending to recipients' emotions	Outcomes at aggregate work-group level
FAST-ADMIN (3 projects)	Low	Little	*Inertia* 0 Fine-tuning changes with financial benefits 0 Little enhancement in organizational capabilities 0 Learning to change virtually absent
INV	Absent (neutralized by executives)	Adequate	*Inertia* – Suboptimal resource allocation process + Learning to change included both technical and human dimensions for individual change agents
FINA	Diluted	Absent	*Inertia* – Suboptimal financial control systems + Learning to change was mainly technical
CONRET	High	High	*Adaptation* 0 Physical consolidation realized; partial rehiring of laid-off workers to restore continuity + Continuity: service quality restored after 1-year decline ++ Learning to change included both technical and human dimensions
CONBUS	High	High	*Adaptation* 0 Physical consolidation realized + Continuity maintained: service quality remained high ++ Learning to change included both technical and human dimensions
CONTEC	High	Absent during change (adequate after change was done and seeing negative results)	*Chaos, eventual adaptation* 0 Physical consolidation realized – Cost overruns for overtime and training of new workers; significant decline in customer service – Little learning to change during chaotic stage + Chaotic situation reduced when emotional attending to actions took place after the change ++ Learning to change included technical and human dimensions after chaotic stage
OUT-EAST	High	Some	*Adaptation* 0 Physical outsourcing realized + Inefficient change in work processes remedied after about 1.5 years + Decline in customer service remedied in 6 months ++ Learning to change included both technical and human dimensions
OUT-WEST	High	Absent	*Chaos* 0 Physical outsourcing realized, but late by one year compared with Eastern division – Inefficient change in work processes still unresolved after 2.5 years; decline in customer service unresolved after 2.5 years + Learning to change was mainly technical; managers started to be aware of human dimensions after 2 years.

Note: – = little or negative adaptive benefits for the group/organization in relation to resources spent to implement the change project; 0 = modest or physical change with no significant improvement in organizational capabilities; + = positive adaptation: and ++ = significant improvement in organizational capabilities.
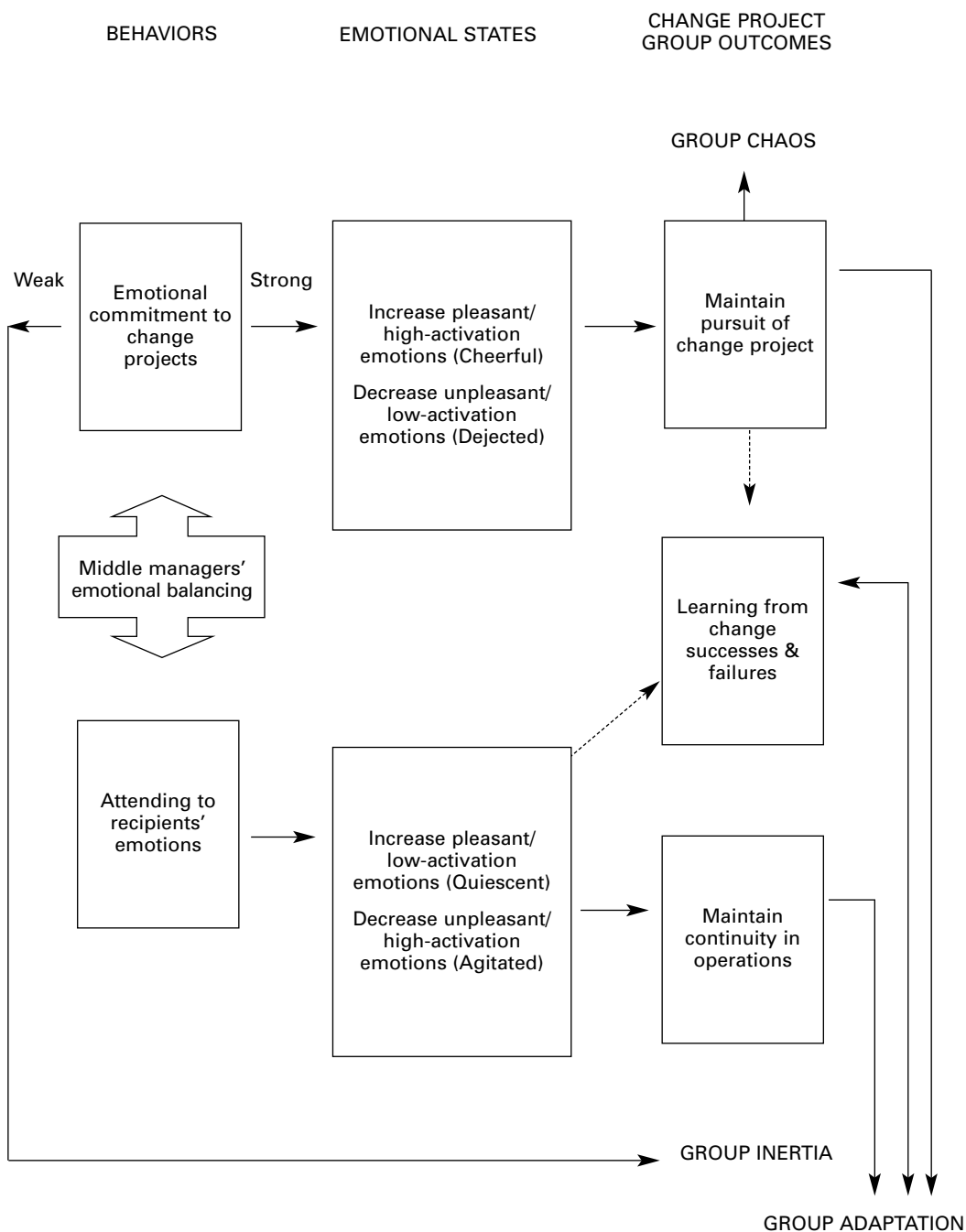
each. Table 3 characterizes the projects by change outcomes at the work-group level. Work-group inertia results in modest, incremental change, at best. Work-group adaptation is reflected in the degree to which the change project is realized, as well as the continuity in the quality of customer service. Work-group chaos characterizes projects in which the change project was generally realized but in which benefits were below initial forecasts, employees were in turmoil, and there was serious degradation in the quality of customer service. The table also characterizes what organization members have learned from being involved in the change projects, as agents or recipients, on both the technical and human dimensions. The technical dimension includes increased knowledge and skills in areas such as statistical analysis, project management, benchmarking, process mapping, time and motion studies, work process reengineering, and training in various information technology hardware and software to increase work productivity. The human dimension involves increased knowledge and skills in areas such as communicating bad news constructively to employees, evaluating and retaining people who can work in the new environment, facilitating group dynamics under stress, and recognizing various people's personal and emotional needs and attending to them in a timely and sensitive manner.

The three FAST-ADMIN, INV, and FINA projects suggest that weak commitment to change in a high-pressure radical change context is likely to lead to work-group inertia, with or without attending to recipients' emotions. The CONTEC and OUT-WEST cases suggest that strong commitment to change with little attending to emotions can lead to work-group chaos. Chaos or inertia results in deteriorating work-group performance in a radical change context. CONTEC represents an in-case experimentation of attending to recipients' emotions. The physical consolidation was done quickly with little regard to employees' feelings. This resulted in a significant decline in the quality of customer service, which prompted costly remedial actions, including pay for overtime and recruiting new workers and training them. These actions attenuated the crisis, but underperformance still prevailed as a result of seething resentment and emotional contagion between survivors and new workers. Only when change agents realized that they needed to attend to recipients' emotions was the quality of customer service restored. The change agents' learning at the beginning of CONTEC was mostly technical—benchmarking, process reengineering, and project management—and evolved to include significant human/emotional dimensions thanks to later actions that reduced chaos, such as group meetings to share and discuss feelings about change, mourning, and personal counseling.

The CONRET, CONBUS, and OUT-EAST cases suggest that reasonable work-group adaptation to change, including multidimensional learning, is more likely to occur when actions involving commitment to change and attending to recipients' emotions are both present. Beyond technical skills, adaptive groups learned more change skills (e.g., human dimensions) from attending to emotions than did groups that only started to develop a conceptual awareness of it. Radical change can

arouse strong emotions in change agents and recipients alike, spanning the range of emotions depicted in the circumplex model presented above, in figure 2. Emotional balancing actions can be self- as well as other-directed, as shown in the conceptual model in figure 3. In this model, organizational adaptation—imperfectly operationalized through the work unit's ability to integrate the change project, maintain continuity in its operations, and learn from its change experience—is influenced by the emotional balancing activities of organiza-

Figure 3. An elaborated model of emotional balancing during radical change.

BEHAVIORS   EMOTIONAL STATES   CHANGE PROJECT GROUP OUTCOMES

GROUP CHAOS

Weak | Emotional commitment to change projects | Strong

Increase pleasant/ high-activation emotions (Cheerful)

Decrease unpleasant/ low-activation emotions (Dejected)

Maintain pursuit of change project

Middle managers' emotional balancing

Learning from change successes & failures

Attending to recipients' emotions

Increase pleasant/ low-activation emotions (Quiescent)

Decrease unpleasant/ high-activation emotions (Agitated)

Maintain continuity in operations

GROUP INERTIA

GROUP ADAPTATION

tional members. The model suggests that organizational adaptation is influenced by both kinds of emotional balancing actions, one aimed at driving change, another at maintaining continuity.

To generate the emotional energy that fuels the pursuit of their projects, agents have to strive continuously to elicit pleasant/high-activation emotions and reduce unpleasant/low-activation emotions in themselves. To maintain operational continuity during radical change, recipients' emotions also have to be carefully managed, by eliciting pleasant/low-activation emotions and attenuating unpleasant/high-activation emotions. Under the severe constraints of time and resources that often prompt the need for radical change, effective emotion managers try first to calm their highly agitated employees before trying to elicit enthusiastic support for change. Calming processes include organizing one-to-one listening to concerns that recipients may feel uncomfortable voicing in public; empathetic rather than judgmental response; attending to recipients' personal and work-related concerns, especially when these are caused by the change event; organizing mourning sessions of cherished values that are no longer appropriate while extolling values that are preserved; organizing regular small-group meetings to inform as well as to listen to recipients' feedback on both task and emotional needs. These activities could be shared among many managers. Thanks to the aggregate emotional balancing efforts of many managers interacting with a group—some managers were more attentive to promoting continuity, others more focused on driving change—the work group could adapt to change and avoid the serious underperformance associated with extreme chaos or inertia.

The cases seem to suggest that emotional balancing is particularly important for major change that requires both strong commitment to change and, minimally, some moderate acceptance from recipients to integrate the change while maintaining some of their traditional but still important tasks (e.g., serving customers). Realizing ambitious change requires commitment, initiative, and perseverance to overcome skepticism and inertia. But to the extent that this change disrupts recipients' work and personal lives in a major way, appropriate attending to emotions should be calibrated to the recipients' emotion types and/or their intensity. For example, less intense attending to emotions seemed required in the case of INV (reengineering of financing practices), which probably affected the recipients' personal welfare to a lesser extent than did CONBUS, which involved reengineering of work, sites closings, and relocation.

Middle managers typically took on the emotional balancing role in radical change. Thanks to their job responsibility, they were able to devote more time to internal company issues than the executives, who had to attend to multiple external institutional demands. Line middle managers were generally closer to their front-line workers than were the executives and, therefore, more attuned to their employees' needs. Hence, middle managers rather than executives were more likely to be effective with emotional balancing in dealing with workers, because emotion management must be highly

appropriate in order to be effective. One must be close to a particular individual or group to recognize that not everyone feels the same type of emotion with the same intensity at the same time in response to the same event. Different emotional responses, needs, or coping mechanisms need to be recognized and attended to according to the demands of the specific situation. Mishandling of emotional responses risks backfiring on change agents if recipients suspect them of being manipulative rather than caring and authentic. In contrast, appropriate emotional balancing can provide beneficial organizational outcomes.

DISCUSSION

In the case studies reviewed here, middle managers' aggregate actions seem to have facilitated two important organizational outcomes: development of new skills and operational continuity. From the mixed successes and failures of the change projects, learning to change seems to represent, at an aggregate organizational level, one of the major benefits realized through change projects. Through learning by doing, certain organization members developed a more refined and embodied understanding of the necessary skills involved in major, rapid change. They gradually built new skills by applying and adapting to their own work context a variety of change tools that had been relatively new to many of them. Besides learning the technical and human elements of change knowledge and skills, veteran managers also learned to interact with newcomer executives and external consultants, and in certain cases appreciated the exposure to new ways of doing things, such as aggressive marketing, quick competitive responses, taking more risks in fast action, and the importance of cash and profits.

With regard to operational continuity, certain middle managers' attention to work details and subordinates' emotions contributed in part to a relatively smooth downsizing in a number of work units. By working with union representatives to soften downsizing and relocation hardships on a number of recipients, managers reduced the likelihood of extreme responses. The initially feared massive sabotages and strikes by powerful unions did not occur. Managers' emotion-attending behaviors reduced a potentially higher state of anger and fear among the employees driven by emotional contagion. Continuity in providing products and services allowed Servico to maintain some of its revenue-generating capability during CT, thus providing part of the needed cash to fund the multitude of change projects.

The model of emotional balancing developed here specifies three interrelated dimensions of a change process theory: middle managers as the main actors, emotional balancing as the process, and organizational radical change as the specific context. The model contributes to at least three different research streams: research on organizational change, the social psychology of emotion, and middle management. It contributes to the radical change literature by proposing emotional balancing as a promising theoretical lens to use in examining the challenges of implementing radical change. The literature on radical change has often focused on executives.

Emotional Balancing

This study suggests that a richer knowledge of radical change can be achieved by including other actors. It reveals that there were a number of middle managers, many of them veterans, who were willing and able to initiate, lead, and implement changes even under very stressful conditions. This finding provides a potential solution to one conundrum of the theory of punctuated equilibrium (Tushman and Romanelli, 1985), which holds that while outside executives are more likely to initiate radical change, veteran executives who have already been let go might have been more capable of implementing it. This article appears to be the first to reveal the emotional balancing role of middle managers in a radical change context and thus contributes to the middle management literature by highlighting this productive role. In addition, these findings invite us to revisit the typical association of emotionality with irrationality and organizational dysfunctionality (Weber, 1946; Jehn, 1995). They also challenge the assumption that self-interest and politics are always counterproductive to organizational learning and adaptation. Instead, organizational change could be construed as the coevolution of interacting processes taking place between instrumental, organizationally legitimate concerns (Simon, 1976) and marginalized but personally meaningful aspirations and emotions.

This article also contributes to the literature on the social psychology of emotion. First, it links micro-level emotions to macro-level organizational and strategic phenomena. Radical change is strategic because its outcome affects the life chances of the organization. The article illustrates how emotional balancing facilitates adaptive change at the work-group level. It reveals how a number of middle managers formed a self-emerging social support group that attended to employees' emotional needs in an organization that is supposed to function on instrumental, unemotional routines. This social support group provided an emotional buffer against and repair unit for stressful events and thus facilitated continuity (Stroebe and Stroebe, 1996). Other managers emerged as intrapreneurs, applying emotion management to drive change, and this relaxed the unrealistic requirement that virtually every influential organizational actor must support and drive change (Kotter, 1995). Thanks to this diversity in the emotion-management patterns that shape emotional balancing, some form of emotional intelligence could be created at the group level without requiring a majority of influential individuals to be emotionally intelligent. This suggests that organizations could develop emotion-related routines that facilitate organizational adaptation that transcends individual emotional intelligence (Huy, 1999).

Thus, while building on some of the insights of the emotional intelligence literature, such as emotional awareness and repair, this study suggests a complementary path to organization theorists interested in including emotion in their research. The current skepticism about measuring emotional intelligence and associated undersubstantiated grandiose claims (cf. Salovey et al., 2000) should not discourage organization scholars from studying emotions. In addition to or in lieu of personality and individual-level emotion constructs, one might consider studying the aggregation of emotion-

related expressions and actions at the social-group level. These group-level emotion constructs could also be studied as organizational phenomena.

An inductive, theory-building study is at best suggestive. The strength of this study is in providing contextualized and textured information, not generalizations, but its limitations indicate potentials for future research. First, emotional balancing involves management of four groups of emotions in the quadrants of low-high activation and pleasant-unpleasant hedonic valence. Within each of these four groups, discrete emotions can be quite different in terms of what people experience (e.g., anger is distinct from fear, disappointment is different from depression). This suggests that the antecedents and consequences of discrete emotions can also differ. Future research on emotional balancing should go beyond the effects of groups of emotions to tackle the effects of discrete emotions (cf. Izard and Ackerman, 2000).

Second, Servico was a bureaucratic organization in which there was little attending to emotions before radical change was implemented. Some managers did not change their behaviors in this regard, while others took the initiative to do so, despite the tacit injunction against treating employees this way. There are several possible explanations for this difference in behaviors. One is different organizational conditions in different parts of the organization, such as different work-groups' emotions being elicited by different change projects, and formal roles, such as staff analysts versus operational managers. Another is individual differences. Some managers may have attended more to recipients' emotions because of past personal or work experiences that taught them the importance of emotional caring or because they had such emotional intelligence competencies as emotional attending, discriminating, and repairing (cf. Salovey et al., 1995). Future research could tease out the effects of organizational conditions from individual competences in predicting attending to emotions and emotional commitment to change behaviors.

Third, several union reps in this study acted as emotional balancers, which suggests that people in certain positions of social influence could take on the same role, even if they are not middle managers. What is interesting here is that certain union reps acted as emotional balancers in the OUT-EAST project while their colleagues in the OUT-WEST project did not. One can speculate that certain union reps in the East attended to recipients' emotions because they had participated in discussing or designing the new outsourcing company, while their colleagues in the West did not and so could not understand adequately the rationale for the outsourcing project, or even if they did, still refused to cooperate because they resented being left out of the early consultation process. 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 be fruitful.

For space and parsimony reasons, I have illustrated two dominant emotion-management patterns that shape emotional balancing, but other emotion management behaviors also existed. For example, I found that many veteran employees still emo-

tionally identified strongly with Servico even though the organization had unilaterally eliminated lifetime employment and no longer expected sustained loyalty in return. Some delayed leaving Servico, despite attractive outside job offers, to attend to their employees and not let them down in times of distress. There could be some association between managers who emotionally identify with the organization and those who willingly attend to recipients' emotions. Yet other change managers expressed emotions that they did not truly feel (for instance, acting very angry) to pressure their colleagues to give them more resources to realize change. Future research could explore emotion-management actions that enhance or impair emotional balancing.

Fourth, the findings suggest that emotional balancing widened the learning repertoire of managers involved in radical change, imparting knowledge on learning to change and skills that included both technical and human dimensions. Future research could flesh out the underlying organizational and psycho-sociological mechanisms that facilitated such cognitive learning processes. Emotional balancing may enhance certain kinds of organizational learning, such as trial-and-error learning (Miner, Bassoff, and Moorman, 2001), in particular. Balancing continuity and radical change can be alternatively studied as balancing exploitation and exploration in organizations. Learning organizations may develop "emotional capability" routines that arouse certain mildly pleasant emotions, such as interest and fun, that favor creativity and attachment to work (Huy, 1999; Isen, 2000).

Emotional balancing may also be useful for other forms of organizational change that are less extreme than radical change, such as continuous change. Brown and Eisenhardt (1997) found that continuous-change organizations applied time-paced "semistructures" balancing mechanistic and organic activities. Time-related pressures could cause a high level of emotional excitement and agitation among employees (Perlow, 1999). Innovative employees at Servico played the role of change agents when promoting their new ideas and acted as recipients to defend their achievements from threats of cannibalization and so could experience the full range of emotions. Burns and Stalker (1994) found that an abnormally high level of emotional stress was a necessary element of the success of many organic, innovative organizations, and firms that were exciting places in which to work could also be harmful and exhausting for their employees. The protracted emotional hardship in dealing with relentless uncertainties and ambiguities made employees yearn for some stability and, in part, led certain organic firms to become more mechanistic in the long run. Appropriate emotional balancing could help increase innovators' emotional resilience and sustain the pace of continuous change.

The challenge of sustaining beneficial continuous change raises another issue. Would emotional balancing in other organizations vary according to organizational age and employee turnover? Servico was a hundred-year-old institution with a long and proud history. The middle managers and union reps who attended to recipients' emotions generally had a long tenure with Servico and knew many of their subordinates well,

and this might explain in part their voluntary efforts to attend to their subordinates' emotions. In young companies, such as dot-com start-ups, where many employees expect short tenure or share few, if any, core organizational values, people may be less likely to expend extraordinary personal efforts over a long time to attend to colleagues' emotions when faced with adversity, as Servico's managers did. Future research could validate whether and how emotional balancing emerges in young organizations undergoing radical change.

It is also unclear what kinds of emotional balancing might take place during radical change in flatter or networked organizations and who might be willing and able to do it. The vast majority of the employees in these organizations will be front-line workers or professional staff rather than experienced managers of others. It is possible that effective emotional balancing and, thus, organizational adaptation in these organizations might depend mainly on particular individuals' skills and predispositions. This raises the intriguing hypothesis that organizations that tend not to value emotional awareness, such as certain engineering or financial trading companies, may have less emotional resilience and adaptive capacity under radical change than organizations that value it more, such as The Body Shop (Martin, Knopoff, and Beckman, 1998).

Despite growing evidence showing that downsizing middle management may reduce organizational flexibility and innovation (Dougherty and Bowman, 1995; Floyd and Woolridge, 1996; Huy, 2001), executives still appear to make this a frequent practice (Wysocki, 1995). If downsizing precedes change, whatever skills these veteran managers may have gained in incremental change are therefore unavailable when the organization implements radical change. The emotional balancing model proposed here does not require all middle managers to play an exemplary role in their organizations. While the presence of a very large number of supporters of change is obviously desirable, this may not be critical to start a radical change. Many successful major changes seem to have been initiated by a small group of people and then to have been diffused (Rogers, 1995). Hence, the possibility that there might be a number of effective middle managers in organizations who could facilitate major changes invites us to pause and ponder an important issue: cavalierly dismissing the role of middle managers in radical change and careless downsizing of middle management ranks risk throwing the baby out with the bathwater and damaging one of the key levers of organizational renewal. Until we explore further the role of middle managers in radical change, we will not know the cost of that damage.

REFERENCES

Argyris, C.
1990 Overcoming Organizational Defenses. Boston: Allyn and Bacon.

Aspinwall, L. G., and S. E. Taylor
1992 "Modeling cognitive adaptation: A longitudinal investigation of the impact of individual differences and coping on college adjustment and performance." Journal of Personality and Social Psychology, 64: 708–722.

Bandura, A.
1997 Self-efficacy: The Exercise of Control. New York: W. H. Freeman.

Emotional Balancing

Barsade, S. G., and D. E. Gibson
1998 "Group emotion: A view from top and bottom." In M. A. Neale and E. A. Mannix (eds.), Research on Managing Groups and Teams, 1: 81–102. Stamford, CT: JAI Press.

Bartel, C. A., and R. Saavedra
2000 "The collective construction of work group moods." Administrative Science Quarterly, 45: 197–231.

Bartunek, J. M.
1984 "Changing interpretive schemes and organizational restructuring: The example of a religious order." Administrative Science Quarterly, 29: 355–372.

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

Bower, J. L.
1986 Managing the Resource Allocation Process. Homestead, IL: Irwin.

Bridges, W.
1980 Making Sense of Life's Transitions. New York: Addison-Wesley.

Brown, S., and K. M. Eisenhardt
1997 "The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations." Administrative Science Quarterly, 42: 1–34.

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

Burns, T., and G. M. Stalker
1994 The Management of Innovation, 2d ed. Oxford: Oxford University Press.

Cacioppo, J. T., W. L. Gardner, and G. G. Berntson
1997 "Beyond bipolar conceptualisations and measures: The case of attitudes and evaluative space." Personality and Social Psychology Review, 1: 3–25.

Callan, V. J.
1993 "Individual and organizational strategies for coping with organizational change." Work and Stress, 7: 63–75.

Clore, G., and A. Ortony
2000 "Cognition in emotion: Always, sometimes, never?" In R. D. Lane and L. Nadel (eds.), Cognitive Neuroscience of Emotion: 24–61. Oxford: Oxford University Press.

Damasio, A. R.
1994 Descartes' Error: Emotion, Reason, and the Human Brain. New York: Putnam.

Dienstbier, R. A.
1989 "Arousal and physiological toughness: Implications for mental and physical health." Psychological Review, 96: 84–100.

Dougherty, D., and E. Bowman
1995 "The effects of organizational downsizing on product innovation." California Management Review, 37 (4): 28–44.

Dutton, J. E., J. M. Dukerich, and C. V. Harquail
1994 "Organizational images and member identification." Administrative Science Quarterly, 39: 239–263.

Eisenhardt, K. M.
1989 "Building theories from case study research." Academy of Management Review, 14: 532–550.

Ekman, P., and R. J. Davidson
1994 The Nature of Emotion: Fundamental Questions. New York: Oxford University Press.

Floyd, S., and B. Woolridge
1996 The Strategic Middle Manager. San Francisco: Jossey-Bass.

Floyd, S. W., and P. J. Lane
2000 "Strategizing throughout the organization: Managing role conflict in strategic renewal." Academy of Management Review, 25: 154–177.

Ford, J. D., and L. W. Ford
1995 "The role of conversations in producing intentional change in organizations." Academy of Management Review, 20: 541–570.

Frijda, N. H.
1988 "The laws of emotion." American Psychologist, 43: 349–358.
1996 "Passions: Emotion and socially consequential behavior." In R. D. Kavanaugh, B. Zimmerberg, and S. Fein (eds.), Emotion: Interdisciplinary Perspectives: 1–27. Mahwah, NJ: Erlbaum.

Golden-Biddle, K., and K. Locke
1993 "Appealing work: An investigation of how ethnographic texts convince." Organization Science, 4: 595–616.

Gollwitzer, P. M.
1993 "Goal achievement: The role of intentions." In W. Stroebe and M. Hewstone (eds.), European Review of Social Psychology, 4: 141–185. London: Wiley.

Greenberg, L. S. K.
1996 "Allowing and accepting of emotional experience." In R. D. Kavanaugh, B. Zimmerberg, and S. Fein (eds.), Emotion: Interdisciplinary Perspectives: 315–336. Mahwah, NJ: Erlbaum.

Greenwood, R., and C. R. Hinings
1996 "Understanding radical organizational change: Bringing together the old and the new institutionalism." Academy of Management Review, 21: 1022–1054.

Gump, B. B., and J. A Kulick
1997 "Stress, affiliation, and emotional contagion." Journal of Personality and Social Psychology, 72: 305–319.

Hambrick, D. C., and R. D'Aveni
1988 "Large corporate failures as downward spirals." Administrative Science Quarterly, 33: 1–23.

Hargadon, A., and R. I. Sutton
1997 "Technology brokering and innovation in a product development firm." Administrative Science Quarterly, 42: 716–749.

Hatfield, E., J. T. Cacioppo, and R. L. Rapson
1992 "Primitive emotional contagion." In M. S. Clark (ed.), Review of Personality and Social Psychology: Emotion and Social Behavior, 14: 25–59. Newbury Park, CA: Sage.

Huy, Q.
1999 "Emotional capability, emotional intelligence, and radical change." Academy of Management Review, 24: 325–345.
2001 "In praise of middle managers." Harvard Business Review, 79 (September): 72–79.

Isen, A. M.
2000 "Positive affect and decision making." In M. Lewis and J. M. Haviland-Jones (eds.), Handbook of Emotions, 2d ed.: 417–435. London: Guilford Press.

Izard, C. E., and B. P. Ackerman
2000 "Motivational, organizational and regulatory functions of discrete emotions." In M. Lewis and J. M. Haviland-Jones (eds.), Handbook of Emotions, 2d ed.: 253–264. London: Guilford Press.

Jackall, R.
1988 Moral Mazes: The World of Corporate Managers. New York: Oxford University Press.

Jehn, K. A.
1995 "A multimethod examination of the benefits and detriments of intragroup conflict." Administrative Science Quarterly, 40: 256–282.

Kanter, R.M.
1983 The Change Masters. New York: Simon and Schuster.

Kets de Vries, M.
1996 "The anatomy of the entrepreneur: Clinical observations." Human Relations, 49: 853–883.

Kotter, J. P.
1995 "Why transformation efforts fail." Harvard Business Review, 73 (2): 59–67.

Kuhl, J., and J. Beckman
1985 Action Control: From Cognition to Behavior. New York: Springer-Verlag.

Larsen, R. J., and E. E. Diener
1992 "Promises and problems with the circumplex model of emotion." In M. S. Clark (ed.), Review of Personality and Social Psychology: Emotion and Social Behavior, 114: 25–59. Newbury Park, CA: Sage.

Laumann, E., and U. Pappi
1976 Networks of Collective Action. New York: Academic Press.

Lazarus, R. S.
1991 "Progress on a cognitive-motivational-relational theory of emotion." American Psychologist, 46: 819–834.
1993 "From psychological stress to emotions: A history of changing outlooks." Annual Review of Psychology, 44: 1–21.

Leana, C. R., and B. Barry
2000 "Stability and change as simultaneous experiences in organizational life." Academy of Management Review, 25: 753–759.

Leana, C. R., and H. Van Buren
1999 "Organizational social capital and employment practices." Academy of Management Review, 24: 538–555.

McClelland, D.
1987 "Characteristics of successful entrepreneurs." Journal of Creative Behavior, 3: 219–233.

Martin, J., K. Knopoff, and C. Beckman
1998 "An alternative to bureaucratic impersonality and emotional labor: Bounded emotionality at The Body Shop." Administrative Science Quarterly, 43: 429–469.

Miles, R. H.
1997 Corporate Comeback. The Story of Renewal and Transformation at National Semiconductor. San Francisco: Jossey-Bass.

Miller, D., and P. Friesen
1984 Organizations: A Quantum View. Englewood Cliffs, NJ: Prentice-Hall.

Miner, A. S., P. Bassoff, and C. Moorman
2001 "Organizational improvisation and learning: A field study." Administrative Science Quarterly, 46: 304–337.

Mischel, W., N. Cantor, and S. Feldman
1996 "Principles of self-regulation: The nature of willpower and self-control." In E. T. Higgins and A. W. Kruglanski (eds.), Social Psychology: Handbook of Basic Principles: 329–360. London: Guilford Press.

Moses, J. L.
1987 "A psychologist assesses today's AT&T managers." Teleconnect, March: 32–36.

Noer, D. M.
1993 Healing the Wounds. San Francisco: Jossey-Bass.

Nutt, P. C.
1987 "Identifying and appraising how managers install strategy." Strategic Management Journal, 8: 1–14.

Oliver, C.
1991 "Strategic responses to institutional processes." Academy of Management Review, 16: 145–179.

O'Neill, H. M., and J. Lenn
1995 "Voices of survivors: Words that downsizing CEOs should hear." Academy of Management Executive, 9 (4): 23–34.

Pennebaker, J. W.
1997 "Writing about emotional experiences as a therapeutic process." American Psychological Society, 8 (3): 162–166.

Perlow, L. A.
1999 "The time famine: Toward a sociology of work time." Administrative Science Quarterly, 44: 57–81.

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

Putnam, L., and D. K. Mumby
1993 "Organizations, emotion and the myth of rationality." In S. Fineman (ed.), Emotion in Organizations: 36–57. London: Sage.

Rajagopalan, N., and G. M. Spreitzer
1997 "Toward a theory of strategic change: A multi-lens perspective and integrative framework." Academy of Management Review, 22: 48–79.

Rogers, E. M.
1995 Diffusion of Innovations, 4th ed. London: Free Press.

Russell, J.A., and J. A. Carroll
1999 "On the bipolarity of positive and negative affect." Psychological Bulletin, 125: 3–30.

Salovey, P., and J. D. Mayer
1990 "Emotional intelligence." Imagination, Cognition and Personality, 9: 185–211.

Salovey, P., J. D. Mayer, S. L. Goldman, C. Turvey, and T. P. Palfai
1995 "Emotional attention, clarity, and repair: Exploring emotional intelligence using the trait meta-mood scale." In J. W. Pennebacker (ed.), Emotion Disclosure and Health: 125–154. Washington, DC: American Psychological Association.

Salovey, P., B. T. Bedell, J. B. Detweiler, and J. D. Mayer
1999 "Coping intelligently: Emotional intelligence and the coping process." In C. R. Snyder (ed.), Coping: The Psychology of What Works: 141–164. New York: Oxford University Press.
2000 "Current directions in emotional intelligence research." In M. Lewis and J. M. Haviland-Jones (eds.), Handbook of Emotions, 2d ed.: 504–520. London: Guilford Press.

Sastry, M. A.
1997 "Problems and paradoxes in a model of punctuated organizational change." Administrative Science Quarterly, 42: 237–275.

Schein, E. H.
1992 Organizational Culture and Leadership, 2d ed. San Francisco: Jossey-Bass.
1996 "Kurt Lewin's change theory in the field and in the classroom: Notes toward a model of managed learning." Systems Practice, 9: 27–47.

Shrivastava, P.
1986 "Is strategic management ideological?" Journal of Management, 12: 363–377.

Simon, H.
1976 Administrative Behavior, 3rd ed. New York: Free Press.

Singh, J. V., R. J. House, and D. J. Tucker
1986 "Organizational change and organizational mortality." Administrative Science Quarterly, 31: 587–611.

Staw, B. M., R. I. Sutton, and L. H. Pelled
1994 "Employee positive emotion and favorable outcomes at the workplace." Organization Science, 5: 51–71.

Stroebe, W., and M. Stroebe
1996 "The social psychology of social support." In E. T. Higgins and A. W. Kruglanski (eds.), Social Psychology: Handbook of Basic Principles: 597–621. London: Guilford Press.

Sztompka, P.
1993 The Sociology of Social Change. Cambridge: Blackwell.

Tichy, N. M., and S. Sherman
1994 Control Your Destiny or Someone Else Will. New York: Harper Business.

Tichy, N. M., and D. Ulrich
1984 "Revitalizing organizations: The leadership role." In J. R. Kimberly and R. E. Quinn (eds.), Managing Organizational Transitions: 240–264. Homewood, IL: Irwin.

Tushman, M. L., and E. Romanelli
1985 "Organizational evolution: A metamorphosis model of convergence and reorientation." In L. L. Cummings and B. M. Staw (eds.), Research in Organizational Behavior, 7: 171–222. Greenwich, CT: JAI Press.

Uyterhoeven, H.
1989 "General managers in the middle." Harvard Business Review, September–October: 136–145.

Van Steenberg LaFarge, V.
1994 "The ambivalence of departing employees: Reactions of involuntary and voluntary exiters." Journal of Applied Behavioral Science, 30: 175–197.

Wasielewski, P.
1985 "The emotional basis of charisma." Symbolic Interaction, 8: 207–222.

Watson, D., and A. Tellegen
1999 "Issues in the dimensional structure of affect—Effects of descriptors, measurement effort, and response formats: Comment on Russell and Carroll." Social Psychology, 76: 820–838.

Watson, D., D. Wiese, and J. Vaidya
1999 "The two general activation systems of affect: Structural findings, evolutionary considerations, and psychobiological evidence." Journal of Personality and Social Psychology, 76: 820–838.

Weber, M.
1946 From Max Weber: Essays in Sociology. Trans. by H. H. Gerth and C. W. Mills. New York: Oxford University Press.
1964 The Theory of Social and Economic Organization. T. Parsons, ed. New York: Free Press.

Wegner, D. M., R. Erber, and S. Zanakos
1993 "Ironic processes in the mental control of mood and mood-related thought." Journal of Personality and Social Psychology, 65: 1093–1104.

Westen, D.
1985 Self and Society: Narcissism, Collectivism and the Development of Morals. Cambridge: Cambridge University Press.

Westley, F.
1990 "Middle managers and strategy: Microdynamics of inclusion." Strategic Management Journal, 11: 337–351.

Wysocki, B. J., Jr.
1995 "Some companies cut costs too far, suffer corporate anorexia." Wall Street Journal, July 5: A1.

Yin, R. K.
1994 Case Study Research, 2d ed. Thousand Oaks, CA: Sage.

Zajonc, R. B.
1980 "Feeling and thinking: Preferences need no inferences." American Psychologist, 35: 151–175.

Zirkel, S.
1992 "Developing independence in a life transition: Investing the self in the concerns of the day." Journal of Personality and Social Psychology, 62: 506–521.

APPENDIX: Description of Change Projects

FAST-ADMIN-1

Stop sending envelopes with the bills for customers who did not use this medium in the past.

Recipient group: billing group of about 200 people.

Reasons for change: annual savings: $1 million.

FAST-ADMIN-2

Extend the use of computing equipment by about 1 year.

Recipient group: computer users throughout the organization.

Reasons for change: one-time saving of $22 million.

FAST-ADMIN-3

Provide equipment to work from home (computer, fax, furniture) to save realty space.

Recipient group: about 300 salespeople who are often on the road.

Reasons for change: could improve productivity of salespeople by reducing unnecessary commuting time and save office space. Annual savings of $3 million.

INV

Instill discipline and transparency in allocation of investment capital to various product lines. (Servico spent $2 billion a year on reinvestment in existing products and launch of new ones.) Develop standard procedures, investment review boards, training and diffusion of economic justification practices. Develop companywide tracking and accountability mechanisms.

Recipient group: about 3,000 people in finance and budget and capital investment.

Reasons for change: current system mainly based on politics and reinvesting in past investment decisions, with little tracking of true costs and profits. Lack of accurate information on true product profitability did not allow culling of unprofitable products. Over years, accumulation of over 20,000 product configurations and pricing options. This unwieldy portfolio imposed cognitive burden on sales reps and administrative and cost burdens on support systems.

FINA

Replace over 30 old and disconnected financial systems (e.g., inventory, accounts receivable, and payable, fixed assets) with an integrated, real-time control analysis and reporting system. Reduce financial reporting cycle from 10 days to 2 days.

Recipient group: about 3,000 people in finance and budget and capital investment; 46 percent manpower reduction of 600 people in Corporate Finance group alone.

Reasons for change: current financial reporting systems numerous, fragmented, and manually intensive. Many errors had to be manually reconciled. Synthesis of financial information slow. Suboptimal for rapid decision making in competitive situations.

CONRET

Close 10 call service centers and consolidate them into one site. Typical of similar consolidation projects aimed at closing a total of 13 call service centers and 12 collection centers in small towns, consolidating them into three metropolitan centers and reducing workforce by 700 employees (or 20 percent of 3,500 workforce).

Recipient group: about 700 customer service representatives serving retail customers.

Reasons for change: cost cutting and standardization of work practices.

CONBUS

Close five out of nine service centers and consolidate in large metropolitan areas; relocate employees.

Recipient group: 600 customer service reps serving business customers.

Emotional Balancing

Reasons for change: cost cutting and standardization of work practices.

CONTEC

Consolidate 29 repair test sites into seven in one year and 17 repair control centers to three. Downsize workforce by about 20 percent.

Recipient group: 2,000 repair technicians for mainly business customers (Western division).

Reasons for change: reduce manpower; cost savings; standardize disparate work.

OUT-EAST

Outsource home repair business in Eastern division.

Recipient group: about 1,400 home repair technicians.

Reasons for change: cost savings of $12 million annually and reduction of headcount.

OUT-WEST

Outsource home repair business in Western division.

Recipient group: about 2,100 home repair technicians.

Reasons for change: cost savings of $18 million annually and reduction of headcount.

Copyright © 2002 EBSCO Publishing