

WORKING PAPER SERIES

Fear: A Misunderstood Component of Organizational Transformation

Theresa M. Welbourne

Working Paper 94 - 11



**FEAR:
A MISUNDERSTOOD COMPONENT
OF ORGANIZATIONAL TRANSFORMATION**

Theresa M. Welbourne
Center for Advanced Human Resource Studies
Cornell University
Ithaca, NY 14853-3901

(607) 255-1139

<http://www.ilr.cornell.edu/depts/CAHRS>

Working Paper #94-11

This paper is part of a large-scale research project that is being supported by the International Consortium for Executive Development Research and the Center for Advanced Human Resource Studies, Cornell University.

This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of research, conferences, and projects available to others interested in human resource management in preliminary form to encourage discussion and suggestions.

**FEAR: THE MISUNDERSTOOD COMPONENT
OF ORGANIZATIONAL TRANSFORMATION**

ABSTRACT

Corporate transformations are being implemented by many organizations, however, successes are remarkably rare. This paper suggests that a contributing factor might be the ineffective use of fear in employee communications. Rather than reducing fear, companies can enhance the transformation process by harnessing fear to quickly change behavior.

Protection motivation theory has been applied by marketing researchers to suggest that fear appeals containing strong threats and information on coping strategies can be successful in changing behavior. Human resource managers can be instrumental in designing effective communications that incorporate fear-inducing messages and information on coping strategies.

Large-scale corporate changes or transformations are occurring at an unprecedented pace. Re-engineering, downsizing, mergers, globalization, and quality initiatives are but a few of the ways in which traditional, bureaucratic organizations are transforming their strategies, structures, cultures, and values. However, less than half of the change efforts being enacted are considered successful by the organizations that are pursuing them and the consultants that are assisting them (Hammer & Champy, 1993; Schiemann, 1992).

According to Drucker (1992: 95; 97) "our age is a period of transformation", and as a result, "every organization has to build the management of change into its structure". If today's transforming companies continue to do business in a world of rapid change and turmoil, and if the process of transformation requires a change management system that can harness the energy from a transformation, traditional assumptions about human resource management may also need to be revamped.

Transformations, to date, have been implemented with methods based on traditional models of change that were developed primarily by researchers and consultants trained in the field of organization development. According to Dunphy and Stace (1988: 317) "the organization development model presents an ideology of gradualism, for effective change is seen to proceed by small, incremental adjustments". Generally, these approaches require a three to six-step process that begins with defining and sharing a vision of change, soliciting employee participation, and eventually changing employee attitudes and behaviors. Considerable effort is taken to alleviate the fear generated by change during implementation because fear and the emotions associated with fear are viewed as negative (Levy, 1986; Quinn, 1980). According to Ryan and Oestreich (1991: 9), "reducing fear is an essential component of organizational transformation".

Such an approach to managing large-scale change may be misguided. Transformations are considered different from routine organizational change in that they are defined as a deeper or more substantial type of change. In contrast to routine changes (also called first-order change) that affect only a small portion of the employee population, transformational change affects individuals, groups, and the entire business. This type of change (also referred to as second-order change) is considered to be multidimensional, revolutionary, irreversible, and seemingly irrational (Levy, 1986).

Even though transformations are different from routine changes, the recommendations for implementing transformations have tended to parallel those associated with traditional and less dramatic changes (Elmes & Wynkoop, 1990). This means that many organizations implementing transformational change also seek to minimize fear. This paper argues that it is

necessary to retain and communicate fear in order to effect rapid, long-lasting organizational transformations. However, fear appeals must be coupled with adequate sources of coping information in order to encourage employees to change their behavior in ways that meet the needs of the business. Without immediate, deliberate, and swift employee response to transformational change, these efforts will not succeed.

FEAR INFLUENCES ON BEHAVIOR

Fear has the potential for motivating employees to change their behavior quickly and in ways that result in positive adaptations to transformation. Fear is often viewed by managers, especially those in the human resource field, as something that should be minimized because our traditional notions of fear suggest that it results in dysfunctional behavior. However, this conclusion has been challenged by researchers in the fields of marketing and communication who have been successfully using fear appeals to change behavior. This line of research suggests that, under certain conditions, fear can induce significant and rapid behavioral changes. If this were the case, human resource professionals could benefit from understanding the role of fear because they could enhance the conditions under which fear could be harnessed, rather than eliminated, to support transformation efforts.

The use of fear appeals in advertising has a long history. Fear campaigns have been employed to induce changes in attitudes and behaviors with respect to dental hygiene, safety, tetanus inoculations, cigarette smoking, and selection of insurance. Fear is viewed as an emotional state that is necessary to "interrupt" the cognitive process, thus causing individuals to pay attention to the message being communicated (Tanner, et. al., 1991). Lazarus and Folkman (1984) refer to fear inducing messages as "hot information" that people cannot ignore.

Most marketing texts adhere to a conceptualization of fear that suggests an optimal level of fear, which is neither high nor low, is required to change behavior or attitudes. This concept of an optimal level of fear is based on early research by Janis and Feshbach (1954) who suggested that the relationship between fear and acceptance of the message (reflected by change in attitudes or behaviors) could be depicted by an inverted-U, where low and high levels of fear resulted in insignificant or zero consequences, and moderate levels of fear were optimal for encouraging positive action.

According to Ray and Wilkie (1970: 55), "over 90 studies have been reported in Psychological Abstracts since the Janis and Feshbach research. Further, quite a few of these studies have actually found that high fear was more effective than low or no fear". The results of literature reviews and meta analyses continue to point to the fact that, despite much "faith" in

the inverted-U model, higher levels of fear are more effective than low or moderate levels of fear. Leventhal (1970: 131), notes that "there are a very large number of studies reporting greater acceptance of health and safety recommendations after high fear than after low fear messages". He continues to comment, after further reviewing the experimental research, that "the data reviewed clearly show a predominantly positive relationship between fear level and acceptance of the communication and recommendation" (p. 136). Despite mounting evidence that high fear appeals do positively impact behavior, most researchers and consultants continue to suggest that fear should only be used sparingly to change behavior.

As evidence began to accumulate and dispel the inverted-U relationship between fear and action, alternative models of fear began to develop. Initially, the research proceeded by searching for moderating variables, or as the marketing researchers would say, market segments that respond differently to fear appeals. Generally, consumers were categorized according to either (1) personality, (2) usage, or (3) socioeconomic status (Burnett & Oliver, 1979). For example, self esteem was studied, and there was some evidence to suggest that people who were considered to have mid or high levels of self esteem responded well to high fear stimulus, while those with low self esteem did not seem to react to the fear invoking communication (Zemach, 1966). In addition, individuals who coped well were compared to avoiders, and it was discovered that copers seemed to respond better to strong fear appeals (Goldstein, 1959). As a result of a number of studies, it was determined that there was some support for the segmentation idea. Leventhal (1970: 120) integrated these results and suggested that "increases in fear generally increase persuasion, but there obviously are conditions where this is not so; when high fear messages fail to persuade, the failure frequently reflects the subject's felt incapacity to cope with danger".

Although understanding individual differences and market segmentation has led to some insights, these results provide a limited framework because they are not based on an overall understanding of the process invoked when fear appeals are used. In order to provide a more comprehensive framework for predicting the manner in which fear affects both individual attitudes and behaviors, protection motivation theory, which is based on expectancy theory models, was proposed. This theory can be used to understand the role that fear plays in affecting organizational transformations. It can also be employed to model the impact of the human resource function in sustaining transformational change.

Rotfeld (1988) noted that one of the problems in the fear research revolved around the definition of fear. He was concerned with the fact that a "fearful" event might not be considered threatening to the entire audience. He suggested that it is the perceived threat, not the actual

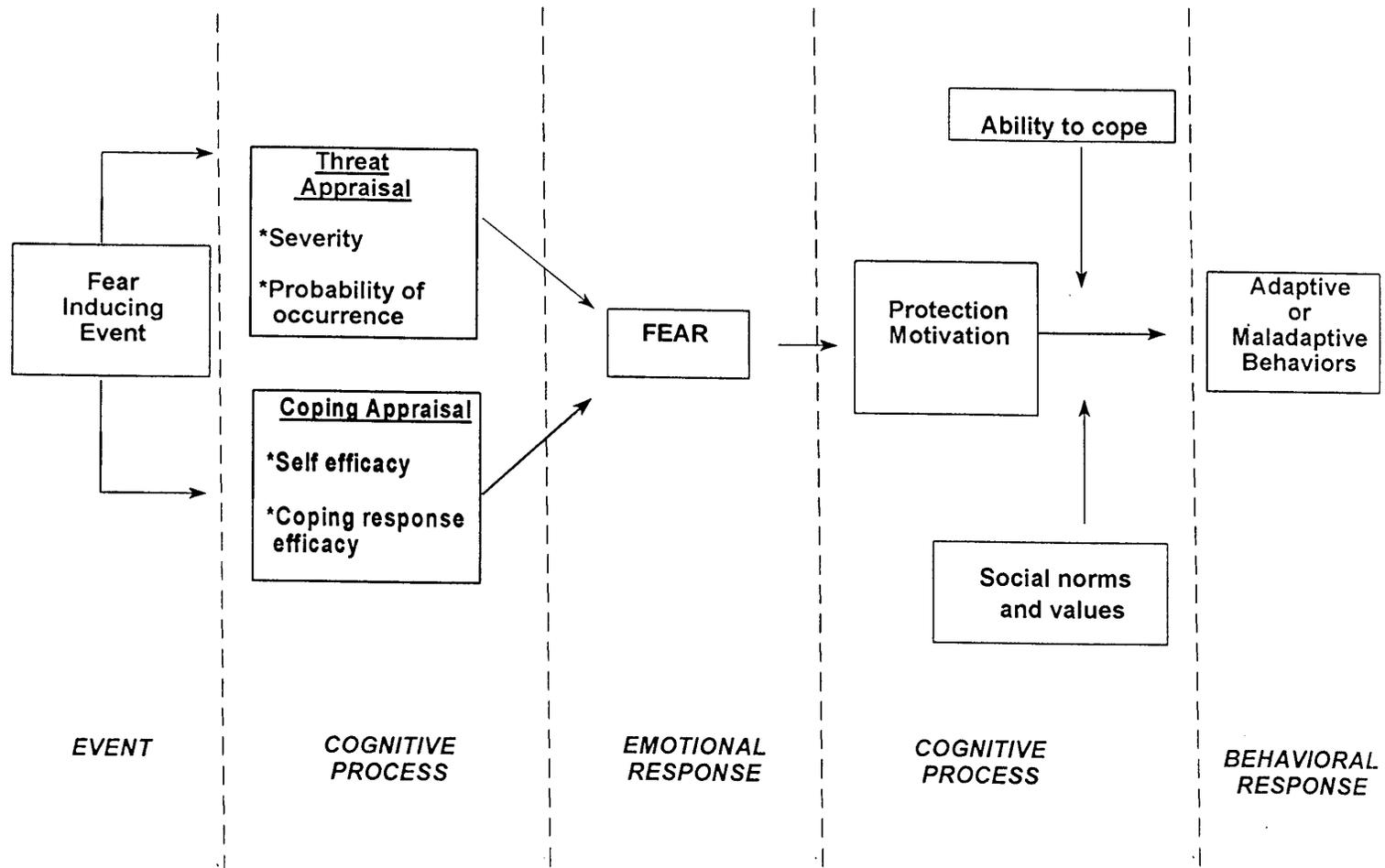
fearful event, that triggers a response. Protection motivation theory addresses this concern by integrating the cognitive process and emotional responses involved in reactions to fear. According to Tanner, Day, and Crask (1989: 267), "protection motivation theory concerns how individuals process threats and select responses to cope with the danger brought about by those threats". Not only does protection motivation theory elaborate upon the cognitive process associated with fear appeals, but it also condenses the work on market segmentation and individual differences through a more sophisticated application of the coping abilities and mechanisms associated with reactions to fear appeals.

THE PROTECTION MOTIVATION MODEL

A variant of the protection motivation model, adapted from Tanner, Hunt, and Eppright (1991) is depicted in Figure 1. The protection motivation model is designed to be a tool that helps advertisers create communications that influence behavior. Tanner, Day, and Crask (1989: 270) point out that "the objective of fear appeals is not to frighten someone but to influence that person's behavior".

FIGURE 1

Protection Motivation Model*



*Adapted from Tanner, Hunt, and Eppright (1991)

As can be seen in the model, it is composed of several steps, including: threat appraisal, coping appraisal, resulting level of fear (emotional response), protection motivation, actual ability to cope, social norms and values, and resulting adaptive or maladaptive behaviors. This model suggests that protection motivation can be successfully tapped to change behavior.

The model indicates that, as the result of some fear inducing event, individuals will simultaneously evaluate the degree of threat posed by the event and their own personal ability to cope. The threat appraisal process considers both the severity of the threat and the probability that the fearful event will occur. The coping appraisal consists of an individual's personal belief that he/she can cope (self efficacy) and their understanding that the coping behavior will actually have an impact on reducing the threat (coping response efficacy). If this cognitive process results in a significant emotional response (fear), then the protection motivation cycle will be triggered. As a result, behavior will change based on not only the level of fear induced by the event but also as a function of a person's actual ability to cope and the social norms and values within the environment.

If an individual does not have the ability to cope or if the social norms encourage avoidance, chances of engaging in behavioral changes are minimal. One example of the impact of social values, from the advertising studies, is the case of an advertising campaign designed to improve dental hygiene among teenagers (Evans, et. al., 1970). The message invoked fear by showing decayed gums and teeth in addition to including references to pain and suffering. These advertisements were generally unsuccessful because the social environment of the teenagers was not taken into consideration. Teenagers did not value long-term health; their peer group was young and seemed to think they had many years to worry about such problems. However, when the communications were revised to reflect an issue important to teenagers, being popular, they were more successful. The newer advertisements stressed that poor dental hygiene would result in social disgrace. This new message had a stronger impact in changing behavior because it considered the norms and values of the teenage population.

IMPLICATIONS FOR HUMAN RESOURCE MANAGEMENT

The protection motivation model can be useful in defining the role of the human resource (HR) department during a transformational effort. In the short term, the HR group can impact employee perceptions of change; it can affect the way an individual perceives the threat posed by the change and the employees' coping abilities. HR professionals can accomplish that goal through direct communications with employees, but it must also assume responsibility for coaching managers and helping them communicate tailored messages to their employees. In

the short run, the job of the human resource management group is not to alter selection systems, compensation programs, benefits, or training. The task in the short run is to develop an 'advertising campaign' for employees and for managers.

In the long run the functional areas of human resources (e.g. training, compensation, etc.) might be changed to better support the transformed organization. The protection motivation model suggests that long-term goals should revolve around the reinforcement of social norms and values that support the new corporate structure. In addition, human resource programs should be designed to provide employees with the skills needed to cope with the new organization and with future changes.

First Phase Response: HR Advertising

In a radical departure from past practices, the protection motivation perspective suggests that, rather than designing employee communications that minimize the threats imposed by transformational activities, human resource managers should be willing to actively communicate fear appeals. However, fear inducing messages must also incorporate coping information. It is the combination of fear appeal and coping information that results in desired behavioral changes (adaptive behaviors). Fear can motivate behavior if employees perceive that they can cope with the resulting threat. As indicated in the protection motivation model, if both the threat and coping appraisals are strengthened by clearly communicated messages, the likelihood that behavior will change in the desired direction increases.

It is critical that human resources be proactive in the development and dissemination of communication to employees. According to Duck (1993: 110), "managing change means managing the conversation between the people leading the change effort and those who are expected to implement the new strategies, manage the organizational context in which change can occur, and managing the emotional connections that are essential for any transformation." Management must realize that any communication, or lack of information, sends important messages to employees. The avoidance of communication simply enhances the 'fear' associated with the transformation effort, and silence from top management reduces employee feelings that they can cope. Secrecy can be the worst enemy of major change efforts because it enhances fear and reduces coping. The result could be a series of 'maladaptive' behaviors, such as rejection of recommendations for change, absenteeism, turnover (among those who are needed to implement the change), rumors that affect morale, and possibly more serious consequences such as sabotage, theft, and/or violence.

However, communication programs that combine elements of fear and coping can be highly effective in producing change in a short period of time. A mid-size, high technology firm located on the West Coast provides an interesting example of effective communication of both fear and coping to transform the company's product.

The firm develops, manufactures, and sells tailored software and training programs. The software is very specialized, and the entire package (with installation and training) can cost \$10 million. Therefore, one sale (or lack of) has significant impact on the firm's profitability. Although the company had been highly successful in product development and sales, it began to encounter problems with the quality of the software and documentation. Due to the rapid growth of the company, the number of clients, and the number and complexity of the applications, "bugs" began to appear and to increase exponentially. Existing clients began to express rising concerns about the company's commitment to improving the product and delivering on future products currently under development.

The dissatisfaction and obvious discomfort of the clients did not go unnoticed by the president. Since he was one of the primary sales representatives for the company who regularly visited with existing customers, he became increasingly aware of the crisis that the company was facing. As a result, the president took a unique step that both induced a high fear environment and demonstrated an even higher level of confidence in the workforce. The president called a company meeting but did not announce the agenda. At that meeting he shared his evaluation of the clients' perceptions of the software. Basically, he stated that the software was full of bugs, that the documentation was poor and of bad quality, and that if the company proceeded to deliver such software there was a very good chance that it would go out of business. He then asked for the support of the entire company. He described a plan developed by the management team that involved organizing the company into "Quality Strike Forces." Employees would be divided into teams with responsibility for either a software module or a client account. Each team would test the assigned module or client software, fix the bugs, and ensure that the documentation was correct. In addition, one of the senior officers in the firm was reassigned to be in charge of the quality program.

The president then stated that while they accomplished these new tasks, everyone still needed to deliver on their prior commitments. There was an audible gasp and then questions on how that could be accomplished. The president then dropped the other shoe and asked the entire staff to work 10 hours a day, six days a week until the problem was resolved. He did not say the extra hours were mandatory, but he strongly stated his belief that unless the quality of

the software was dramatically improved over the next several months, the firm would be in jeopardy.

Before ending, he expressed his confidence that the problems could be overcome and stated his intention to put programs into place that would not allow the company to regress. He indicated his feeling that the company could, with the extra effort requested, get back to normal in three months. Lastly, he mentioned his complete confidence in the talents and capabilities of the staff and then opened the meeting to discussion.

Needless to say, this incident caused a great deal of anxiety and fear among employees at the firm. Communicated improperly, the situation could have been disastrous. However, the Quality Strike Forces proceeded and were successful in meeting their goals. The initial employee meeting contained numerous fear-inducing messages, which were based on a need to transform the product in a relatively short period of time. These messages were, however, combined with detailed information on how employees could cope. Quality strike forces were recommended, a change in senior management was made, employees were honestly told that they needed to spend more time on the job, and they were made to feel confident that they could accomplish the task.

After the initial meeting, daily communication with each employee was maintained via electronic mail; this system also permitted the employees to openly discuss issues with each other. The workforce pulled together in an impressive example of team work. Secretaries, accountants, and clerks started 'killing bugs'. Although a high level of fear was evident, management and employees created an environment that enhanced each individual's perception that he/she could cope with the dilemma.

Almost every communication from management evidenced a balance of fear and coping. For example, the following excerpts were obtained from one of the president's electronic mail messages to employees:

"We are postponing the company picnic until late July or August. We will be working this weekend to try to get the process under control. It did not seem appropriate to have the picnic conflict with those goals."

This message reinforced the seriousness of the problem and the need to quickly solve it. The product needed extensive change, and the president was not afraid to continue using 'fear' as the change was implemented. The same message, however, contained the following information:

"With regard to the task forces, feedback so far is that you are off to an excellent start. Many of you have stopped by and offered either me or one of the task force leaders your support. With that attitude we can get this under control. I have now

talked to all of our clients and they applaud what we are doing. They all want us to succeed."

This message expressed confidence in the workforce, support from employees, and encouragement from the customer. The one-page message contained both elements of fear and coping. The decision to cancel the company picnic communicated the seriousness of the problem. At the same time, the president expressed the fact that the problem could be solved (or the bugs could be killed). During the period of time described as the Quality Strike Force not only were electronic communications used by everyone, but regular employee meetings and lunches were scheduled to discuss progress and problems. The communications were designed to enhance information flow among employees, but they also reinforced coping perceptions. Everyone in the company was part of this problem and part of the solution. By moving the non-technical staff (administration, production) into a temporary technical role (exterminators), these employees learned more about the core business. They also felt part of the solution, which enhanced their coping appraisals. The result of the Quality Strike Force was a successful reinvention of the product and changes in the development process.

In order to induce change, employees have to be confronted with information that exposes them to the realities of market competition or new expectations in an open and honest fashion. Although fear is viewed by many researchers and professionals as negative, it is necessary in order to induce the types of large-scale changes needed during major change efforts or transformations. Consider the contrast in employee communication between General Electric and General Motors during the 1980s. While GE employee communication had emphatically built on the CEO's message of "fix, sell or close" (*high fear*) to achieve the #1 position in the global market place, GM's employee messages were full of soothing comments about upcoming market turnaround and great products in the pipeline (*no fear*). Where GE is known for its successful transformations within numerous divisions, GM experienced minor changes during the 1980's. However, the 1990s' marked change for General Motors, and the realities of market competition forced them to communicate the seriousness of their situation to employees (*high fear*). Only after this point in time did real transformational change occur at GM.

The first recommendation gleaned from the marketing research and the protection motivation model is that the human resource department's role in an organizational transformation effort must be to run an effective advertising campaign, and they must solicit management to be dedicated sales people. The 'message' must be well conceived and

continually reinforced during the change, and the message must contain two parts to be successful - fear and coping components.

Human resources cannot respond to the transformation by initially retooling the traditional parts of the HR machine (selection, training, compensation, etc.). There is no time to change these administrative systems before the transformation or reengineering effort is initiated. Even if there were time, most executives and consultants suggest that administrative changes should follow, rather than lead, major transformational change. A recent Fortune article, reporting comments from executives who led successful transformations, noted that "nothing cripples an army faster than stony details like pay policies and information systems" (Stewart, 1994: 57).

Second Phase Response: Program Changes

The second phase response, however, should be to revisit human resource programs and align these with the new company. There is no generic recommendation that can be given in this regard. The types of changes that need to be made will be determined by the nature of the transformation. They should, however, reinforce the communications campaign and move from creating a perception of coping to providing mechanisms for acquisition of actual coping skills.

Many transformed companies are concluding that their desired state is to be continually transforming. If this were the case, then human resources must create the internal values that support constant change. If fear is necessary for transformational change, can fear be used on a long-term basis to support a transformational company? Research on stress and withdrawal would suggest that long-term exposure to fear produces negative consequences (maladaptive behaviors). Not only are negative outcomes expected for the company, but long-term exposure to fear is known to be associated with physiological changes that threaten one's health. Would these negative responses be mitigated with a balance of fear and coping? Or does a more effective strategy involve small doses of fear mixed with larger doses of 'calm' to enhance long-term coping perceptions. These are questions that currently remain unanswered, however, this should change as companies conquer the model of the transforming firm.

Another issue that needs further research is the ability of a 'healthy' firm to utilize fear to motivate change. Must fear come from an actual or looming crisis, or can a company manufacture fear for the sake of change? Perhaps fabricated fear results in the types of fear appeals that are discouraged by psychologists and many human resource managers. Fear, without justification, might only be viewed as intimidation, thus minimizing its motivational value.

This type of initiative might also result in the "boy who cried wolf" phenomenon, where employees learn that messages with fear do not contain honest information. A company that utilizes this strategy might risk being able to tap the motivational effect of fear when it is truly needed for survival.

Accepting the Concept of Fear

In a recent review of the literature Rotfeld (1988: 20) stated that "while a hypothetical inverted-U relationship between amount of fear and persuasion has repeatedly been shown to be an inadequate explanation of past data, many advertising researchers cling to its validity and assert its support is equivocal". Will human resource managers do the same? Despite mounting evidence and the fact that fear-inducing events can no longer be ignored, will managers continue to heed advice from authors such as Ryan and Oestreich (1991) suggesting that they should "drive fear out of the workplace"?

This paper suggests that human resource managers should take advantage of work compiled by marketing and communications professionals who have studied the way in which fear can be used to change behaviors. Unfortunately, many managers have become "afraid" to use "fear" because it conjures up images that are associated with an unpopular view of manipulative managers. However, in this era of large-scale change, popularity is much less important than survival, and the human resources function is at a critical time when it must demonstrate that it can contribute to, rather than diffuse, change initiatives. There is no doubt that fearful communications will create anxiety in the workplace, however, some form of anxiety has been found to be necessary to trigger learning from employees.

Schein (1993: 88), comments that anxiety is needed for change to occur, however, he also cautions that "it (the anxiety) must not be so great as to cause defensiveness and paralysis". His solution is that "for change to happen, people have to feel psychologically safe, that is, they have to see a manageable path forward, a direction that will not be catastrophic." Schein's conclusions, based on research in the field of management, parallel the findings in the marketing literature in that the key to successfully communicating change is balancing negative and positive information. One, without the other, will be insufficient in supporting transformational change, and human resource managers are in a unique position to assure that balance is attained. Only if fear is recognized and properly managed can it be coupled with effective coping information and mechanisms. In this way fear results in optimal adaptive behaviors that support organizational transformation efforts and sustain employees who remain in these turbulent environments.

References

- Burnett, J.J. & Oliver, R.L. (1979). Fear appeal effects in the field: A segmentation approach. Journal of Marketing Research, May. 181-190.
- Duck, J.D. (1993). Managing change: The art of balancing. Harvard Business Review 71 (6). 109-118.
- Dunphy, D. C. & Stace, D. A. (1988). Transformational and coercive strategies for planned organizational change: Beyond the O.D. model. Organizational Studies, 9(3), 317-334.
- Elmes, M.B. & Wynkoop, C. (1990). Enlightened upheaval and large-scale transformation: The Polish solidarity trade union case. Journal of Applied Behavioral Science, 26(2), 245-258.
- Hammer, M. & Champy, J. (1993). Reengineering the Corporation, New York: Harper Collins.
- Janis, I.L. & Feshbach, S. (1954). Personality differences associated with responsiveness to fear-arousing communications. Journal of Personality, V23 (Dec) 154-166.
- Leventhal, H. (1970). Findings and theory in the study of fear communications. In: L. Berkowitz (Ed.) Advances in experimental social psychology (5), New York: Academic Press.
- Levy, A. (1986). Second-order planned change: Definition and conceptualization. Journal of Allied Behavioral Science, 26(2), 245-258.
- Quinn, J.B. (1980). Strategies for change: Logical incrementalism. Richard D. Irwin, Inc: Illinois, Homewood.
- Ray, M.L. & Wilkiw, W.L. (1970). Fear: The potential of an appeal neglected by marketing. Journal of Marketing, 34, (Jan) 54-62.
- Rippetoe, P.A. & Rogers, R.W. (1987). Effects of components of protection - motivation theory or adaptive and maladaptive coping with a health threat. Journal of Personality and Social Psychology, 52(3), 596-604.
- Rotfeld, H.J. (1988). Fear appeals and persuasion: Assumption and errors in advertising research. In: Leigh, J. & Martin, C.R. Jr. (Eds.) Current Issues and Research in Advertising. The University of Michigan, Ann Arbor, MI. 21-40.
- Ryan, K .D. & Oestreich, D.K. (1991). Driving fear out of the workplace. San Francisco, CA: Jossey-Bass, Inc.
- Schein, E. H. (1993). How can Organizations learn faster? The challenge of entering the green room. Sloan Management Review, Winter. 85-92.
- Schiemann, W. A. (1992). Organizational change: Lemons from a turn around. Management Review, 81(4). 34-37.

Stewart, T. A. (1994). How to lead a revolution. Fortune, 130 (11) 48-61.

Tanner, J.F., Jr., Day, E. & Crask, M.R. (1989). Protection motivation theory: An extension of fear appeals theory in communication. Journal of Business Research, 19, 267-276.

Tanner, J.F., Jr., Hunt, J.B. & Eppright, D.R. (1991). The protection motivation model: A normative model of fear appeals. Journal of Marketing, 55 (July), 36-45.