How Collective Emotions and Social Identities Influence Strategy Execution
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Quy Huy*

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* Associate Professor of Strategy at INSEAD, 1 Ayer Rajah Avenue, Singapore 138676, Singapore. Ph: +65 67 99 53 40  E-mail: quy.huy@insead.edu

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Abstract

The literature on top-down strategy implementation has overlooked social-emotional factors. The results of a three-year field study of a large technology firm show how top executives who favor an affect-neutral task approach can inadvertently activate middle managers’ organization-related social identities, such as length of time working for the company (newcomers versus veterans) and language spoken by senior executives (English versus French), generating group-focus emotions. These emotions prompt middle managers—even those elevated to powerful positions by top executives—to support or covertly dismiss a particular strategic initiative even when their immediate personal interests are not directly under threat. This study contributes to the strategy implementation literature by linking senior executives’ actions and middle managers’ social identities, group-focus emotions, and resulting behaviors to strategy implementation outcomes.

Keywords: Group-focus Emotion; Strategy Implementation; Middle Managers; Social Identity; Qualitative Research
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Although the essential role of middle managers in influencing the process and outcomes of strategic change seems well established (e.g., Balogun and Johnson, 2004; Floyd and Wooldridge, 1992; Huy, 2002; Westley, 1990), the reasons that middle managers support or oppose strategic change have often been assumed to be mainly driven by their personal interests in the narrow sense of the term (e.g., gains or losses in their organizational status, role, or economic incentives) (e.g., Biggart, 1977; Crossan and Berdrow, 2003; Guth and MacMillan, 1986). Research on implementation of strategic change has underexplored causes that are less directly personal but could still significantly influence middle managers’ support or dismissal of a new strategy.

The fact that individual middle managers experience positive (negative) emotions as a result of some perceived beneficial (harmful) impact on their narrow personal interests, and that those emotions influence their willingness to support (dismiss) a new strategy, seems relatively intuitive. But scholars have yet to investigate middle managers’ group-focus emotions, those individual emotions these managers feel on behalf of a group or fellow group members who experience a specific event even when they themselves are not personally affected by it (Smith, Seger, and Mackie, 2007).¹

For example, middle managers who are individually elevated by senior executives to occupy powerful positions in strategic change can still feel angry that other middle managers are mistreated by these executives and act against them. Group-focus emotions are thus distinct from collective emotions, which refer to emotions that are shared among many members of the group often through social interactions, including emotional contagion (Barsade, 2002). Group-focus

¹ Although Smith, Seger, and Mackie (2007) use the term ‘group-level emotion’ to describe this construct, I substitute the term ‘group-focus emotion’ to reduce potential confusion with collective emotions in the group (or emotions shared among many members of the group) (e.g., Barsade, 2002).
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emotions are felt privately by individuals; it is not necessary for them to be expressed or shared with other people. Yet it is possible for many members of a group to feel the same group-focus emotions if, for instance, they interpret an event in a similar way (Smith and Ellsworth, 1985). Emotions are important to study because empirical research has shown that emotions can significantly influence the quality of thinking and behavior, which in turn affects performance in organizational settings (Barsade, 2002; George, 1995; van Zomeren, Spears, and Fischer, 2004).

Recent experimental research has suggested that group-focus emotions can be elicited by identification with one’s salient social identities (Smith et al., 2007). But we have insufficient empirical understanding of what specific social identities might be triggered among middle managers in a top-down strategy implementation process, what specific group-focus emotions are experienced by middle managers, how these actually affect their thinking and behavior, how top executives deal with these social-emotional issues, and how all this affects the success of top-down strategy implementation. Consequently, I have used inductive qualitative research to study a top-down strategic change occurring in a large bilingual (French and English) Canadian information technology company in real time over three years.

According to Suddaby (2006), this grounded research method is best suited for research questions that require understanding the process by which actors interpret and construct meaning out of intersubjective experience. Pratt (2009) further noted that qualitative research is best suited to addressing the ‘how’ question (as opposed to ‘how much’) and for understanding the world from the perspective of those studied, as well as for examining and articulating processes. Qualitative inductive research thus complements hypothesis testing research by providing a contextually rich understanding of the links among various constructs and outcomes or by revealing new constructs and processes in natural organizational settings.
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This study generates the following findings: First, despite the seemingly intuitive importance of attending to middle managers’ emotions in implementing a top-down strategy, most top executives in this study did not give high priority to this matter, favoring a nonaffective task focus even when they encountered repeated difficulties in implementation. Second, for middle managers, the notion of self-interest encompassed more than issues of individual power, status, and economic benefits. Rather, it included organization-related social identities such as tenure (i.e., length of time working for the company, which conveys organizational loyalty, experience, and competence that distinguish veteran middle managers from newcomer executives) and language (i.e., French versus English spoken by executives). Third, these social identities elicited middle managers’ group-focus emotions and stimulated them to dismiss or support a specific strategic initiative, even though their direct personal interests were not at stake. Finally, this study also shows that top executives can adjust their strategy implementation actions and improve the odds of success of strategic change if they seek to understand and address the causes of middle managers’ group-focus emotions in situ.

This research contributes several insights to the literature on top-down strategy implementation in regard to the nature of middle managers’ emotions, their social identities at work, and how they can be motivated for strategic change. As noted, this study reveals causes that are less directly personal but could still influence middle managers’ support or dismissal of a new strategy. The study complements relatively decontextualized model testing research with a culturally grounded, processual analysis of how group-focus emotions arise over time and influence the success of strategy implementation.

Focusing on middle managers’ group-focus emotions in top-down strategy implementation extends our understanding of various causes of their support or opposition in
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several ways. First, scholars of strategy implementation have tended to adopt an affect-neutral perspective that focuses on bounded rationality, cognition, and task-related dimensions. For example, implementing a new strategy can be more successful if top executives express their vision clearly and design appropriate task systems, such as formal structures, control systems, and incentives. The business logic of the new strategy and the logic of congruence among various task systems are assumed to align behavior at all levels of the organization (e.g., Bourgeois and Brodwin, 1984; Daft and Macintosh, 1984; Govindarajan, 1988; Nutt, 1989). Furthermore, researchers who have adopted a cognitive focus have explored how organization members make sense of strategic events and how their interpretation influences later actions (e.g., Balogun and Johnson, 2004; Gioia and Thomas, 1996; Johnson, 1988). These research perspectives, although insightful, have overlooked how middle managers’ emotions can help or hinder top-down strategy implementation. Because middle managers occupy leadership positions, their emotions can influence many of their subordinates’ emotions, thinking, and behavior (Sy, Côté, and Saavedra, 2005), all of which can influence strategy implementation.²

In a similar vein, emotion has often been considered an individual phenomenon, bearing on personal concerns such as an individual’s own goals or resources. For example, appraisal theories of emotion (Ellsworth and Scherer, 2003; Frijda, 1986; Smith and Ellsworth, 1985) view emotions as arising when a person appraises an event as harming or helping her goals. As Smith et al. (2007) noted, this approach does not fully explain the kinds of group-focus emotions that are elicited when, for example, people are elated when their sports team wins or saddened by casualties caused by natural disasters that do not directly affect themselves or their families.

² The terms ‘strategy implementation’ and ‘strategic change’ will be used interchangeably in this text. This study describes a top-down strategy implementation, which constitutes a special form of strategic change. The process of strategic change can have many forms, such as top-down directed, bottom-up and emergent, or combining aspects of both.
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Finally, this research contributes to the management of strategic change in multicultural firms in which employees with diverse social identities, including nationalities and languages, work with one another. When firms use means such as mergers and acquisitions, strategic alliances, and joint ventures with foreign counterparts to increase their competitive advantage (Gómez-Mejía and Palich 1997; Rangan and Sengul, 2009), they face the challenge of managing strategic change with a diverse workforce in which employees exhibit diverse social identities such as nationalities and professional identities (e.g., biomedical and engineering). Much empirical research on strategic change seems to have assumed or occurred in a relatively homogeneous workforce (e.g., Balogun and Johnson, 2004; Fiss and Zajac, 2006; Gioia and Thomas, 1996; Pettigrew, 1985). We know, therefore, relatively little about how a diverse workforce responds to top-down strategic change and how these responses influence the outcome of such change.

In particular, although we know that strategic change can arouse strong emotions among the workforce, emotions that can influence employees’ receptivity to change (e.g., Fox and Amichai-Hamburger, 2001; Huy, 2002), empirical research has underexamined how employees’ emotions in a diverse workforce influence the outcomes of strategic change. Several scholars (e.g., Vaara et al., 2005) have started to explore how emotion-laden linguistic differences influence cultural identity building in a merged firm, but we don’t know sufficiently how these differences influence the success of strategic change.

The remainder of the paper is organized as follows. First, I review the literature to articulate some of the potential conceptual links between group-focus emotions and social identities. Second, I describe how I collected and analyzed my qualitative data. Third, I present various cases of top-down strategy implementation in which I identify the causes and consequences of middle managers’ group-focus emotions and how top executives dealt with
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them. I end with implications for managerial practice and future research.

**Group-Focus Emotions, Social Identities, and Strategy Implementation**

Because the findings suggest some organization-related social identities as the main cause of group-focus emotions that influence the success of top-down strategy implementation, a review of the literature on group-focus emotions and social identity can help us better understand the data analysis and assess the plausibility of the findings.

Experimental studies involving students have shown that group-focus emotions predict collective behavior (e.g., ingroup support and outgroup confrontation) much more strongly than other individual emotions do (Smith *et al.*, 2007). This likely happens because perceived consensus within people’s important groups can help define reality for them (Hardin and Higgins, 1996). In contrast, a person who experiences more idiosyncratic, personal emotions—arising, for example, from interpretations that she suspects may be different from those of other group members—may harbor self-doubt about the social validity and appropriateness of her private feelings and may feel less confident in expressing and acting on those feelings, especially in ways that might be perceived by other members as violating group norms (Hochschild, 1983). This person could privately experience emotional dissonance and stress (Grandey, 2003), but the effect on group-level outcomes is less clear. Just as belief consensus increases certainty, reduces anxiety, and motivates action (Milgram, 1992; Turner, 1991), interpreting that others likely share the same emotions related to the same causes increases one’s propensity for action.

Scholars have shown through experiments that mere consideration of a group one strongly identifies with can elicit group-focus emotions, such as when an individual thinks of himself as a U.S. citizen or as a Republican. Moreover, members who identify strongly with their group likely experience emotions similar to those of others in the group when faced with events
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that affect the group’s identity or welfare (Dutton and Dukerich, 1991).

The social identity literature helps us understand some of the psychological mechanisms that underpin group identification behaviors. Social identity refers to ‘the socially shared understanding of what it means to be a group member, and this typically includes stereotypes of in- and out-groups in relation to each other as well as appreciations of the relative status of those groups’ (van Zomeren, Postmes, and Spears, 2008: 505). Social identities are important to people’s self-image and self-esteem, and events that make these identities salient can invoke strong emotions (Kreiner, Ashforth, and Sluss, 2006). People typically see themselves as members of a number of discrete categories (e.g., nationality and profession). Each of these memberships is represented in an individual’s mind as a social identity that both describes and prescribes what he should think and feel, and how he should behave (Tajfel and Turner, 1979).

Group social identities are shaped by at least two psychological processes: self-categorization and self-enhancement. Self-categorization minimizes ingroup differences and maximizes intergroup differences (Turner et al., 1987). Individuals become group members in that they think and act as embodiments of the relevant ingroup prototype rather than as unique individuals. A prototype is a subjective representation of the defining attributes (e.g., beliefs, attitudes, and behavior) of a social category, constructed from relevant social information, particularly information that emphasizes contrasts with outgroups. Social identity is thus dynamic and contextual as it responds to immediate social comparisons with various outgroups that become salient in particular situations (Ashforth, Harrison, and Corley, 2008).

Self-enhancement is the second underlying process central to shaping social identity. It assumes that people have a basic need to achieve and maintain a positive sense of self. Group members are strongly motivated to engage in collective self-enhancement by making
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comparisons on selective dimensions that favor the ingroup and disadvantage the outgroup
(Hogg, Terry, and White, 1995). Valuing group social identities can elicit positive emotions such
as joy and pride; devaluing identities can arouse negative emotions such as anger and fear
(Mackie, Devos, and Smith, 2000). Both of these aspects of group social identity—self-
categorization and self-enhancement—enable people to transform their emotional experience of
particular events into a more powerful collective force (Haslam and Reicher, 2006).

Although scholars have attracted our attention to the importance of organizational
identity in change contexts (e.g., Corley and Gioia, 2004; Fiol, 2002), we know less about how
other types of social identity influence top-down strategy implementation. Because each
employee can have many different identities (e.g., gender, profession, age, work group,
nationality, religion), it can be difficult for leaders of strategy implementation to know ahead of
time which identity matters most to employees in a given situation. Because emotions are
aroused only about issues people consider important to them in a given situation (Lazarus, 1993),
the identities that matter most are likely to be the ones that are associated with emotions, positive
or negative. Emotions thus represent a situated marker of identity salience, and group-focus
emotion represents a situated marker of group identity salience in a particular situation.

METHODS

Research setting. Canco (a pseudonym) is a large Canadian information technology service
company. Founded more than 60 years ago as a small venture, Canco at the time of this research
had more than 50,000 full-time employees, net assets of about $10 billion, and a market value
exceeding $12 billion. Because of its dominant market position, the company had become a
quasi-monopoly subject to government regulation.3
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Then came industry disruption. Deregulation in late 1992, followed by the entry of competitors, changed the market rules. A radical and rapid change in strategy and structure was required to address the shift from weak national competition to strong global competition. A vicious price war ensued. Annual profits declined by 40% in the first year of competition, and the company faced rapid market erosion of about 12% annually. Sweeping changes were needed. A newcomer, Richard Foster, was appointed as chief executive officer (CEO). Within a year, he had decided to radically change Canco’s corporate strategy through a series of strategic initiatives that altered the firm’s formal structure, incentive and control systems, competencies, personnel, and culture. These initiatives shaped what was known within Canco as the Corporate Transformation (CT) program, which was to unfold over three years.

Having had good working relations with many middle managers and executives in various departments of Canco over the previous 10 years, I asked for permission to interview them privately and regularly for the next three years (mid-1995 through 1998) and observe company meetings. I explained to them that real-time longitudinal research on strategic change is rare, and my impartial research could bring valuable learning to them. To ensure minimal interference and to protect the confidentiality and anonymity of all respondents, it was agreed with both management and unions that I would not give interim feedback to anyone during the four years of data collection and analysis. As I demonstrated discretion and trust built up, they allowed me to tape interviews and access confidential document records. Interviews lasted on average between 60 and 90 minutes. I obtained an employee pass that allowed me to circulate freely on Canco premises and talked to whomever I wished to. On average, I spent one to two days a week for three years at Canco to observe meetings and conduct interviews. I spoke both

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3 Much company-specific information was made vague to disguise the company, which is still operating. Numbers may vary by plus to minus 20%. These modifications should not influence the conceptual
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French and English and so interacted with employees in the language of their choice.

My initial research question was open-ended: How does the evolution of employees’ perceptions, emotions, and actions affect the outcome of major change projects? During regular interviews, I asked general questions such as: Can you describe various change projects you were involved with, either as change recipient or change agent or both? What actions did you take and why? Please describe the interactions you have had with various groups. What reactions did you experience? Please describe your thoughts and feelings in relation to events you believe are significant to you. What did you do as a result of these thoughts and feelings? What outcomes or business results did you achieve? Please name other people whom you have interacted with who might give me a richer or different perspective.

The idea of building a conceptual model based on qualitative data on interactions among people in a single company was inspired by the work of scholars such as Bartunek (1984) and Gioia and Chittipeddi (1991). As explained above, focusing the current analysis on the emergence and consequence of middle managers’ group-focus emotions and social identities came later, during iterative data analyses and thanks to recent conceptual advances in the emotion literature. I became aware of the concept of group-focus emotions (Smith et al., 2007) 10 years after the end of my data collection.

Data collection. I conducted more than 200 informal conversations with about 200 employees at all levels of the company (most of whom I had already had some interactions with over the previous 10 years) to corroborate and triangulate what I had seen and heard and to watch for various kinds of change. This process allowed me to screen the people most likely to provide insightful and differentiated perspectives. I then asked them for regular formal interviews, during which I often asked them to suggest at least two other employees they

findings discussed in this paper. Currency amounts are in U.S. dollars.
considered influential in the realization of one or several projects, particularly those who might not concur with their own perspectives. I repeated the procedure until various perspectives were cited at least twice (Laumann and Pappi, 1976). To explore the research question stated above, I interviewed the incumbent CEO three times, the two previous CEOs once each, 12 executives 26 times, and 114 middle managers 192 times over three years, in addition to lower level employees and union officials. More than 75% of these interviews were taped and transcribed. I had an office on site, and I had many opportunities to observe people at work, to interact with them, and to observe meetings. The company also provided numerous reports on change project status and employee surveys. Several secondary data collection techniques, including observations and perusal of archival data, allowed me to triangulate findings from diverse sources to build stronger assertions about interpretations (Eisenhardt, 1989; Yin, 1994).

Data analysis. Preliminary analyses suggested that managers experienced a wide range of emotions (positive and negative) related to various change initiatives, whether they led those initiatives or were on the receiving end. As noted above, the fact that they felt emotions because of events that affected them directly (e.g., their own work effectiveness or personal status in the company) seems relatively intuitive. What is less intuitive, however, is that there were a number of middle managers who were promoted or reappointed by the new top executive team to powerful positions (e.g., vice president or director) who still experienced emotions about events that did not affect them personally (which I refer to as group-focus emotions). What is also intriguing is that top executives were often not able to identify these group-focus emotions and

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4 Middle managers are two levels below the CEO and one level above first-line supervisors. There are many levels of middle management at Canco, so one senior middle manager in the line groups could be in charge of 2,000 to 5,000 front-line workers (Uyterhoeven, 1989). Such a manager has authority over junior middle managers; they, in turn, have a typical supervisory range of 50 to 100 workers. At Canco, people with titles such as vice president, director, and associate director are treated as middle managers.
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their causes linked to social identities, let alone address them.

As the number of middle managers I interviewed was large (114 middle managers in various groups, including General Management, Human Resources, Finance, Operations, and Sales and Marketing), I focused my analysis on a more manageable subset of accounts of middle managers from two functional groups: Human Resources (HR) and Sales and Marketing (SM). Several reasons motivated this choice. Middle managers in the HR group worked as linchpins across various groups in Canco and across all hierarchical levels. Because of their roles, HR middle managers continuously collected and had access to private information about the personal profile, task performance, leadership ability, and morale of each employee and group in Canco. HR middle managers also continually conducted private interviews and group interventions across the company, and so could report on patterns they observed across various groups. As a result, I analyzed 27 private interviews with 15 HR middle managers.

As one successful initiative reported below took place in the SM group, I also analyzed all of my 42 interviews with 22 middle managers in SM. I analyzed the perspectives of members of the top management team by analyzing the accounts of the CEO, whom I interviewed privately three times during the three-year Corporate Transformation process. I also analyzed eight interviews conducted with the top executive of the SM group and four senior executives working closely with the top team (two in Corporate Strategy and two in SM). As Eisenhardt and Graebner (2007) suggested, interviewing informants from diverse groups and perspectives reduced the risk that all these informants would engage in biased, convergent retrospective sensemaking and/or impression management. The quasi-real-time data collection used in this study also mitigated rationalization biases. In sum, I analyzed 69 interviews with 38 middle managers.

Top management includes the CEO, and those who report directly to him bear the titles of executive or senior vice president or group vice president. Senior management includes people at these upper levels.
managers and 11 interviews with 6 members of the senior executive team.

These middle managers formed a diverse group in terms of tenure (veteran/newcomer) and gender. All of them, both in HR and in SM, shared one important characteristic: They were all appointed or reappointed by the new top executive team to occupy influential positions at Canco and, as validated in private interviews, did not feel direct, immediate threat to their personal status and privileges under the new regime. But some of them did feel group-focus emotions linked to social identities, as discussed below.

To code emotions in respondents’ accounts, I relied on cognitive appraisal theories of emotion (for a review, see Ellsworth and Scherer, 2003). Numerous empirical studies have established the validity of this theory (e.g., Frijda, Kuipers, and ter Schure, 1989; Lerner and Keltner, 2001; Roseman, 1991; Smith and Ellsworth, 1985; Tiedens and Linton, 2001).

Cognitive appraisals of emotions are relevant to analyzing middle managers’ reports on their experiences with strategy implementation. During private interviews, these managers were essentially making sense of their reactions to organizational events deemed important to them. The emotions and events they reported were often of an enduring nature and could be reproduced mentally in a relatively reliable manner (e.g., feeling anger toward newcomer executives when employees sensed that their group competencies were repeatedly not valued by the newcomers), as opposed to less consequential, episodic emotional experiences that could be forgotten quickly (e.g., being upset by a computer malfunction that was fixed a few days later) (see Robinson and Clore, 2002).

Studies of emotion-appraisal associations show that experiences of specific emotions (e.g., fear, anger) are reliably associated with particular sets of appraisals (e.g., Smith, 1989; Smith and Ellsworth, 1985). These appraisals involve a small number of dimensions such as
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pleasantness (fostering one’s well-being), agency, control, certainty, motive (goal) consistency, and adherence to moral norms (Ellsworth and Scherer, 2003). For example, when people feel angry (or remember feeling anger), they tend to report thinking that the situation is unpleasant, that other people intend to cause harm, and that they are certain about what is happening. This appraisal pattern can be contrasted with that of fear, for which people report that the situation is unpleasant, the causal event or outcome is uncertain, and they have little control over the situation. Sadness is experienced when people interpret the situation as reducing their well-being, the unpleasant outcome is certain but they have little control over it, and there is no intention by other people to cause harm. Pride is experienced when people appraise the outcome as certain and beneficial to their well-being and believe the pleasant outcome is caused by themselves or other people they identify strongly with (Roseman, 1991; Tiedens and Linton, 2001).

Table 1 shows how group-focus emotions and social identities were inferred. The more often invoked identities involve tenure (i.e., length of time working for the company) and language (mother tongue of English or French). Linguistic social identity and the emotion of fear, for example, were inferred in the following quote: ‘The [senior executives] tend to be Anglo-Saxon men. … I think French Canadians feel threatened.’ In this particular context, the French Canadian HR middle manager described this fear—as an unpleasant feeling state, with low personal control over an uncertain future negative outcome—as a member of the French Canadian group (and on behalf of other middle managers) (group-focus emotion), although he should have had little objective reason to feel threatened personally because newcomer Anglophone senior executives had just appointed him to this influential position. Moreover, virtually all middle managers I interviewed still held their powerful positions as newcomer top executives left after three years. It was the situational saliency of social identities that elicited their group-focus emotions. Table 2 illustrates
how middle managers’ inferred negative emotions were supported by company documents such as employee surveys and focus group reports.

**Insert Table 1 and Table 2 about here**

Finally, analyzing interviews with executives allowed me to infer that although they did talk about the importance of social-emotional matters in a conceptual way, they did very little to deal with group-focus emotions and social identities. What caused this gap between knowing and doing was a dominant focus on task achievement under time pressure, although one senior executive did focus on both social identities and tasks. Table 3 illustrates this analysis.

**Insert Table 3 about here**

I now describe the findings in a narrative mode. Identifying various emotional experiences based on narratives that connect expressions of how people responded affectively to the actions of others, and recording their interpretations and resulting behavior in a temporal order that suggests a causal relationship, is commonly used for studying emotions in natural settings (Huy, 2002; Locke, 1996; Maitlis and Ozcelik, 2004; Martin, Knopoff, and Beckman, 1998).

**MIDDLE MANAGERS’ GROUP-FOCUS EMOTIONS, ORGANIZATION-RELATED SOCIAL IDENTITIES, AND STRATEGY IMPLEMENTATION OUTCOMES**

I will first describe how CEO Foster’s three structural changes aroused negative group-focus emotions and caused the saliency of specific social identities in middle managers’ minds. These structural changes involve first, a change from a function-focus bureaucracy to market-focus profit centers; then changing to function-focus divisions operating as profit centers; then changing back to a centralized bureaucracy. All three changes produced unsatisfactory performance in terms of customer service and profits, leading to the departure of the top team. I explain why Canco executives were often not able to deal with middle managers’ group-focus
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emotions and social identities as they performed these structural changes. I then describe how and why group-focus emotions had a negative spill-over effect on other top-down initiatives, such as the culture change. Finally, I describe one of the rare top-down strategic initiatives that succeeded, in part because the senior executive addressed middle managers’ group-focus emotions and social identities.

**First Structural Change: Eliciting Negative Group-Focus Emotions and Social Identities**

Newly appointed CEO Foster (an English-speaking Canadian) wanted to implement his new corporate strategy rapidly. He and the top team he appointed believed they had to make fast and wide changes to the company’s strategies, structures, culture, and systems if they were going to achieve alignment among key organizational elements to handle the new environment (Miller and Friesen, 1984). The first of the five top-down initiatives was a change in corporate structure that elicited negative emotions among many middle managers.

The first major change enacted by Foster was replacing Canco’s divisional bureaucracy with four strategic business units (SBUs) operating as profit centers. Foster wanted to reduce managerial complexity and devolve more accountability onto each SBU so that it could become more nimble in fighting competition. Foster wanted to improve strategic focus with smaller business units that had clear goals—goals that were profit-oriented.

In appointing members of the new senior executive team, Foster believed that many incumbent executives were unfit to deal with the new competitive context, using the following metaphor in the first of three private interviews to describe Canco’s challenging transition from a quasi-monopoly to a highly competitive environment:

*In the past, we were tied up at the harbor in this beautiful big luxury liner in Miami. People would bring us food; all we had to do was [shine] the deck and [turn] the motors on and [shut] them back off again. Now, we have to go to sea. The problem is, not a lot of [the management team] has been to sea before. There are going to be storms and*
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typhoons and enemy gunships. This is a place for survival. I’m going to need leadership that knows how to win the war. … I’d say that this company was managerially bankrupt to go where it had to go. [emphasis mine]

Four of five top executives were newcomers. Combined with the 22 next-level senior executive positions, about 52% (14 of 27) of veteran executives were retained in the senior team. Foster’s selection criteria emphasized, at least in his verbal statements, strong task expertise and team-leadership skills. As Foster explained, ‘My philosophy about an executive team is that to make sure that each one is best at what they do functionally—marketing, finance, engineering—they have to have strong leadership skills, and they have to be willing to work as a team.’

**Tenure-related social identity.** As the new corporate structure was being put in place, many middle managers felt negative emotions, such as anger and fear, that were caused by perceived devaluation of their tenure-related social identity. This was exacerbated when several newcomer executives belittled veterans (as a general group), publicly calling them unfit for the new competitive world. Newcomer executives thus made a valued organization-related social identity, tenure, salient to a large number of veteran managers. The majority of Canco middle managers started at entry-level positions and gradually, through many years of performance, worked their way to higher level positions; they identified themselves proudly with the rich and diverse experience they had developed by working for one company.

Veteran middle managers interpreted the newcomers’ statements as devaluing their general group organizational competence and became agitated, even those individually appointed to powerful positions by top executives. For instance, one veteran middle manager in charge of

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5 I define a veteran as an organization member who had worked for Canco for at least five years at the launch of the strategic change. This comes from my understanding of Canco’s culture, which valued long tenure and lifetime employment. This five-year time frame has also been mentioned in interviews with middle managers (see Table 3). The majority of veteran respondents had worked for Canco for 7 to 25 years, and many were in middle management positions. Newcomers are those who joined Canco three years or less before the launch of the strategic change, including CEO Foster.
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an important budget allocation in Canco reported in private: ‘People who have good knowledge of the organization become legacy persons. We have two groups of people now. As a result, the legacy people do not dare to express their opinions clearly for fear they may be perceived as negative by the new generation.’ Another middle manager in an influential change management position confided: ‘The new executive was speaking from both sides of his mouth. He went to see one group and said that the other was incompetent. Then he went to the other group and told them that the first group was bad. He didn’t know that both of us talked to each other, so the resistance was very strong. You can’t tell people they have been imbeciles for years.’ Other veteran managers felt angry that newcomers had disparaged their group identity—indiscriminately, frequently, and for too long. People become angry when they perceive intentional offense (Stein, Trabasso, and Liwag, 1993). A middle manager in HR reported what he had observed in meetings: ‘We were told all the time [by newcomers], ‘This is the old Canco, this is the new Canco. Everything that belongs to the past is considered rotten.’ We … hate being told continually that we are bad.’

Experimental research has shown that when membership in a group experiencing a conflict with another group is made salient, people display greater identification with the ingroup than with the outgroup (Mackie et al., 2000). Thus, although the veteran HR middle manager was not personally devalued in his position by newcomer executives, he still used the word ‘we’ to describe the shared fate of veterans. The divisive labeling of newcomers and veterans fueled intergroup hostility (Bornstein, Budescue, and Zamir, 1997), especially when people perceived ingroup favoritism and outgroup discrimination (Miller and Brewer, 1986).

Newcomers’ dismissive treatment of middle managers’ tenure thus triggered negative group-focus emotion, as illustrated by quotes shown in Table 1. Many veterans withheld critical pieces of information (such as declining customer service and rising interunit conflicts) that
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might have allowed newcomer executives to adjust their actions in midcourse. One veteran
director of customer service shared his private views of the new dynamics at formal meetings: ‘Each
time we heard an executive or an external consultant suggest something, we said we were not going
to say anything. We don’t want to appear to be dinosaurs one more time.’ Middle managers’
negative emotions spread through their private storytelling. Fear may motivate avoidance and
anger may motivate confrontation (Folkman and Lazarus, 1988), but combined they led to
widespread covert resistance among Canco’s middle managers. Agitation may also cause people
to turn their attention to its source, deflecting that attention from other tasks (Izard and
Ackerman, 2000). At Canco this dampened collective action to implement the new corporate
structure, as indicated by foot-dragging behavior in various business units. One middle manager
described it this way: ‘We are now living in a confederation state. Everyone was in agreement in
a meeting. … They agreed they would do it, and as they came out, they would mutter, ‘When I
want to. And I did not say when, either.’’

Language-related social identity. Beyond the social identity of organizational tenure that vexed
many veteran middle managers, negative group-focus emotions among French Canadian
managers were further increased when newcomer executives making change to the SBU
structure inadvertently violated another organization-related social identity: representation of
employees of French Canadian descent in senior executive positions. The latter decreased from
55% (10 of 18 positions before Foster) to 26% (7 of 27 positions). Moreover, these middle
managers perceived executives’ disrespect for their social identity when executives did not make
an effort to speak with them in French. As one HR middle manager reported: ‘Newcomer
executives are Anglophones and do not speak French, our language. All the communication in
Canco is in English, and this is not a political issue, but a matter of respect.’
The language-related social identity needs to be understood in context. Over 50 years, as Canco grew and served markets that used both English and French, it created separate divisions to serve them. Company policy was to integrate its ‘minority’ group throughout the firm by including French-speaking employees in middle and senior management positions. This gave them a sense of pride and a feeling of being treated equally. Both languages were used in official company communications. By the mid-1990s, French-speaking employees accounted for about 40% of the total workforce. As one ex-CEO told me:

*The French/English symbols were critical for French-speaking customers, and that’s for political and marketing reasons. You have to be close to the customers you serve. It was a great rallying cry for the employees of French Canadian ancestry. Employees recognize themselves within the company in which they work.*

Only one person on the new top team of five members, François Tremblay, was both a veteran and French Canadian. Foster’s declared selection criterion was functional-technical skills, but others interpreted his choices differently. French Canadian middle managers and union officials perceived Tremblay as a token with little clout. Their dissatisfaction was never made public, as invoking minority representation had previously been considered formally irrelevant to appointment to managerial positions. The company’s ongoing official policy held that such appointment should be based on task competence and fit.

In public, French Canadian and veteran managers acted calmly. In private interviews, however, many managers expressed negative group-focus emotions. For example, one veteran French Canadian senior middle manager in Human Resources (who had been appointed to this influential position by newcomer senior executives) reported the following: ‘Right now in this organization, it’s very dangerous and very unfashionable to be a French Canadian, and especially a French Canadian who complains.’ This well-networked HR middle manager reported that she
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had noticed the same apprehension among colleagues who formed part of her informal private group. (Table 1 shows some illustrative quotes.) Predictably, opposition behaviors arose.

Covert conflicts between veteran and newcomer managers slowed down implementation. One middle manager reported foot dragging by his colleagues:

One [newcomer] senior executive wanted a certain change to be implemented in the company, so all the managers around the table said, ‘Yes, no problem.’ Two months later, he asked them, ‘How come it’s not done yet?’ They just told him, ‘Well, it’s not quite in place yet.’

Another veteran French Canadian middle manager explained: ‘When people don’t agree with a directive, they just ignore it. It’s faster to ignore than to argue with a decision. Or they would just say, ‘This is not quite what we agreed on.’’ Another French Canadian middle manager observed, ‘Newcomers have difficulty operating because they don’t know how things work around here.’

Internal conflicts contributed to declines in customer service and market share, leading CEO Foster to conclude, only 15 months after its introduction, that the first structural change had not produced the expected performance improvement, and that on the contrary, he saw deterioration.

To fix this problem, he decreed further structural change. When asked privately the reasons for this change in corporate structure in the second year of CT, Foster attributed the underperformance mainly to task-related causes:

What I found was, we were beginning to spend a tremendous amount of our time discussing internally with each other instead of focusing on the external customer. … Secondly, with a company as integrated as ours is, it became much more logical to operate this on an integrated basis as one operation, but with very distinct functional responsibilities, as opposed to distinct, separate centers. So we reintegrated the company around what we call the customer-facing organization, and then we reassigned some responsibilities.

Second and Third Structural Changes: Blind to Middle Managers’ Group-Focus Negative Emotions and Continuing to Unintentionally Violate Their Social Identities
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The second structural change involved creation of a hybrid division-bureaucracy that included a CEO and executive vice presidents, each of whom acted as president of a profit center that covered operations, sales and marketing, corporate administration, and innovation (this division along traditional functions can be contrasted with division along different customer markets in the first structural change). The second structure lasted for about a year. The percentage of veterans on the senior management team dropped from 52% to 43% (12 of 28 positions), while the percentage of French Canadians on the senior management team dropped from 26% to 21% (6 of 28 positions).

The middle managers’ emotional responses—linked in part to group-social identities—remained. In terms of organizational effectiveness, underperformance problems as described above persisted, and this led Foster to order a third change in corporate structure, in which the percentage of veterans in senior management dropped from 43% to 37% (9 of 24 positions); the percentage of French Canadians remained unchanged at 21% (5 of 24 positions).

This change consisted of creating a bureaucracy. One top-team member was fired, and the only veteran French Canadian top-team member saw his responsibilities reduced to public relations. The third corporate structure lasted for only seven months, at the end of which Foster and the top team resigned. In sum, under Foster’s leadership of Canco, the three corporate structure changes saw veteran representation on the senior management team drop from 94% to 37% and French Canadian representation drop from 55% to 21%.

These successive changes in the percentage representation of veterans and French Canadians in senior management positions can be linked to an intriguing phenomenon called ‘people accounting.’ Recent experimental research has shown that decision makers can make resource allocation choices in highly competitive situations based on their consideration of the
representation of social categories as opposed to individual factors such as personal competence and merit (see Garcia and Ybarra, 2007). Perceived numerical imbalances on social identity factors that are meaningful to people can prompt their fairness concerns to shift from the interpersonal to the intergroup level.

Thus, Canco middle managers were concerned about either their tenure- or their language-related group’s percentage imbalances in the senior executive positions. Regarding tenure, one HR middle manager noted, ‘People here felt an incredible frustration, not because we hired newcomers—it is necessary to hire newcomers—but people have problems with the sheer number of them.’ As for language identity, the percentages of French and English senior executives in Canco’s corporate structure reflected in part the larger English-French power balance that characterizes Canada’s history. French Canadian middle managers considered these positions as meaningful symbols of French Canadians’ representative power and distributive justice even if the majority of them would never be appointed to the top positions themselves.

The negative group-focus emotions and devalued middle managers’ social identities reduced the implementation success of not just the initiatives that triggered them, but also other initiatives even if the latter seemed intrinsically desirable to middle managers. I call this the ‘emotional spillover’ effect.

**Emotional Spillover: Dismissing a Culture of ‘Warm Intensity’**

CEO Foster was not totally insensitive to emotional-cultural issues. In parallel with strategic initiatives to change the corporate structure as described above, Foster wished to change the quality of working relationships inside Canco—the cultural ‘software.’ He envisioned a climate of ‘warm intensity,’ as he explained in his first private interview:

_INTENSITY MEANS YOU ARE VERY FOCUSED, THERE’S AN URGENCY TO EVERYTHING YOU DO. ... INTENSITY IS VERY CONSTRUCTIVE AND POSITIVE. ... WARMTH IS CREATING AN ENVIRONMENT WHERE_
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we are deeply committed to each other, to our company, and to our customers. And we go through the tough times, the down times, together. ... I wanted to be very honest with everybody and tell them that these challenges and the change we are about to go through will be dramatic; it will impact every one of you. But it can be okay. We can get through this. ... I do not believe in fear. ... I don’t even believe in dictating.

Although the declarative content of the proposed change seemed desirable, it evoked little excitement at lower levels of Canco. Middle managers remained indifferent, cynical, or apathetic. These feelings could have been caused in part by their perception that the top team had initiated very few concrete and credible actions to realize the desired culture change. Very few interviewees mentioned this change without being specifically prompted. When asked, they responded with emotions such as disappointment and contempt. The top team provided anything but role models of warm intensity, they said. Several respondents used the term ‘hot intensity’ to describe the temperature of the covert opposition in various work units.6

Negative emotions accompanied middle managers’ questioning of the authenticity of the initiative and prompted dismissive behavior. As middle managers experienced negative group-focus emotions toward the top team in part because of devaluation of their social identities, their emotional resentment spilled over to dismiss a strategic initiative (warm intensity) that was implicitly linked to these identities, as middle managers understood that ‘warm, deep commitment to each other’ required that they should first be valued and respected, including their social identities (e.g., veterans or language). Negative group-focus emotions in response to

6 Middle managers’ sentiments seemed to be largely shared by lower level employees. A random survey of about 2,400 employees (which included middle managers’ responses), conducted during the third and last year of strategic change, produced the following results: About 60% believed that senior management did not deal openly and honestly with them, about 45% did not feel valued as employees, and only 37% believed that the company had a sincere interest in their well-being. Furthermore, about half (49%) expressed low to no confidence in the top team. These surveys were commissioned by Canco’s executives and were conducted by telephone. As employees risked being identified through their telephone numbers and employee numbers, some caution should be exercised in interpreting these results. Given the climate of fear, downsizing, and mistrust, I speculate that the survey results may be biased in favor of the executive team.
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this initiative undermined its implementation success right from the beginning. Many middle managers treated the proposed change in the quality of relationships as just another empty piece of corporate rhetoric. The attempt to change the firm’s culture petered out, leaving the CEO to ponder, ‘One of the great challenges is how to keep the troops motivated.’

This case also shows how strategy implementation can derail without the top team being aware of it. CEO Foster was undoubtedly sincere in his drive to create a warm relationship culture, but his implementation actions were perceived by middle managers as displaying disrespect for their emotion-laden social identities. The perceived gap between the CEO’s rhetoric (his intention) and his actions (implementation process) generated much negative group-focus emotion and mistrust that ultimately led to the failure of this cultural initiative, displaying patterns in middle managers’ group-focus emotions and covert opposition similar to those that occurred with the failed implementation of the three corporate structures.

The cases above show the critical contribution of middle managers to strategy implementation. Implementing a new corporate strategy requires middle managers’ enthusiastic endorsement, which energizes them to go beyond the call of duty to resolve unforeseen problems that surface during implementation (Simonin, 1997). Because they have control over important organizational resources, including the many people reporting to them, middle managers’ indifference, apathy, passive resistance, or even mechanical compliance may be sufficient to undermine the requisite collective energy for improvisation, creativity, above-normal efforts, and persistence, all of which contribute to the success of ambitious changes in an organization (Huy, 2002). Aggregate business underperformance can be caused by a small number of work units (led by reluctant middle managers) affecting interdependent units (Thompson, 1967).

Top Executives’ Task-Focused Behaviors in Top-Down Strategy Implementation
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Analysis of the senior executives’ interviews throughout all three years of corporate transformation suggests a dominant action focus on task matters that crowded out their concerns about social-emotional issues. This does not imply that senior executives did not consider social-emotional matters as they planned strategy implementation. Senior executives did talk about the importance of generating pride among employees, creating warm intensity, and building cohesion and sharing of knowledge among the senior executives. Unfortunately, they did not find adequate time to act on social-emotional matters, as they were overwhelmed by numerous challenging tasks and felt intense pressure to meet deadlines and financial goals. In other words, there was a large gap between ‘knowing’ the theoretical importance of social-emotional matters and actually devoting significant resources to knowing about and addressing them (‘doing’).

When asked in the second year of CT what his key priorities were, CEO Foster summarized his focus on organizational structure, corporate strategy, and meeting important constituencies:

_There are [several] major initiatives we have to do as a company to get better: First, one will be a very, very focused, realigned structure, and I’m working on realigning the structure of the company. … Second, also tying that [structure] together with where we believe the whole environment is going. … Third, we are going to revector our strategy. … We are going to restructure so that we really organize our company to meet customers’ requirements first. I’m working very hard on this right now. … Fourth, I am going to share with the government where this industry is all going and develop a vision of the industry in Canada for them, and how they can meet their policies and give us a chance to succeed. … Fifth, I’m certainly going to go to all [middle managers] over the next month. Sixth, I’m taking the board of directors away for a day and a half, and I’m sharing with them where this is all going._

As this quote suggests, Foster intended to announce the new structure and strategy to middle managers so that they could be informed and get aligned to execute the new strategy and structure. His intent was not to explore middle managers’ feelings. Foster seemed to expect that the senior and middle managers he appointed to leadership positions would execute his strategy. He did not suspect that these managers had negative feelings about his new structure:
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I ... technically put teams in place [with individuals] from inside or outside of Canco that are capable of doing [their jobs], and I expect that they all will deliver. ... My role now becomes one of managing from altitude the work, ... explaining to government—that’s as big as any other single challenge, ... talking to the investors, and trying to keep myself up to date with where the industry is going from a technology market and organizational point of view. That keeps me fairly well employed 150% of my time. One of the things that I get disappointed in is that I don’t get back to talk with the employees.

Additionally, as described above, Foster’s dominant selection criterion for new executives joining Canco was task competence. At no time was the issue of English-French Canadian social identities salient in his selection criteria for appointing new senior executives:

They had to be very, very good functionally at their job. Number two, they had to have strong leadership skills. They had to be able to really stand up and demonstrate leadership when the going gets tough. Number three, they have to be willing to work as a team, where the goals and objectives of the team come ahead of the individual. That is not trivial.

Table 3 contains further supporting evidence based on private interviews with other senior executives. Senior executives were also so overwhelmed by their task challenges that they did not have time to interact more often among themselves to build a more cohesive team, even if they recognized the importance of doing this in a theoretical sense. Social-emotional matters always had lower priorities than tasks under resource constraints. Consistent with this task-oriented schema, the CEO and his top team sought to solve organizational effectiveness problems by recruiting even more outsiders to fill influential positions, thus exacerbating the divide between veterans and newcomers and amplifying dysfunctional group-focus emotional cycles caused by violation of middle managers’ social identities (see quotes in Table 3 that show how newcomer senior executives emphasized new task competencies that only newcomer managers could bring to Canco). Raising soft issues in a high-pressure task-focused climate seemed unwelcome. As one veteran HR manager who dealt frequently with senior executives noted:

You have a very short window of opportunity to talk about anything that’s called organizational culture in this company. The higher up you go, the less they want to hear about it. ... Their eyes glaze over very quickly when you start talking about nontangible things. ... A
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lot of people don’t want to hear that you have to look at systemic causes behind behavior. They think it’s too theoretical. … Their natural way of behaving and making decisions and deciding what’s needed would not predispose them to realizing the importance of the human side of management. … Many of the newcomers at the top of the company do not understand or value what employee commitment is all about, and how it has a direct link to how profitable you’ll be, and over time how successful you’ll be.

Not all of the top-down strategic initiatives underperformed. The next case shows how a senior executive can address group-focus emotions and social identities constructively.

Addressing Middle Managers’ Group-Focus Emotions and Social Identities

The Industry Specialization in Sales (ISS) initiative was launched by another Anglophone newcomer executive. Ted Smith was in charge of about 3000 employees in sales and marketing (SM). He wanted to create industry segments such as financial services and airlines to increase customer focus and gain deeper knowledge of various industries so as to serve them better. Industry specialists would replace generalists, who had proliferated under Canco’s universal customer service mindset. In the past, Canco’s SM group had been divided along linguistic lines to serve customers in either English or French, but Smith believed that this structure created costly duplication and too many divergent approaches. He believed that combining the languages and dividing the SM group by industry segment would improve profitability by spreading the development and marketing costs of new products across a larger mass.

As could have been expected, the proposed change initially elicited negative emotions among French Canadian middle managers because the new industry structure would no longer recognize the distinctiveness of the French Canadian social identity, but this group-focus emotion was anticipated and addressed quickly. Fortunately, a consulting firm brought in by Smith to implement his plan had worked with Canco veterans in the past and was well aware of the company’s identity sensitivities. The consultants proposed an implementation process that
addressed the two organization-related social identities: tenure and language.

In the planning phase, consultants assisted managers in their deliberation and provided information about information technology markets. One French Canadian middle manager reported: ‘Consultants also played the role of confessors; you could use them to relay your messages upward and downward.’ Open exchange with veterans allowed newcomers to become more aware of Canco’s emotion-laden social identities, and this allowed them to adjust and frame their implementation approach. ISS was framed as eliminating separate English- and French-speaking divisions in order to improve customer service, which was valued by veterans. As a result, the proposed change was well received by many middle managers.

Smith set up 12 implementation teams and appointed team leaders who represented both linguistic groups. He had equal English- and French-speaking representation at the level of team leaders. As one manager described it:

_We mix, right at the design stage, salespeople who have been working in silos in different divisions, and this at all levels. It was not easy for us initially, because we have been working independently for the last 15 years. At the start, you felt that the other side did not really respect you because of your linguistic identity. Teams often had a dual prime, each representing one linguistic group._

This dual leadership created positive emotions among French Canadian managers and increased their receptivity to this initiative. As one veteran French Canadian middle manager said:

_Having separate sales structures in different geographical areas for large and medium-size business customers is just too costly, too slow, and we cannot respond fast enough at the national level. Thus, we have to integrate various divisions. Newcomers and consultants gave the opportunity to everyone to express themselves and to be listened to. Everyone was looking for a means to accomplish this change in a very short time._

Smith also met with many veterans to learn from them and to demonstrate that their opinions and suggestions were factored into the implementation of change (e.g., dual team leaders). Positive emotions were apparent in the words of two veteran middle managers who were invited to lead
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the change team, and who belonged to the French- and English-speaking groups respectively:

*I think this change is good. We cannot let people stay mired in their old habits; we need to shake things up. … We are putting a solid structure in place, with people specialized in various industry segments, with increased team focus on particular needs. This allows me to better understand the market.* [French]

*With ISS, and as opposed to other [major] changes, [the newcomer executive and consultants] did listen and opinions were respected. … Around 200 middle managers worked feverishly in a change mode for several months. I think this is a very good initiative. We will be able to give a hard time to our competitors.* [English]

Shared positive emotions allowed open exchanges of interim results and rapid adaptation to unforeseen problems. For instance, about two years into implementation, sales middle managers found out that too much consolidation had damaged sales. Several large French-speaking clients expressed discontent at the reduction in contacts they had with executives and at the reduced attention to their particular needs. These customers’ negative emotions were quickly relayed to Smith, who, acting on advice from middle managers, created the ‘front end’ positions of ‘president, English area’ and ‘president, French area’ for customer relations. A matrix structure was put in place whereby a layer of English- and French-speaking customer-representative groups overlaid the vertical structures. Hence the voices of the English- and French-speaking customers could again be heard inside Canco at the executive level (see quotes at bottom of Table 3).

These flexible midcourse adjustments were seen as valuing middle managers’ social identities, and the initiative was implemented successfully. There was also external validation: Outsiders noted a promising improvement in the company’s ability to fight back on the sales and marketing side. One prominent bond rating agency noted: ‘Canco has spent considerable time and resources to become a more effective marketer. These marketing programs have slowed market share losses and helped win back customers.’

This case shows how a newcomer executive could mobilize veteran middle managers to
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support a top-down initiative by leveraging their social identities. Consultants who had previously worked with these managers helped this Anglophone executive expand his implementation schema beyond an affect-neutral task focus. It follows that top executives can extend their abilities to understand and deal with middle managers’ tacit emotion-laden social identities by working with emotion-sensitive advisers, and that, given time constraints, this would seem more realistic and efficient than having them improve their personal emotional intelligence abilities.

It is intriguing that the lessons of this success seem not to have been shared with other executives. The analysis summarized in Table 3 suggests that Canco executives were focused on their own numerous task priorities, which most described as time-consuming or draining. They felt time pressure to meet financial targets in three years, and top executives’ individual task focus might have given them very little time to reflect on their experiences, draw lessons from these, and share them with other executives. As CEO Foster recognized, ‘I didn’t stay focused enough with the senior executives so that I [could] consistently impart to them how I thought it should go, or get feedback from them. I left them on their own. We were not involved in it together enough.’

CONTRIBUTIONS TO THEORY, PRACTICE, AND FUTURE RESEARCH

This research started by noting that the top-down strategy implementation literature has generally adopted an affect-neutral, task, or cognitive focus. Middle managers’ opposition has often been attributed to cognitive inertia or the defense of narrow self-interests (e.g., individual status or economic gains). In addition, it seems intuitive that middle managers experience individual emotions as they appraise a proposed strategy as helping or harming their self-interest. This three-year real-time field research reveals, however, that some middle managers who were appointed to influential positions by senior executives—and so should have perceived low direct threat to their personal privileges—experienced group-focus emotions linked to organizational
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social identities, which in this particular context involved tenure and language.

This study enriches psychological research in strategic management by showing how organization-level actions (senior executives’ strategy implementation actions) can elicit individual-level, privately felt group-focus emotions that are associated with middle managers’ social identities (group-level constructs) and organization-level outcomes (strategy implementation success). In addition, this study contributes to other literatures discussed next.

**Organization-related social identity as symbol.** This study also enriches the social-psychological literatures it draws from. Although the social identity literature has highlighted society-related identities such as profession and gender, this study adds to it by highlighting the symbolic importance of organization-related social identities for middle managers as key contributors to top-down strategy implementation outcome. Many ‘social facts’ can have intrinsic and symbolic meanings (Zott and Huy, 2007). The intrinsic dimension corresponds to objective or tangible functions that are recognized independently of the symbolic dimension. For example, the size of the economic incentives a middle manager gets is relatively objective. Meanwhile, the symbolic dimension refers to evoked meanings: People make inferences on the basis of shared interpretations, which can vary significantly from one cultural milieu to another.

In the case of Canco, the long tenure of veteran managers was imbued with the symbolic meanings of organizational experience and competence, while French Canadians’ representation in senior management positions and senior executives speaking French to French Canadian employees (even if not well) were interpreted by the latter as symbolic acts of respect for their social identity within Canco. Although a very small fraction of Francophone middle managers would have actually attained the few senior posts, this symbolic representation was nevertheless critical to securing the goodwill and support of a large number of French Canadian employees.
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The emotion-arousing symbolism that occurred at Canco was not unique. When Jack Welch closed the small refrigerator division on which General Electric (GE) was originally founded, he discovered to his surprise that this action aroused more intense group-focus emotions across the whole GE than cutting 100,000 jobs. Although top management found this group-focus emotion irrational, widespread agitation and opposition lengthened the process of implementation and made it very costly (Tichy and Sherman, 1994). These authors noted that Jack Welch learned from bitter experience ‘how profoundly emotions can influence human thought and behavior—and entire organizations’ (1994: 63), and observed that ‘most organizations don’t know how to deal with emotions, so they try to pretend it doesn’t exist. By design, corporations seem emotionally barren’ (1994: 64). Again, this group-focus emotion can be explained via organization-related social identity.

**Language as symbol.** Language as a potentially potent emotion-arousing symbol in strategy implementation can bear important implications for the success of other kinds of changes, such as joint ventures or mergers and acquisitions (M&A) in multilingual, multicultural firms. A recent meta-analysis of 46 studies on M&A suggests that cultural differences can create major obstacles to achieving integration benefits (Stahl and Voigt, 2008). My study linking middle managers’ group-focus emotions and linguistic social identities could add to a richer and more precise understanding of specific factors that have been lumped together as cultural differences.

Although the French-English issue is a special case stemming from the bilingual nature of many Canadian firms, one can hypothesize analogous challenges in some U.S. firms with a high number of Hispanic middle managers, for example. Recent field research has suggested that language as a symbol of power in corporations is salient in European firms. Vaara and colleagues (2005), for example, described how language skills became an emotion-laden confrontation
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between managers of a Swedish bank and a Finnish bank that merged with each other. Many managers of the smaller Finnish bank resented and strongly opposed the fact that they were required to speak a foreign language (Swedish) of which they did not have full mastery, leading them to experience inferiority when expressing their perspectives to their Swedish counterparts, who could communicate in their mother tongue. Language skill thus became an instrument of power and symbolized perceived injustice. In the end, English as a foreign language was used as a symbol of equality among employees of the two Scandinavian banks.

Language skill did not seem to be an issue at Canco because many French Canadian middle managers spoke English fluently (although the converse did not apply to English Canadians). Still, mother tongue can represent the heart and symbol of specific national and ethnic cultures, and can arouse strong group-focus emotions on both sides of the language divide that can even transcend company levels of analysis, as evidenced by the controversy surrounding Spanish as a potential second official language in certain U.S. states (Schmid, 2001).

**Group-focus emotion.** This research also contributes to the group-focus emotion literature (Smith *et al*., 2007). It suggests tentatively that middle managers’ group-focus emotions can act as manifestations of relevant organizational social identities that need to be addressed to enhance the odds of successful implementation. In a large firm it may be more practical for top executives to monitor patterns of group-focus emotions among middle managers (who are in charge of various work groups) than among all employees. This practice may provide executives with early important feedback on whether their implementation is progressing smoothly and allow for midcourse adjustments.

Middle managers, like all individuals, are likely to have many social identities (García-Prieto, Bellard, and Schneider, 2003), and it can be difficult for top executives leading strategy
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implementation to predict which ones matter in a particular situation. Because emotions are
aroused only about issues people consider to be relevant and important to them in a given
situation (Lazarus, 1993), the identities that matter most to people in a particular situation will be
the ones that elicit emotions, positive or negative. These emotion-eliciting identities should be
subjects of open and safe discussion between executives and middle managers, so that they can
jointly understand the ones that really matter and need to be addressed. Group-focus emotion
thus represents a situated marker of group identity salience in a particular situation.

**Participation and voice.** This study provides new boundary conditions that deepen our
understanding of the social-psychological mechanisms that underlie other emotion-laden processes,
such as participation, voice, and perceived procedural fairness that determine people’s willingness
to support a proposed change (See, 2009). One can speculate that some nontraditional knowledge
content, such as group-focus emotions and social identities, may not surface even in contexts in
which participation and procedural fairness prevail, for the following reasons. First, some people
may feel general negative feelings but not be able to articulate them or identify the specific causes
(Seo and Barrett, 2007). Second, if all organization members in leadership positions are deeply
socialized in norms of conduct that emphasize affect-neutral task-focused schemata, they may
adhere unquestioningly to these norms and authentically believe that it is not professional to voice
emotional and private matters for open discussion at work (Sanchez-Burks, 2005).

CEO Foster’s low priority in dealing with middle managers’ group-focus emotions may
be interpreted as stemming from the influence of the Protestant Relational Ideology (PRI) work
ethic, which holds that effective management of firms requires restricted attention to emotional
and relational matters (Sanchez-Burks, 2002). This pattern of behavior does not need to involve
individual emotional intelligence; people influenced by PRI can competently perceive and deal
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with the emotions of relatives and friends outside the workplace. But many executives continue to believe that affect-neutrality and task focus are the best ways to deal with emotional situations. They avoid discussing emotions at work and understanding their causes. Consequently, emotions are driven underground to incubate and surface later (Maitlis and Ozcelik, 2004).

Canco middle managers were most likely socialized to believe that promotion was based on merit (through annual evaluations of their work performance and leadership potential), and so they might have considered it unprofessional and illegitimate, for example, to express openly to Foster that they were privately bothered by the low representation of French Canadians in senior management. Foster and other Anglophone newcomer senior executives (as shown in Table 3) did assert in private interviews that they used task competence as the main selection criterion. Moreover, middle managers might be concerned that top executives could doubt their leadership ability and motivation (as these managers had been appointed to influential positions by newcomer top executives) if they were to display negative emotions in connection with change or express personal concerns that were not linked to organizational effectiveness. Argyris and Schoen (1978) and Schein (1992) have noted that shared tacit, unquestioned assumptions about what is appropriate for discussion at work will divide work matters into legitimate versus taboo subjects. As a result, managers may not express emotional matters or put them on the business agenda even if wide participation, procedural fairness, and empowerment are practiced.

**Fostering Increased Organizational Attention to Social-Emotional Matters**

What could help break this barrier, then, is leaders actively encouraging the expression of emotions and their causes at work, and this expression is more likely to occur in a climate of psychological safety (Edmondson, 1999). Seo and Barrett (2007) suggested an alternative approach organizations could take to feelings: fostering the freedom of managers and employees
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to experience and express their emotions to maximize the positive outcomes of those feelings, and simultaneously helping them minimize the emotions’ potential negative impacts. Obviously, any type of freedom has to be bounded: freedom of emotional expression needs to be balanced with respect of other individuals’ sensitivities and the company’s interests (Martin et al., 1998).

More specifically, managers and leaders can create norms of experiencing and expressing a wide range of emotions and their causes by carefully reexamining taken-for-granted beliefs, languages, and practices that devalue, discourage, or constrain those feelings (Ashforth and Humphrey, 1995). Actively removing cognitive, normative, and behavioral barriers in organizations will require much reeducation and unlearning. Managers can also increase their emotional self-awareness by acquiring a richer vocabulary of emotions—by understanding the causes and consequences of various emotions such as shame, guilt, anger, pride, and joy so that they can recognize them, regulate them, and express them to others in an articulated way.

More generally, paying attention to patterns of emotions may allow change leaders to identify various causes of change recipients’ responses to a proposed change and to address these if necessary. Sanchez-Burks and Huy (2009) argued that change leaders who have a high ability to accurately perceive patterns of emotions in a collective (they call this ability ‘emotional aperture’) may have a higher ability to manage strategic change. Imagine, for example, that in response to the company’s announced plan for a disruptive change, a leader perceives that 80% of people in her business unit experience fear and the remaining 20% experience hope. Whereas the experience of fear generally stimulates risk-averse behaviors that likely slow the implementation of strategic change as people experience lower levels of personal control, experiencing hope can prompt energetic collective mobilization for change. The leader can, for example, encourage this minority group to share the reasons for their cheerfulness with their
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fearful colleagues and foster an open and honest debate about the perceived benefits and costs of the proposed change. In this way, perceiving distinct patterns of group-focus emotions that compose a group’s affective distribution can enhance the leader’s change effectiveness more than perceiving just a single collective’s mean or modal emotion.

Senior executives could thus take certain actions to foster increased organizational attention to social-emotional matters. Examples of these actions include: foster collective discipline among the senior executive team to allocate sufficient formal time to discuss soft cultural, social-emotional matters because they matter to organizational effectiveness, especially when intense stress and pressure on task results is felt; assign a well-respected senior executive to play this enforcement role with other executives; continually develop skills in emotional awareness among top executives and diffuse emotion awareness training among middle managers; increasing skills among managers to verbalize, display, and distinguish various emotions, their likely causes, and consequences (Seo and Barett, 2007); develop increased awareness and accurate perception of shared emotions that is distinct from individual, interpersonal emotional perception (Sanchez-Burks and Huy, 2009); create and diffuse norms of expressing and discussing emotions at work, in a way that is respectful of and sensitive to the personal needs of others; executives can be role models and reward other employees who perform these behaviors (Martin et al., 1998); create an organizational climate in which people feel safe to discuss sensitive issues (Argyris and Schoen, 1978; Edmondson, 1999); develop, maintain, and continually refine organizational routines that enable managers to perceive, discriminate, and attend to other employees’ emotions when needed to achieve organizational change and renewal. For example, managers can organize meetings that are led by competent and impartial facilitators in which employees can be coached to recognize and express their and
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others’ emotions; when and how to express them (e.g., away from high task pressure moments); or how to deal with these emotions in a culturally appropriate manner (Huy, 1999, 2002).

**Research Limitations and Future Research**

Generalizing findings from this one-company study should be treated with caution. First, group-focus emotions and social identities including language and tenure represent some of the potential factors that can help or hinder the implementation of strategic change, but they may not be the most important factors for all kinds of change initiatives for this company or for other organizational contexts. But the very limitations of this study represent opportunities for future research. Only a careful understanding of a number of factors, including the organizational context, various kinds of change initiatives, and interactions among various groups of actors, will allow future researchers to establish the relative importance of group-focus emotions and various social identities that influence middle managers’ behaviors in regard to implementing strategic change. Future research could investigate, for instance, which social identities become salient and arouse strong group-focus emotions in various contexts. For example, the social identities of physicians and nurses are likely to be salient in a medical context; the identities of administrators and tenured versus nontenured faculty are likely to be salient in a university context. Scholars can also investigate the causes and consequences of language conflicts that arise in mergers and acquisitions that involve companies that previously operated in only one language.

I hope this study has shown that we can generate fresh insights by studying jointly organization members’ emotions, cognition, and behaviors that arise during strategic change rather than maintaining the traditional divide between cognition and emotion. In particular, research on strategy implementation can benefit from investigating both the tangible, rational aspects of organizational design, structures, and processes as well as the more intangible, hidden
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social-emotional aspects of managerial behavior. As this study shows, the structural, social-cultural, and emotional dynamics of strategy implementation are interwoven with one another in organizational settings and need to be understood holistically. Managerial belief systems about what is more important (typically the tangible aspects) and managerial limited attentional resources and time pressures in organizational life often lead even well-meaning, competent executives to neglect the social-emotional aspects in their strategy implementation actions, and this explains in part the tall challenges of making new strategy happen in firms.

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**Table 1: Illustrations of Inferred Group-Focus Emotions Associated With Tenure and Language**

(FC: French Canadian; V: Veteran)

<table>
<thead>
<tr>
<th>Quotes</th>
<th>Appraisals</th>
<th>Inferred Emotion</th>
<th>Social Identity</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>The CEO doesn’t speak <strong>French. So the Quebec employees don’t feel that they can have him in their heart; they can’t relate to him.</strong> [Another top team member] doesn’t speak <strong>French.</strong> He is responsible for 15,000 employees, of which 40% are in Quebec. … So the <strong>French business</strong> is now surfacing and becoming quite an issue. …</td>
<td>Unpleasant state. Certainty about negative outcome caused by others. Low attribution of others’ intention to harm.</td>
<td>Unhappiness or Sadness (negative emotion)</td>
<td>Language</td>
<td>Human Resources (FC)</td>
</tr>
<tr>
<td>The fact that they wouldn’t speak very good <strong>French, the French people in Quebec</strong> are very tolerant of that. What they don’t expect, and they find <strong>unacceptable,</strong> is that they don’t try to speak <strong>French.</strong></td>
<td>Unpleasant state. Certainty about outcome that is below one’s expectations.</td>
<td>Disappointment (negative emotion)</td>
<td>Language</td>
<td>Human Resources (FC)</td>
</tr>
<tr>
<td>If you have <strong>more than five years in Canco,</strong> you have to prove yourself anew again. People who were recruited from outside benefited from much more generous compensations and they are <strong>better regarded and treated.</strong> … They have a more interesting job. … They command more attention.</td>
<td>Unpleasant state. Certainty about negative outcome. Undeserved negative outcome (unfair treatment).</td>
<td>Anger (negative emotion)</td>
<td>Tenure</td>
<td>Senior Executive (V)</td>
</tr>
<tr>
<td>French Canadians feel respected in this initiative. Our knowledge of customers in the Québec market was valued by the newcomer executive.</td>
<td>Pleasant state. Certainty about positive outcome.</td>
<td>Happiness (positive emotion)</td>
<td>Tenure</td>
<td>Sales Manager (FC)</td>
</tr>
<tr>
<td>Many of the managers in Marketing are new. <strong>Newcomers</strong> are more credible with senior executives and much better paid than <strong>veterans.</strong> There’s <strong>resentment</strong> on this side.</td>
<td>Unpleasant state. Certainty about negative outcome. Undeserved negative outcome.</td>
<td>Anger (negative emotion)</td>
<td>Tenure</td>
<td>Sales and Marketing (V)</td>
</tr>
<tr>
<td>Veterans are so <strong>scared</strong> to appear too archaic or too traditional that we no longer say what we think. When you hear <strong>newcomers</strong> say something, you feel obliged to support them even if you think it’s nonsense, because you know senior management wants <strong>new blood</strong> and new ideas.</td>
<td>Unpleasant state. Uncertainty about negative outcome. Low control over situation.</td>
<td>Fear (negative emotion)</td>
<td>Tenure</td>
<td>Sales and Marketing (V)</td>
</tr>
</tbody>
</table>
Table 2. Illustration of Triangulation of Inference of Negative Emotions With Confidential Company Documents

<table>
<thead>
<tr>
<th>Company Documents</th>
<th>Nature of group-focus emotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus groups: Many employees believed that Canco was led by outsiders who were mainly interested in financial results rather than customer service.</td>
<td>Negative emotions are elicited when people perceive events that potentially harm their individual or collective well-being.</td>
</tr>
<tr>
<td>Reports from some employee groups: 'Employees feel less valued, respected, and secure because of newcomer executives’ actions</td>
<td>Tenure (veterans versus newcomers)</td>
</tr>
<tr>
<td>According to 40 representatives of employees, some believed that top managers were uncomfortable with the French Canadian culture and so they could not related well with Québec employees.</td>
<td>Language (English Canadian versus French Canadians)</td>
</tr>
<tr>
<td>Postmortem report: Employees believed that newcomer executives did not know where the company was headed and failed to react quickly enough, thus causing underperformance in change effort and much needless suffering to veteran employees.</td>
<td>Tenure (newcomer versus veteran)</td>
</tr>
<tr>
<td>The company’s random survey of about 2,400 employees conducted in the third and last year of Corporate Transformation produced the following results: Just over half (51%) expressed confidence in the newcomer executive team; only about 40% believed that newcomer senior management dealt openly and honestly with them; scarcely half (55%) felt valued as employees; only 37% believed that the company had a sincere interest in their well-being.</td>
<td>Tenure (newcomer versus veteran)</td>
</tr>
</tbody>
</table>
### Table 3. Illustrations of Analysis of Interviews With Senior Executives

<table>
<thead>
<tr>
<th>Top Executives’ Quotes in Private Interviews</th>
<th>First-Order Inference</th>
<th>Second-Order Inference</th>
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<tbody>
<tr>
<td><strong>Top executive (interview in the middle of final year of CT)</strong></td>
<td></td>
<td></td>
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<tr>
<td>If we’d been together five years ago, we would have done something different two years ago than we did. Time is a factor. Time is a critical factor, and we didn’t have a lot. $900 million, $700 million, going to $500 million net income catches your attention. … So the company was completely focused on making its financial targets. So many things got lost in the shuffle of the necessity to make the financial targets.</td>
<td>Time constraint and focus on financial results</td>
<td>Time pressure with task focus</td>
</tr>
<tr>
<td>Canco people’s … experience were all under one set of rules with one set of orientations and, frankly, a very narrow view of the world. … It was rather the way that we went to buy in the marketplace. … Knowledge of the consumer market, together with leading-edge marketing and sales capability, will in fact be what will succeed in the future. … We needed people with external skill sets who understood that, who were recruited.</td>
<td>Selection of new managers based on task requirements</td>
<td>Task focus</td>
</tr>
<tr>
<td>We learned a lot about our limitations of our information technology capabilities through this period. It’s a problem we should have known before. … Our dependence on IT is so huge. … But we only knew about six months ago that the capacity of IT is not going to be enough.</td>
<td>Focus on information technology problems</td>
<td>Task focus</td>
</tr>
<tr>
<td><strong>Senior executive (private interview mid-second year of CT)</strong></td>
<td></td>
<td></td>
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<tr>
<td>I want to manage with a strong, strong orientation towards product management. The company needed a management system that would drive cost out of the business. I had no idea about how much anarchy there was, how much lack of discipline there was, how difficult it would be.</td>
<td>Focus on financial results</td>
<td>Task focus</td>
</tr>
<tr>
<td>Among the [newcomer] senior vice presidents, [we would have liked to have had] a chance to know each other a little bit better and develop a little bit more mutual respect for each other. But there’s no other medium, other than officer meetings that occur biweekly. … Because we’re all so new with each other, [there is] a subtle culture of conflict avoidance. [This avoidance exists] among the top team and the other 20 senior VPs, and any of the 20 in and among themselves. Also, there hadn’t been sufficient number of instances where we could tangibly demonstrate our support for each other. … I think that the officer team needs to learn how to have fun together, and they haven’t done any of that.</td>
<td>Focus on task. Neglect importance of developing cohesive senior management team</td>
<td>Time pressure and task focus</td>
</tr>
<tr>
<td><strong>Senior executive in charge of successful ISS project (interview first quarter after end of CT)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes, it was reasonably easy because we worked closely together and made sure that the interests of both parties were taken care of, and we put leaders in place that equally represented [English] Ontario and [French] Quebec. The concern is more Quebec, and it was handled fairly well. We also consolidated buying power and started to centralize buying decisions and centralized how we interface with our business partners.</td>
<td>Social identity (language) and task focus</td>
<td>Address social identity and task focus</td>
</tr>
<tr>
<td>What happened is some of the customers who do a lot of business with us were finding we weren’t doing a lot of business back with them. So we had to shift that back a little bit and made changes where we put in a president of Canco Ontario and a president of Canco Quebec, and that was to focus more on how we interface with our customers in each of the two provinces. It didn’t change the industry focus, which was left intact. So that change was deemed to be a good one.</td>
<td>Social identity (language) and task focus</td>
<td>Address social identity and task focus</td>
</tr>
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Europe Campus
Boulevard de Constance
77305 Fontainebleau Cedex, France
Tel: +33 (0)1 60 72 40 00
Fax: +33 (0)1 60 74 55 00/01

Asia Campus
1 Ayer Rajah Avenue, Singapore 138676
Tel: +65 67 99 53 88
Fax: +65 67 99 53 99

Abu Dhabi Campus
Muroor Road - Street No 4
P.O. Box 48049
Abu Dhabi, United Arab Emirates
Tel: +971 2 651 5200
Fax: +971 2 443 9461

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