When Hot and Cold Collide in Radical Change Processes: Lessons from Community Development

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Abstract

A group's tendency to protect its identity often inhibits it from initiating radical change. For this reason, external interventions are typically needed to engage a group in reexamining and moving beyond its current identity. If threatened by these external interventions, however, identity beliefs can become emotionally heated and resistant to the cognitively rational efforts of outsiders. At the same time, the insider group's emotional energy is essential to mobilize and sustain radical change. This paper draws on community development theories and practices, as well as identity theories, to develop a model that traces the dynamic processes by which hot emotional interpretations and relatively colder cognitive interpretations interact to initiate, mobilize, and sustain radical change. It highlights the roles that emotion and cognition play as both barriers and essential facilitators of the change at different stages of the process, and proposes a set of strategies for managing them.
(*Radical Change*; *Identity*; *Reputation*; *Cognition*; *Emotion*)

Given that radical change, by definition, threatens fundamentally held beliefs and assumptions (Huy 1999), why would a group ever engage in it if it were not forced to do so? And, how do external change agents introduce, mobilize, and sustain radical changes when they do not have the autocratic top-down power to force the transitions? These are increasingly important questions in organizational worlds characterized by greater demands for radical change and less autocratic power to force such change.

From a practical perspective, community development efforts have long dealt with these questions (Bandeh et al. 1996). Change agents engaged in altering the economic and social conditions of underprivileged communities have seldom been able to enforce their changes through the brute force of top-down power. What can we learn from their experiences to guide our understanding of how organizational leaders might intervene to effect radical change?

From a theoretical perspective, identity theories have made substantial progress in defining the sources of resistance to radical social change. For example, the theories posit that radical change is threatening not only because it may affect people's sense of self-esteem, but also, and maybe more importantly, because it disrupts people's need for identity consistency and continuity (Hogg and Terry 2000). What can we learn from these theories to guide our understanding of how organizational leaders might intervene to effect radical change?

Community development research suggests three basic requirements for successful change: appropriate definitions of the problem(s) (Rice 1994), the capacity and willingness to address them (Bandeh et al. 1996), and a vision of what could be (Weaver 1994). Drawing on identity theories, we argue that it greatly matters which of these comes first. The coevolutionary change model developed in this paper builds on the premise that definitions of community, of its problems, and of future possibilities are typically too disparate to serve as starting points. Instead, the capacity and willingness of small groups of insiders and outsiders to engage in a limited joint activity sparks the change, which then allows the disparate beliefs to coevolve into alignment over time.

This paper draws from both the community development literature and identity theories to clarify the challenges of building partnerships among change agents and change recipients to effect radical collective change—that is, change that threatens the fundamentally held beliefs of a group, be it a division, an organization, or a community of organizations. It adds value in three ways. First, it clarifies the different roles of change agents and recipients at different times in a change process. The beliefs of both agents and recipients coevolve over time, each

one impacting the other. Second, it explicitly draws on the emotional as well as the cognitive basis of collective identities, highlighting the importance of emotions as both barriers to and enablers of radical change and suggesting ways of managing both types of emotional energy. Finally, it contextualizes and refines existing change management prescriptions (e.g., small wins; see Weick 1984) by describing them as specific components of a dynamic and multilayered process.

Throughout the paper, we draw on an actual community development story as well as a General Electric change effort to illustrate our points and to show the potential parallels between radical changes in socio-demographic communities and business organizations. To collect the illustrative data from community development, we conducted lengthy interviews with a Peace Corps Volunteer, who helped engage rural Guatemalan villagers in a radical change process. The following quote from her introduces the setting:

> What the agencies wanted us to accomplish was agroforestry, or incorporating trees into cornfields as live fences. This is a great idea because every village in Guatemala is running out of firewood, and also because nitrogen-fixing trees dispersed through a cornfield can improve the soil. The villagers agreed. At the same time, they felt that even one corn plant displaced by a tree was unacceptable because it meant slightly less corn this year; while a tree meant (maybe) slightly improved soil in a couple of years. Second, the villagers felt that trees would shade out the corn and draw birds. Finally, there was the general belief that "trees are one thing and corn is another" and the two don't belong together.
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> Points of view about de- and reforestation were at the root of the differences. External agencies agreed that cutting down trees was universally bad and that planting trees was universally good. To Guatemalan villagers, however, fire is an all-day, everyday necessity, and most firewood involves cutting down trees. Secondly, corn planting is the most important activity in rural Guatemala, not only because corn is the dietary staple, but also because planting corn is spiritually significant. To plant corn, land must be cleared, which means more tree cutting (Bocek 1998).

We draw on this Peace Corps Volunteer's Guatemalan community change story to illustrate the model we develop and its application to business organizations. The value of drawing on community development theories and practices is multifaceted. First, radical collective change, by definition, tends to threaten a group's identity (Huy 1999). Whereas issues of identity have just recently begun to inform organizational change studies (Whetten and Godfrey 1998), they have long held center stage in community change models (Calhoun 1987). Second, change agents in developing communities have long dealt with the challenges of leading radical changes without

top-down authority to make it happen. And finally, they have had to learn to effect radical change while respecting the plurality of beliefs which exists in most socio-demographic communities. Given the depth and duration of this body of research, community development efforts may hold important lessons for theories of collective change in a variety of pluralistic settings.

The paper is organized as follows. We begin by describing the parallels between community development efforts and noncoercive radical organizational changes. We then define identity and reputation and discuss why a focus on them and their interactions may provide a useful lens for understanding radical collective change efforts through. We present a case for why a purely inside-out or outside-in approach to radical change may not succeed. We then present a coevolutionary model of radical change that highlights the dance between insiders and outsiders over time. We describe the processes by which change possibilities are triggered and discuss the conditions needed for enduring transformations. The paper ends with practical implications and contributions to research on managing change in highly pluralistic settings.

Socio-Demographic Communities and Business Organizations

The *American Heritage Dictionary* (1985) defines *community* as "a group of people living in the same locale or having common interests, with a similarity of identity." In a traditional community development change process, a change agent (e.g., a Peace Corps Volunteer) typically proposes a change for change recipients, who are, to a degree, dependent on the agent's resources. Despite that dependency, the agent tends not to have the authority to simply enforce the changes. Though the line between external change agents and recipients often dissolves over time as partnerships develop, such delineation between "us" and "them" often exists during the initial stages of a change process. The dance between "us" and "them" is well choreographed in the community development literature.

Business organizations might usefully be viewed as a type of community with more or less structured roles, and in which the commonality of interests revolves around some number of goals (Barnard 1938). Given the increasing role interdependence and the lack of clear top-down authority to effect changes in many organizations today, we suggest that business organizations and socio-demographic communities share a number of properties that make them structurally equivalent enough to learn from each other.

External change agents in a business setting include top

management teams or boards of directors, who may be formally internal to the organization, but who are viewed (and view themselves) as outsiders in relation to the change target. They may also include physically external agents, such as powerful customer groups and independent consultants. Our model provides insights for any of these "external agents" to intervene to effect radical change in business organizations.

To draw explicit parallels between community development experiences and business settings, we will refer throughout the paper to a radical change effort that took place at General Electric, as reported by Tichy and Sherman (1993). The Transportation Systems Division at GE had long demonstrated below average financial results and had been a distant second to General Motors EMD in locomotive-engine market share. Things got worse in the early 1980s. A poorly timed major investment in expanded facilities combined with the beginning of a deep and enduring industry recession threatened the very future of the division.

In response, management (viewed by the workers as an external agent) proposed radical changes which would require cooperative and independent thinking from unionized workers. Management and the union had traditionally suffered a very troubled relationship. The proposed changes from traditional compliance with authority to collaborative partnerships would thus likely be resisted initially as much as the changes our Peace Corps Volunteer proposed in Guatemala. The GE changes would also appear to require relationship-building phases similar to the community development efforts, thereby illustrating the business applicability of the coevolutionary community-based model developed in this paper.

Identity and Reputation in Radical Collective Change Efforts

Calls for collective change often place people's understandings of a group's identity on the line without seeming to do so. For example, what does tree planting have to do with who we are? Beliefs about "who we are" are often embedded in deeply engrained and hidden assumptions. External attempts to bring about radical collective changes based on reputational beliefs often challenge these assumptions, making them more conscious for both outside agents and inside recipients, and thereby potentially more problematic.

An important question involving such change initiatives has to do with whether outside agents or the change recipients themselves should create the vision that defines who they are, who they can become, and how they should get there. Historically, sociodemographic community

change projects typically have been the responsibility of outside experts, agencies, or individuals external to the "unhealthy" community, who define the problems based on the community's reputation. Over the past decade, many experts have concluded that community members themselves must determine their needs based on their own sense of identity (e.g., Kretzmann and McKnight 1993). Similar transitions from top-down control to participative involvement, decision making, and ownership have occurred in business organizations (e.g., Cummings and Worley 1997). Though they are not pure types, the pendulum has swung from a mostly outside-in approach toward a more inside-out approach to identifying collective needs and addressing them.

The shift of focus from outsiders to insiders has masked a more fundamental issue that has not received enough attention in either research on or the implementation of collective change: the interactive processes by which diverse sets of beliefs coevolve over time, ideally leading to jointly-determined beliefs about who we are and who we can become. This paper presents identity- and reputation-based arguments for why it is that neither the historical outside-in nor the more recent inside-out approach to collective change may lead to enduring success. The following sections describe relevant aspects of identity (insiders' beliefs about who we are) and reputation (outsiders' beliefs about who they are) and discuss their interactions when identities are challenged.

Identity—Beliefs About Who We Are

At one level, collective change may be an attempt to gain some material or instrumental end. At another level, radical collective change is often an initially unrecognized struggle over signification, about framing and reframing definitions of who we are and who we can become. The latter has long been apparent in change efforts in developing socioeconomic communities. By contrast, Calhoun (1987) noted that features of modern Western culture—particularly the instrumental notion of self—have hindered our ability to grasp the centrality of the problem of identity in collective action in other settings. Only recently are organizational studies beginning to note the impact of radical change on people's sense of who they are (Huy 1999). We believe that lessons learned about the role of identities in the developing world can be transferred to the management of collective change more generally.

Historically, organizational research on identity has primarily been concerned with individual-level, role-based identities (e.g., foreman, president) (McCall and Simmons 1978, Stryker 1987). Traditional role-based,

structural features that define organizations, however, are becoming increasingly blurred, often giving way to more fluid and context-dependent identity self-categorizations as members of social groups (e.g., members of a multi-functional team) (Turner et al. 1994). Given that these socially based characterizations of organizational members increasingly resemble the social identities that community development theorists have used to define community member identities, an opportunity exists to effectively build on their prior work.

Collective identity refers to characteristics that members of a collective feel are central to defining who they are (Albert and Whetten 1985). Though many disparate identity beliefs are possible in a collective setting, such as communities or business organizations, collective identities develop based on the reciprocal relationship between individuals' social identity beliefs (the psychological component) and the social structure (the social interaction component) (McMillan and Chavis 1986). The social structure consists of the social networks among community members, which both support (or impede) and are supported (or impeded) by individual beliefs. According to community development theories, the greater members' psychological sense of identification with the community, the stronger the social networks, and the stronger the community's sense of collective identity (McMillan and Chavis 1986). We have much to learn from community development about how a collective sense of identity is forged from multiple individual beliefs through social networks. This paper proposes a longitudinal model describing this identity building and changing process.

Another important lesson from the community development literature is that identities are held together by emotions as well as cognitive understandings of self. McMillan and Chavis (1986) defined a sense of community identity as consisting of four components: (1) membership or a feeling of belonging, (2) bidirectional influence from the individual to the group and from the group to the individual, (3) fulfillment of needs, and (4) shared emotional connection. Whereas membership (Ashforth and Mael 1995), influence (power and influence theories), and fulfillment of needs (motivation theories) are relatively well developed constructs in organizational theories, emotional connection has only recently attracted research attention (Pratt and Dutton 2000). This is so despite the fact that Tajfel and Turner (1979) described long ago social identities as having an emotional as well as a cognitive component.

In a talk at the 1997 Academy of Management Meeting, Dave Whetten referred to identity as having the properties of an onion because it produces tears. Not only does identity produce emotions, but emotions can also seriously constrain a group's willingness to change or even perceive the need for change (Huy 1999). Harquail (1998) has gone so far as to argue that one does not consider matters of identity without emotion. Though some organizational identity work has certainly implied the emotionality of identities (e.g., accounts of defensive reactions when identities are threatened (Elsbach and Kramer 1996); emotion as inducing organizational identification (Pratt and Barnett 1997)), the facilitating and inhibiting roles of emotions in radical change have not been explicitly addressed in most organizational identity studies. A notable recent exception is Pratt and Dutton's (2000) description of emotions which both trigger and impede action. Building on a long history of work in community development and this more recent work in organizational studies, we incorporate the role of emotions in this paper's model of interactive radical change processes.

Reputation—Beliefs About Who They Are

Research on reputation has its roots in a number of academic literatures which converge in suggesting that reputations constitute subjective, collective external assessments of what a person or group is, what it does, and what it stands for (Fombrun and Rindova 1996). Much of the literature on reputation suggests that reputational beliefs are external observers' characterizations that mirror an individual's or a collective's central, distinctive, and relatively enduring features—that is, they mirror the identity beliefs of insiders (Fombrun 1996). This has tended to be an imperfect mirror, at best, reflecting primarily those observable aspects of identity most salient to outsiders. For example, using empirical data, Jewkes and Murcott (1996) explored the meaning of community among external stakeholders who were involved in four different WHO Health for All projects in the United Kingdom. They found a wide variety of meanings, yet all of them were based on external and observable attributes. Business organizations' reputations are similarly based on observable characteristics (e.g., growth rate, number of innovations), as seen in the *Fortune* yearly reputational rankings. A single organization or community is likely to have multiple reputations, just as it is likely to have multiple identities. And, as in the case of identities, reputations are solidified and unified as a result of stakeholder interactions and the stories that result (e.g., *Fortune* articles).

The community development literature suggests that external definitions of community based on geographic

or other observable attributions are inherently problematic as a means of initiating change because they often miss the largely hidden psychological and social meanings embedded in community (Calhoun 1987). For example, those living in geographic proximity may often not think of themselves as a community. Instead, they may see themselves as being distinctly different from and maybe even enemies of those around them based on other distinctions with deep-seated emotional meanings (e.g., race, religion, or national origin). Consistent with these findings from the community development literature, members of a single business entity producing the same product may view themselves differently based on identity ties having little to do with products and markets. For example, educational and professional background differences often lead to "them versus us" distinctions across departments within organizations. The model we present below suggests mechanisms by which such diverse reputational views can be united during radical change efforts involving insiders and outsiders.

In sum, though identity and reputational beliefs are both socially constructed by insiders and outsiders, respectively, they tend to arise out of very different motivations. During times of radical change especially, insiders often engage in a "hot interpretive process" (Cantor and Kihlstrom 1987, p. 234) out of a deep-seated drive for self-preservation (Swann 1996), a process that may have little to do with the colder calculative measures that outsiders use to define them (Weigelt and Camerer 1988). These initial differences in the nature of insiders' and outsiders' perceptions of a group are critical for two reasons. First, those who construct hot and cold interpretations of a group are not likely to understand the intensity and basis for each other's interpretations, even when apparently agreeing on the issues at hand, leading to collisions of hot and cold. Second, though both are difficult to change, hot interpretations of a group are more resistant to change than cold interpretations.

Collisions of Hot and Cold

In outside-in approaches to social change, outside experts define a set of current negative results and determine ways to achieve a future with improved outcomes, based on their reputational understanding of community needs. Such an envisioned future engages outside forces to action in order to accomplish the goal (Weaver 1994). This traditional change model addresses the need for the active engagement of outside resources (e.g., knowledge, money, and political influence) focused on a common goal of improved results. However, this approach often falls short of producing sustainable outcomes that engage

insiders in the ongoing process of taking responsibility for maintaining their improved condition (Kretzmann and McKnight 1993). Similar arguments have made in the business literature (Schein 1988).

One reason for the failure of this approach is that outsiders' beliefs regarding both the desirability of changes and the capacity of the target group to produce them often collide with insiders' beliefs about who they are and, therefore, what behavior is appropriate. Outsiders' beliefs are often based on relatively cold and calculated assessments (Weigelt and Camerer 1988). In contrast, the identity beliefs of insiders, if threatened, are likely to become heated with emotionality (Wilder and Simon 1996). Outsiders' change agenda may seem increasingly irrelevant to insiders. It may even fundamentally fly in the face of what insiders feel is most important to them.

In the Peace Corps example, the villagers defined themselves as a spiritual people for whom corn was a central and enduring symbol. External agencies defined the villagers as a somewhat naïve and lazy people who understood the need for reforesting but were not willing to put in the effort to make it happen. The original Peace Corps vision was to incorporate trees into deforested cornfields. Initial discussions about natural resource conservation suggested that insiders and outsiders held very similar conceptions about the communities' needs. Both realized that trees were disappearing and forests were not re-establishing themselves on their own. Hot interpretations of the issue, however, began to collide with the cold analysis of reforestation when results from the outsider analysis challenged one of the insiders' most fundamental definitions of self: the material and spiritual role of corn. Though the original vision generated the energy and the capacity for related agencies to act on behalf of the community's "problem," insiders felt that the vision threatened fundamental behavior patterns and spiritual values by which they defined themselves. External reforestation efforts became a salient hot symbol, in response to which they increasingly defended themselves, maintained their self-views, and resisted the proposed changes. As the external agents began to push the villagers to incorporate trees into the deforested area, insider views about the need to protect cornfields became increasingly focused and heated.

Similar interaction patterns leading to heated internal reactions that defend identity beliefs are also evident in business settings. For example, GE's approach during the early phases of the change process in the Transportation Systems Division included eliminating 40% of the 8,000 hourly workers as well as cutting overtime possibilities

for workers. They told their team leaders "Nothing is sacred" (Tichy and Sherman 1993, p. 99), thereby demonstrating their view of the workers as dispensable and unimportant. Not surprisingly, this external perception led to heated worker resistance in the form of slowdowns, causing serious shipment delays and negatively impacting profits. Over time, managers began to meet with supervisors, union stewards, and hourly employees to try to find someone who would tell them the truth about why schedules were not being met. Conveying such information looked like a highly dangerous move to the workers, who felt that their very existence—who they understood themselves to be—was being threatened. The needed information was not initially forthcoming.

These examples highlight the difference in the nature of the two sets of beliefs: one more rationally calculative, the other more personally and emotionally self-defining. The differences produce the conditions under which hot and cold interpretations are likely to collide. Though identities have cognitive and behavioral, as well as emotional, elements, heated emotions tend to come to the fore during radical change that threatens identity beliefs. And though multiple community identity beliefs certainly existed among the Guatemalan villagers (besides the spiritual dimension of corn in their lives), a threat to a core self-defining belief would likely focus attention on it.

Though the deficiencies of an outside-in approach to collective change are well documented in prior community development research (e.g., Kretzmann and McKnight 1993), we include a proposition that summarizes one of the main sources of these inadequacies.

PROPOSITION 1. *Outside-in approaches to collective change will tend to lead to interpretive collisions between insiders' hot identity and outsiders' relatively colder reputational beliefs about the change target, thereby blocking change.*

Hot Resistance to Change

To avoid the problems of outside-in approaches to change, researchers and practitioners have begun to focus on how insiders themselves define the problems to be solved. For example, the Search Conference Methodology (Emery and Purser 1996), one well-known inside-out approach to planning large-scale systems changes typically allows people to attend the planning sessions only if they are part of the system to be changed. This approach addresses the problem of internal unresponsiveness to external definitions of a community's problems. However, it fails to effectively address other barriers that become evident when we recognize that (1) substantive collective changes in behavior often require significant changes in

insider identity beliefs, and (2) people are not, of their own volition, likely to instigate or initiate a process that fundamentally threatens their own self-definitions. The Search Conference attempts to counter this tendency of internal stickiness by "getting participants to step outside themselves" (Emery and Purser 1996, p.12). This is very difficult, however, without some form of external pressure (Boulding 1973). As Swann (1987) has argued, "in instances in which people must either self-verify or self-enhance, they will self-verify" (p. 1047). The motivation for maintaining a constant and stable sense of self in the face of potential change tends to lead to heated resistance. Community insiders are therefore unlikely to initiate identity-threatening changes unless prompted or forced (through crisis) to do so, though these changes may seem completely reasonable and desirable from an outside reputational perspective.

Research has consistently documented that identity beliefs are highly resistant to change (Elsbach and Kramer 1996). An underlying reason for such resistance is self-preservation (Swann 1996). Consistent with this view, research has tended to assume that reputational assessments, as external observers' reflections of internal identity beliefs, are also highly stable over time (Wartick 1992). In fact, positive reputations are considered valuable, intangible assets precisely because they are inertial and resistant to change (Cramer and Ruefli 1994).

Though both internal and external definitions of a group appear to be resistant to change, we argue that the different symbolic nature of the two, as described above, causes internal beliefs to be more resistant to change than external beliefs. Psychological theories of identity support this argument. The negative affect associated with feelings of threat to one's self-conceptions often leads to extreme resistance (Swann 1996) and to effort withdrawal, especially under conditions of self-focused attention (Carver 1985). Unless insiders are encouraged or pressured by external forces to change their self-views, they are not likely to engage in such change. By contrast, the cognitive standards of outsiders are relatively more open to reexamination and revision (Weigelt and Camerer 1988). As we will discuss in the following section, it is thus outsiders who usually see new possibilities that can trigger fundamental changes, potentially threatening a group's self-conceptions.

In the Guatemalan case, the project involved the Peace Corps as an external agency as well as a rural forestry promoter on salary with the local government—the equivalent of the U.S. Forest Service. In the villages, the project involved local leadership (village mayors and councilmen), who nominally directed work in the villages' tree nurseries. Other participants included individual farmers involved with the tree nurseries, as well as

other village men or women who wanted to have a nursery at home or who wanted to work on soil conservation or related projects individually. Every one of these parties agreed that trees were disappearing and forests were not reestablishing themselves on their own. Most insiders knew this or came readily to accept this by considering where trees used to be and where they were limited to now. Their commitments to planting corn and not mixing corn with trees, however, made it difficult for them to initiate the changes needed to advance reforestation.

Similar patterns are often evident in business organizations. For example, the identity of the union workers in the GE plant was largely built around GE management as the enemy. Management was attempting to build an alternative identity, based on customer service and seeing GM rather than GE management as the competition. Despite these efforts, the "us" versus "them" mentality continued during early phases of the change process, and made it highly unlikely that union workers would initiate efforts to make the plant more successful.

PROPOSITION 2. *Inside-out approaches to collective change will tend to lack initiative and energy due to insiders' tendency to preserve their identity, generating resistance to change.*

Second-Order Barriers to Change

Both the hot-cold interpretive collisions and the lack of insider initiative are formidable barriers to change in their own right. Moreover, a second level of barriers to change is likely to result from this first set of barriers. If insiders oppose changes initiated by outsiders because of fundamental collisions of hot and cold interpretations, this opposition is likely to trigger self-preservation instincts on the part of outsiders. For example, if insiders reject change efforts because they do not reflect and support their sense of self, that rejection, in turn, may threaten outsiders' own identity as caring, competent, and contributing partners. The resulting self-preservational reactions of those outsiders may then lead them to become more emotionally heated and resist possible redefinitions of the problem.

Over time, a continued lack of community initiative is likely to drive officials to increasing impatience toward and lack of understanding of the community. The process potentially becomes a vicious downward cycle. Comparable frustrations often develop in business organizations when, for example, management-initiated changes are ignored. At GE, management was "booed" (Tichy and Sherman 1993, p. 101) when it first began to openly share company data in an effort to engage people in the change process, an experience certain to be highly frustrating.

PROPOSITION 3. *Cold and hot interpretive barriers to change will often reinforce one another in a vicious downward cycle, leading ultimately to a lack of internal and external resources required for initiating and supporting the change.*

In sum, colder external problem definitions may not align with hotter identity beliefs, leading to collisions of hot and cold. The collisions may result in second-order external hot resistance, potentially exacerbating the disconnect between the two sets of beliefs.

A Coevolutionary Model of Radical Change

Both outside-in and inside-out approaches to radical change have merit and both may be problematic for reasons discussed above. We are left with the challenge of specifying when each is appropriate during a change process and how the two interact over time. Coevolution suggests that each element of a process changes as it interacts over time with other elements. This section of the paper describes the coevolution of hot identity and colder reputational beliefs in the management of radical change.

The coevolutionary model we develop begins with disparate identity and reputational beliefs. Pluralism, rather than shared beliefs, is likely to characterize both external and internal definitions of a group. For example, government officials may define a community in terms of political boundaries and the votes needed for reelection. Housing and welfare officials may assess the same community's reputation based on socioeconomic measures. In the context of business organizations, the same organization may be viewed as a potential customer, quality supplier, or environmental hazard depending on the priorities of the external perceiver. Insiders, too, often have different conceptions of who the organization is (Pratt and Foreman 2000). Moreover, different identity dimensions may be more salient for different members, and even for the same members at different times. As long as people are not yet focused on a perceived threat to some aspect of their identity, multiple self-views are probably available for outsiders to tap into.

Though they are not assumed to initially converge, overlap in the interests of some insiders and some outsiders is often present (Harper and Stein 1996). This overlap allows a subset of insiders and outsiders to identify an initial mutually valued pilot project for action. The joint willingness to act on this project—rather than shared overall definitions of the insider group, its problems, or its envisioned futures—provides the spark for change. A wide range of incongruent insider and outsider beliefs

about "who we are" and "who we can become" is still assumed to exist. The community development literature suggests that overall patterns of beliefs often overlap enough, however, to provide the focus needed to initiate limited pilot projects (Harper and Stein 1996). As we describe below, initially conflicting patterns of beliefs can later coevolve into alignment as the change process unfolds.

The coevolutionary change process, depicted in Figure 1, involves three interrelated phases: (1) igniting the change through initial joint action on a limited set of projects, (2) mobilizing the change through project expansions that enhance a community's external reputation, and (3) sustaining the change through internalization and institutionalization of the new behaviors and understandings.

Igniting the Change

If one wishes to change collective patterns of outcomes, it is critical to change the way people think about who they are and, therefore, what is possible for them (Reger et al. 1994). However, as we have noted, it is often difficult for people to see beyond current identities and reputations. Past and current realities stand in the way of envisioning new possibilities.

As noted earlier, threatened (hot) identity beliefs are particularly resistant to change. While reputational beliefs may also be relatively fixed, the lack of hot emotional attachment to issues associated with them typically opens up the possibility of change. As Bartunek (1984) has argued, fundamental changes in people's interpretive schemes typically begin as a result of an external impetus that sets the process in motion. Our coevolutionary model thus favors outside-in initiations of the process, in that it assumes that outside intervention is often necessary to provide the spark for change. However, it does not assume that outsiders are capable of defining the entire problem or presenting the ultimate solution. Their initial role in this coevolutionary process is to spark the willingness and capacity to act around a specific and defined project that pulls together some limited set of common interests of the divergent parties. This strategy of focusing on small wins allows participants to produce a series of concrete outcomes of moderate importance that attract allies and deter opponents (Weick 1984).

Boulding (1973) described attempts to radically alter people's self-views in a regular and well-defined manner as "additions." Additions to self-conceptions preserve critical aspects of one's current self, while affirming new possibilities. They are less painful than identity "subtractions" (Albert 1992); the latter signifying a rupture from the past. The pilot projects can provide the first step toward opening the possibility for identity additions. They engage people in experiencing something new on a scale that is small enough to minimize challenges to participants' identities to avoid emotionally heated feelings of being threatened. The premise behind this approach is that doing will lead to becoming; that is, the heart and head will follow the hands (Ashforth 1998, p. 219).
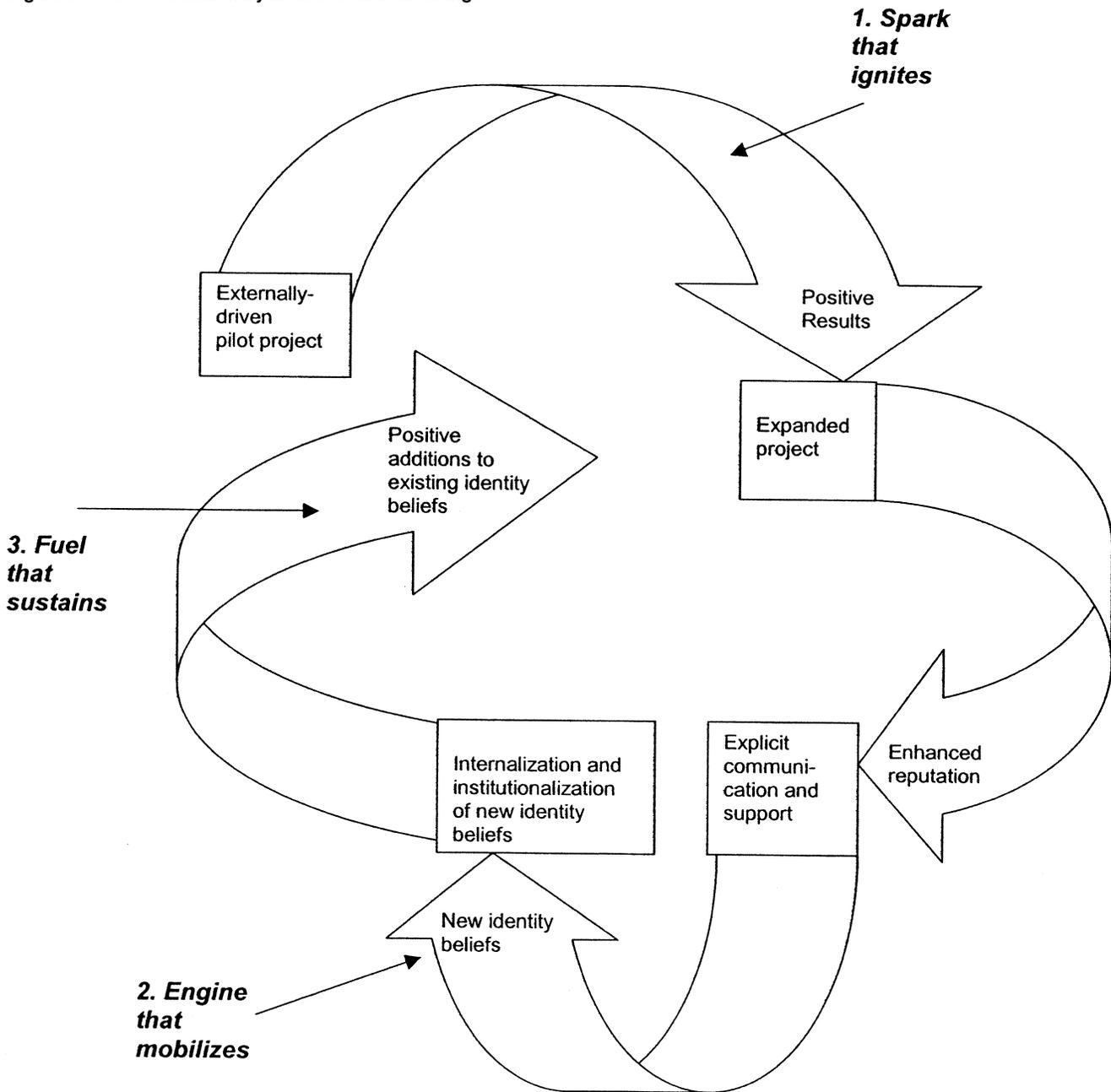
Though insiders are likely to cognitively understand the positive outcomes of the limited pilot projects, that new understanding alone is unlikely to alter their sense of themselves as a collective. Evidence from psychological theories indicates that people resist fundamental changes in their self-conceptions even in the face of data that disprove them (Swann 1996). Behavioral evidence and cognitive understanding are therefore unlikely to be sufficient to mobilize expanded change initiatives, which require shifts in identity beliefs.

For outsiders, by contrast, the small wins associated with the joint pilot projects are more likely to alter their beliefs about insiders. As noted earlier, outsiders' beliefs about a target group typically revolve around cognitive standards that can either be met or not. To the extent that the pilot project results meet established standards, outsiders will tend to perceive the community differently. The positive measurable outcomes of this effort, though not immediately impacting change-resistant identities, will thus tend to lead to enhanced reputational beliefs. This enhanced reputation is a critical vehicle for eventually engaging insiders in a renewed view of themselves, as noted below.

In the Guatemalan change project, the Peace Corps Volunteer convinced the mayor of each village to produce some initial agreed-upon results. In return, she agreed to provide each mayor with items he needed for his village, such as garden seeds. In traditional Mayan communities, the elected mayor and councilmen are the ultimate law, and anything the mayor says, goes. So to get people to work in the nursery, the mayors simply created a list of who was to go to work when and informed those folks. In this way, though internal identity beliefs did not shift as a result of these initial steps, outsiders began to believe that something good could come of this project—that insiders were not just "lazy bums."

A similar transition in reputational views occurred at GE. Management spent months virtually living in the locomotive-assembly plant, attempting to improve relations with the union and open up information flows. Eventually, the persistence paid off. One day a welder came forward and stood in a manager's doorway. He indicated that the union members would shoot him if they knew he was there, but he went on to describe one major

Figure 1   A Coevolutionary Model of Radical Change

1. Spark that ignites

Externally-driven pilot project

Positive Results

Positive additions to existing identity beliefs

Expanded project

3. Fuel that sustains

Internalization and institutionalization of new identity beliefs

Explicit communi-cation and support

Enhanced reputation

New identity beliefs

2. Engine that mobilizes

source of the problem the organization was having in the assembly building and what could be done to correct the situation. Basically, he indicated that employees often had nothing useful to do because the flow of subassemblies coming in from other buildings was so erratic. Therefore, they carried out useless activities and got paid for it. The welder indicated that if management would reorganize the flow of work coming into the assembly plant from other shops, employees would be willing to do more as long as it did not result in lost earnings.

In response, management reorganized the flow of work coming in from other shops and created a win-win situation with workers by making positive changes in the way they got paid. Over time, management began to see employees in a more positive light. From this modest beginning, a small group of Transportation Systems Executives

began developing a new style of employee relations depending on unusually candid communications. Workers, now seen in a somewhat different light, were told everything they ever wanted to know about market share, income, future orders, and what it meant to them in terms of jobs. In addition, management began to recognize workers for a job well done. For example, free coffee and doughnuts were provided once the plant met its monthly production quotas (Tichy and Sherman 1993).

PROPOSITION 4. *Initial positive results of a limited pilot project will tend to enhance reputational beliefs, while not substantially altering identity beliefs.*

Mobilizing the Change

Engaging the behaviors of insiders around a limited acceptable pilot project in the first phase is aimed at keeping feelings of threat and the associated negative emotions from sparking resistance to the change. To mobilize larger-scale changes beyond the pilot, however, requires reengaging the heart (Zajonc 1998). In this second phase, expanding insider support requires the positive emotion that leads to actually experiencing more positive results (Staw et al. 1994), as well as persistence in the face of difficulties (Huy 1999), which is essential for mobilizing a radical change.

As noted above, small wins in relation to the initial pilot projects tend to shift outsiders' view of what is possible, while insiders tend to maintain earlier self-conceptions. In the Guatemalan project, for example, putting some time into a nursery project did not alter the villagers' views of themselves, whereas external stakeholders began to see a shift in villagers' presentation of themselves. If insiders are to engage as willing and capable partners during a radical change process, they must fundamentally alter their own self-conceptions—not just be perceived differently by outsiders.

Identity theories suggest that consistent communication of others' positive beliefs is needed to attain enhanced identities (Swann 1996). Gioia and Thomas (1996) similarly noted that image (how insiders believe outsiders see them) is a critical path for altering identity. For the reputational belief changes to have an impact on a group's identity beliefs, outsider views thus need to be actively communicated to insiders for them to consciously assimilate a new way of thinking about themselves. Explicit communication mechanisms need to be established to provide feedback regarding these new beliefs.

However, positive feedback alone is not likely to lead to changes in a group's sense of self unless it is continually reinforced by the results of expanded projects (Fiol

et al. 2001). For outsiders to significantly impact the beliefs of insiders, they must go beyond verbal communication and provide tangible support for upcoming expanded projects. These expanded projects must then produce a new level of observable results, reinforcing the cycle. To the extent that communicated feedback and positive results are consistent and clear, insiders will begin to believe in the image of themselves they see in outsiders' communications (Fiol et al. 2001), and their views of "who we are" as a collective will begin to shift.

In the Guatemalan project, villagers became very interested in planting fruit trees as opposed to forestry trees. So the Peace Corps Volunteer worked on ways to pay for and transport apple, plum, and pear seedlings to the sites. With the new garden seeds, villagers also became interested in vegetable gardening. So she found new seed sources and a few farmers with lots of experience, worked with them, and shared what was learned with the rest. Another group of villagers wanted to raise rabbits for manure rather than meat. She got a donated pair of rabbits and worked out a system to pass on successive pairs of baby rabbits. The villagers began to believe not only that the project outcomes were desirable, but also that they were partially responsible for having the results occur. The Peace Corps Volunteer's unrelenting faith in the villagers' capacity to bring about results, combined with new levels of observable results, eventually led them to a new self-view. A similar pattern of reputational shifts followed by identity shifts occurred in the GE case. A series of successes combined with growing positive reputational feedback and accompanying inflows of both financial and human resources supported the expansion of positive identity beliefs.

PROPOSITION 5. *New levels of observable results from expanded projects that provide explicit verification of outsiders' beliefs in a group's new self-presentation will lead to a gradual shift of insiders' self-view.*

Sustaining the Change

The igniting and mobilizing phases of change focus on joint action and understanding based on the premise that doing and understanding will lead to becoming (Ashforth 1998, p. 219). To make the leap to becoming, however, and to bring about sustainable identity additions, there is a need to translate cognition and emotion into a way of being. The new understanding of self must be internalized and institutionalized. Internalization refers to the process of individuals making the new understanding part of their internal world. It entails embracing the new understanding in a way that results in permanent and fundamental

changes within the individual (Aronson 1992). Institutionalization refers to the process of collectives making the new understanding part of their social world. It entails a move from something seeming new and different, to it being taken for granted as legitimate and normal (Aldrich and Fiol 1994).

Though internalization and institutionalization refer to individual and collective processes, respectively, they are mutually reinforcing. As new behaviors and understanding become part of who we are and where we operate from as individuals, they also become more taken for granted by those around us. And as our new behaviors and understanding are more taken for granted by the collective around us, they become part of who we see ourselves to be.

To internalize the new behaviors and understanding, individuals must publicly behave in a manner that is consistent with them (Ashforth 1998). Moreover, they must begin to speak about those behaviors using self-referencing language that assumes the new identity additions (Cheney 1983). The public behavior and language serve to translate the new into the natural and the assumed.

When institutionalizing new behaviors and understanding, public symbols communicate a broad level of collective acceptance of and commitment to the changes. In the initial igniting phase, broad involvement was minimized because of irreconcilable insider-outsider differences in defining the community or its problems. In this final phase, sustained identity additions require that the new way of being spread to an ever wider range of insiders and outsiders so as to become a general and expected norm. Symbols such as dress, language, mannerisms, and other expressions of the new behaviors and understanding are potentially important tools for facilitating the process of institutionalization (Ashforth 1998).

In the Peace Corps example, the new public system of passing pairs of rabbits (for garden manure) from village to village and the new public rituals of passing along what was learned about new seed sources externally institutionalized the new planting behaviors in the villages. The public nature of these changes also led to gradual internalization of this new way of being and thinking. According to the Peace Corps Volunteer, the villagers even began to change their views about reforestation in relation to their material and spiritual lives. They began to see and believe that planting trees and growing corn could coexist. This was a very significant addition to their identity beliefs that was needed for sustainability of the changes.

At GE, customer awareness trips gathered groups of 150 employees (hourly workers, supervisors, and a few managers), rented a charter, and made overnight trips to railroads that bought GE locomotives. They would talk about quality and the best way to make products. After a large order of locomotives had been sold to an overseas customer on a bid that was barely above costs (to keep the factory working until the market recovered), management asked workers to further cut costs to avoid losing money during this troubled time. Worker response to this challenge has been credited with boosting the operations profit margin by six percentage points. In one example, workers initiated changes that redesigned locomotive cabs in a manner that resulted in a 45% cost savings. As a result of these highly visible and positive outcomes, both management and labor began to see each other and themselves differently. New understanding developed about the need to serve customers and to recognize GM, not each other (GE or the union), as the enemy.

PROPOSITION 6. *If a group's new self-view is internalized and institutionalized, sustainable positive additions to identity beliefs will result in support for a widening range of jointly enacted insider-outsider change projects.*

Discussion

The process depicted in Figure 1 dynamically operationalizes the components of the normative coevolutionary model developed in the paper. The initial pilot project at the periphery of the figure is supported by a common set of interests among a select group of insiders and outsiders (e.g., in the Peace Corps case, planting is good; in the GE case, maintaining employment is good). Based on this common understanding, limited subsets of insiders and outsiders develop a project that is perceived to be jointly desirable and likely to succeed (e.g., garden vegetables rather than trees). Differences of opinion within and across groups often preclude a full-scale initiative at this time. However, these differences also provide the opportunity to find a number of common interests between a subset of insiders and outsiders (e.g., ranging from common interests in vegetables to rabbits for manure). Observable consistent pilot project results, which demonstrate the desirability of the outcomes as well as the capacity to produce them, can favorably alter the balance of support for expanded initiatives (Weick 1984) (e.g., productivity improvements resulted in subsequent employment opportunities for management and workers alike, which further cemented their cooperation at GE). Mutually beneficial positive outcomes from pilot projects legitimize expressions of a new reality, thereby shaping the possibility and the course of change (Bartunek 1984).

While the effectiveness of starting small is well documented in the community development literature (e.g., Bandeh et al. 1996) as well as in the business organization

literature (e.g., Weick 1984), prior work typically has not clarified the forces that support the success of this approach. Our modeling of radical change processes suggests that early small wins are an effective means of engaging insiders and outsiders for very different reasons. They are useful in engaging outsiders because they can lead to enhanced reputational beliefs and thus a willingness to participate in subsequent larger projects. They are an effective means of engaging insiders because they minimize emotional resistance barriers.

The model provides an alternative to the often-used Lewinian approach to social change that begins by unfreezing current beliefs. During radical change that threatens fundamental beliefs about oneself, attempting to unfreeze those beliefs may simply sharpen them and increase the resistance to change. The approach described in this paper is to engage people in positive identity additions that are acceptable and build from there, rather than to begin with identity subtractions—or unfreezing—that may be too painful to be acceptable. In effect, the approach is an attempt to layer radical change such that it appears nonradical as it unfolds.

We have argued that the impetus that insiders need to initiate the change efforts flows from an enhanced reputation. And, an enhanced reputation results from observable actions that demonstrate the new possibilities of the group. The logic underlying this interaction between internal and external beliefs appears inherently circular unless one establishes essential starting points. Our model suggests that the starting points are observable project results of increasing scope that first enhance reputational beliefs, followed by the consistent and repeated communication of that results-based enhanced reputation to insiders. Over time, this may lead to insiders changing their self-views.

The joint willingness to act—the change trigger—allows both insiders and outsiders to clarify their commitment to larger and more significant joint projects. Consistent with Reger and her colleagues' (1994) tectonic implementation recommendations, each of the pilots and expanded projects should be large enough to overcome cognitive inertia, while not so large as to exceed the capability and desirability limitations of participants' beliefs. Our model proposes a dynamic layering of multiple projects over time. The purpose of the iterative expansion of projects and resulting observable outcomes is to provide a basis for the transformation of first reputational and then identity beliefs, leading eventually to aligned beliefs about the target group, which support growing change initiatives. As Cantor and Kihlstrom (1987, p. 228) noted, "the most rewarding efforts at change will be those that start at the periphery of both the familiar . . .

and the relevant . . . and cautiously work towards the problematic center."

Cold and measured successes support positive additions, first to reputational beliefs and then to emotionally hot identity beliefs. Through the expansion of results and explicit external support, positive additions to identity can emerge. The external results attain meaning for insiders as they become identity additions that support insiders' renewed sense of self. As they are internalized and institutionalized, they become "who we are" rather than "who we could be."

In sum, the journey of radical transformation requires a spark to ignite the change (externally initiated pilot projects), an engine to begin real movement (external perceptions of changes), and the fuel to sustain the movement over time (internalization and institutionalization of positive additions to identity beliefs). The spark, engine, and fuel are not ready-made components lying in wait for the journey, however. Each of these change components emerges from a highly dynamic and interactive process, rather than from any one of them acting alone.

Conclusions

Identity and reputational beliefs are critical to the successful initiation, expansion, and maintenance of radical change. Even when a proposed change does not initially appear to be inconsistent with a group's identity, the change process can often degenerate into heated identity battles, as was illustrated in the Peace Corps example. Analysis of group deficiencies by outsiders and resulting prescriptions for improvement frequently do not lead to sustained collective change because they conflict with important dimensions of a group's own understanding of itself. Similarly, internal understanding of desirability and capability may be inconsistent with reputational perspectives and may also lead to withholding resources required for success. Many community development practitioners and researchers have moved from an emphasis on outside-in to inside-out approaches for leading radical change initiatives. In organizational theories, a similar shift has occurred, from a command-and-control, top-down perspective toward bottom-up empowerment approaches (e.g., Cummings and Worley 1997). For reasons outlined in this paper, we believe that neither approach alone will consistently lead to sustainable collective change. Control by either group alone is likely to lead critical partners to withhold resources and block the change efforts.

This paper adds value in three ways. First, it describes why effective radical change processes do not tend to be driven from the outside in or the inside out, but rather

from the dynamic interactions among them. It delineates the role of insiders and outsiders at different points in the process. Second, it explicitly incorporates the emotional as well as the cognitive bases of identities and argues that emotions are both barriers to and enablers of radical change at different times in the process. It proposes specific strategies for reducing emotionality at the outset and then reengaging emotions in later phases. Finally, it brakes down the change process in ways that contextualize earlier theorizing about the importance of small wins, suggesting that small pilot projects are important for igniting the change process, but that they are not sufficient to mobilize or sustain radical change.

Implications for Research and Practice

Beyond simply arguing for a longitudinal process perspective, this paper suggests that we should give identity and reputational beliefs a central place in radical change theories. The nature of identity in organizations appears to be shifting from relatively fixed role-based identities to more fluid social identities (Gergen 1991). We argue that this should not mean that identity is no longer a relevant issue in the study of radical change management. In fact, the lack of structure and greater fluidity in the way that identity manifests itself today, while making it potentially harder to capture in our research, may mean that it is a more critical issue than ever before.

In this regard, organizational researchers have much to learn from research in developing community change programs that have long dealt with fluid and changing collective identities. One of the most important lessons from this work may be the need to look beyond the functional or instrumental aspects of a proposed radical change. How is it related to people's underlying and often hidden assumptions about who they are? What aspects of those assumptions is the change likely to trigger? It is important to note that even small, apparently insignificant changes (like planting trees) may signal much more fundamental transformations for those involved in the initiatives. Future research must identify what sorts of collective changes are likely to threaten deep-seated identity beliefs.

The model of radical change we have presented is based on the assumption that some subsets of overlapping interests exist as a basis for initiating observable pilot projects. It also assumes that outsiders have the best interests of insiders in mind and that they have the resources needed to support the change initiatives. Finally, it assumes that a crisis situation is not forcing urgent and unquestionably required change. While clearly limiting the generalizability of the model, these assumptions nevertheless accurately describe many organizational change

contexts. Future research should explore the impact of relaxing these assumptions. For example, how does one manage radical change when interests absolutely do not overlap at the outset?

Our model builds on and extends the work of Reger et al. (1994). They addressed the magnitude and type of organizational change initiatives that are likely to succeed, based on sensitivity to organizational identities. This paper extends that work by proposing a dynamic process model that encompasses more of the complexity of the insider-outsider dynamics, while providing discrete moments of intervention and appropriate sources of intervention. In the same spirit, we call for future research on radical change to accommodate more complexity, while at the same time identifying critical moments and turning points. Theoretical approaches based exclusively on one set of unitary beliefs ignore the multiplicity of perspectives and the resulting collisions and resistance that are likely to block any radical change effort. The model we have proposed also recognizes the complexity of interconnected cognitive and emotional barriers that are likely to arise. At the same time, it recommends discrete points of intervention, data collection, and feedback in order to provide a roadmap for future practice of and research on the management of radical change.

The coevolutionary model of reputational and identity beliefs we have proposed suggests a number of properties that distinguish this approach from noncoevolutionary models. For example, the changes take place at multiple levels (individual and collective); the changes involve multidirectional causalities; they are mutually interactive; and they are path or history dependent. Based on these properties, there would appear to be several requirements for applying and testing our model (Lewin and Volberda 1999). First, the tests of the model should longitudinally follow insider-outsider interactions within their historical contexts. Second, they should consider multidirectional causalities. In coevolutionary systems of relationships among variables, the dependent-independent variable distinction becomes less meaningful. And third, studies must incorporate mutual, simultaneous, as well as lagged effects. While identity additions and enhanced reputations in later phases of the change process are likely to coevolve simultaneously, earlier phases are marked by lagged effects, with reputation enhancement preceding identity changes.

The arguments developed in this paper draw on very diverse sources, ranging from psychological theories of identity to community development theories. We used practical experiences from a Peace Corps Volunteer in Guatemala along with a GE business example to illustrate our points. At the beginning of the paper we described

the parallels between sociodemographic community change efforts—like the Peace Corps work in Guatemala—and radical change in today's business organizations. A few important differences should be noted. For example, community development change agents often have less personally at stake than do leaders acting as change agents in their business organizations. The latter frequently have their own identities on the line while working with the organization. With a lot at stake, organizational change agents may have identity beliefs that are as heated as the identity beliefs of the target group early in the process. This would potentially make finding a neutral joint pilot project more challenging. Second, if organizational change agents are current organizational leaders, they often have a longer history with the target group than do most change agents of socioeconomic change efforts. This again might make it more difficult for the change agents to step away from their own heated identity beliefs that might get in the way of the process. Finally, change recipients in community development projects—though often desperately needing the assistance of change agents—may well not recognize the need to follow the advice of these outside interventionists, even in small pilot projects. It seems likely that organizational members might be more receptive to the need to comply with, if not collaborate in the process, given the possibility of losing their jobs if they refuse.

We suggest that the change process we have described applies as well to situations where external agents begin with a highly positive view of insiders (in contrast to the "lazy bums" view of insiders in Guatemala or the negative views management held of the union during early change phases at GE). The dynamics of our proposed model remain unchanged if external agents begin with a very positive view of the change target. The essential point of the change process that we have described is a shift in identity, rather than a shift from negative to positive perceptions of a group. Insiders may be viewed positively by outside change agents and may nonetheless require radical change because of environmental or other factors.

A final important practical implication of the model we have proposed is that radical noncoercive change processes are likely to require a relatively long time to implement. Shortcuts may not exist. If time is not allocated for each of the phases we have described, sustainable radical change is not likely.

Acknowledgments

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