

RESEARCH ARTICLE

Bringing emotions into post-Northian institutional economics: a reading inspired by John Dewey

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Abstract

The article examines the contributions of John Dewey's philosophical thought to an institutionalist conception that integrates the dynamics of emotions to enrich the conception of action and the analysis of the links between institutions and individuals. We first demonstrate the close connections between the enactivist approach underlying the post-Northian cognitive analysis of institutions and John Dewey's situational approach. We then identify the main features and functions of emotions in the pragmatist's theory. Subsequently, we outline three levels – emotional rationality, communication, and collective emotions – that illustrate how the incorporation of emotions enriches the study of institutions, drawing on North's cognitive model. Finally, we illustrate the scope of Dewey's theory of emotions through a concrete case (the France Télécom case), in which emotions serve as a driving force for actors' creativity, changes in managerial practices, and a transformation of legal norms.

Keywords: communication; emotions; enactivism; institutional moral harassment; John Dewey; post-Northian Institutionalism

Introduction

Douglass North and his colleagues are regarded as pioneers in establishing a cognitive approach to the study of institutions. Offering a new analytical perspective on the establishment and evolution of institutions, Northian institutional economics (Denzau and North 1994; Mantzavinos *et al.*, 2004; North, 2005; Denzau *et al.*, 2016) has taken up the torch of bounded rationality (Simon, 1982) in order to cast light on the social and psychological dimensions of the choices we make as institutionally embedded individuals. Despite some explicit references in the works of North and his co-authors (Mantzavinos *et al.*, 2004) to the works of Simon (1982) and Hayek (1952), as well as Damasio's neurobiological analysis of feelings (Damasio 1999), the cognitive framework on which they depend tends to neglect the influence of emotion on human behaviour and on the construction of individual and collective beliefs.

However, in the recent 'post-Northian' institutionalist literature, the emotional dimension has been progressively introduced (Petracca and Gallagher, 2020; Frolov, 2024a, 2024b; Gallagher and Petracca, 2024; Petracca and Gallagher, 2024). As pointed out by Frolov (2024b: 105, emphasis added), '[c]ognitive institutions also support and regulate individual and collective emotions that are interactively intertwined with cognition and blend into a "cognitive-emotional amalgam" [...] In this sense, cognitive institutions are cognitive-emotional ones'. We also suggest that emotions play a crucial role in institutional economics, for two main reasons.

The first is historical in nature, reflecting the fact that new institutional economics has inherited from its forebears (among whom we may count Veblen and Commons) a conception of the individual which transcends both personal interest and pure reason. Emotion is a key force in shaping individuals who do not always behave according to the traditional canons of rationality and who are, furthermore, capable of adopting socially useful behaviours such as altruism. It should therefore come as no surprise that these subjects provided the route by which emotion was first introduced into standard theory (Elster, 1998). In the wake of Jon Elster's pioneering work, an abundant literature, both experimental and behavioural, has sought to introduce emotional processes into economic analysis (see, for example, Gomes, 2017; Petit, 2022). And yet, this literature has quite naturally run up against the intrinsic limitations of the psychological conception of emotion on which it is based, where emotion is primarily regarded as an impediment to rational decision-making that actors must work to overcome. This approach considerably restricts the scope of analysis (methodological individualism, emotional valence, reasoning in terms of optimisation, etc.), and as such we believe there is ample room for a broader understanding of emotional processes of direct relevance to institutional economics.

This brings us onto the second major reason which should inspire post-Northian institutional economics to engage fully with emotions. Emotions remain relatively unexplored in institutional analysis. Looking ahead to the prospects of this research program, Frolov (2024a: 20) suggests that 'we should [...] rethink the functionalist understanding of cognitive institutions as problem-solving cognitive mechanisms in favor of more complex explanations that take into account their unconscious, embodied, relational, symbolic, ideological, and other (messy) properties'. And, in particular, 'we should [...] include in the analysis cognitive institutions that enable submerged (affective, emotional, intuitive) aspects of extended cognitive processes' (*Ibid.*: 21).

In order to introduce emotions into a conceptual framework, we argue that we must move beyond a purely psychological understanding of emotion and adopt a multidisciplinary approach (incorporating elements of philosophy, anthropology, history, etc.) to which institutional analysis is better suited than traditional analysis. As we will see, emotions can be broadly defined as the continuous and dynamic connection between individuals and their environment (physical, social, and cultural) – a concept especially relevant to an institutional approach that seeks to understand the interactions and transformations occurring between individuals and the institutional contexts in which they make decisions. Such a conception of emotions would allow us to define and affirm the intrinsic qualities of emotions, including their impulsive capacity, their association with our beliefs and their decisive impact on decision-making *but also* their creative, moral or relational dimension, as well as their physicality and their connection with communication and other influences, all of which have the potential to be elements of structural significance in the construction of a new institutionalist theory.

Cognitive-institutional analysis is both rich and diverse, as highlighted by Frolov (2023). This raises the question of which approach is most suitable for introducing today a 'relational conception of emotion' (Tcherkassof and Frijda, 2014; Petit, 2018). As Frolov (2024a) notes, several waves have shaped the extended cognition paradigm: the first, characterised by the work of Clark and Chalmers (1998) and resonant with Douglass North's analysis, the second which 'shifted the emphasis from functional parity (similarity) between internal and external parts of cognition to their functional differences, complementarity, and integration into cognitive systems' (*Ibid.*: 2) and the third – most relevant here – emphasizing the "enactivist" approach to cognition (Gallagher, 2017, 2023). This latter approach underscores (i) the transactional and dynamic relationship between individuals and institutions, (ii) the social dimension of cognition, (iii) the concept of active cognitive agency, and (iv) an interpretation of institutional transformation. For all these reasons, the enactivist approach is most suitable for a conception of emotion that, as we will see, enables a deeper exploration of these various analytical dimensions.

In this article, we address the challenging question of how the incorporation of emotions can contribute to the framework of post-Northian institutional economics. Our approach is primarily philosophical. We propose that the theory of emotions developed by the pragmatist philosopher John Dewey (1859–1952) – with its emphasis on the role of emotions in decision-making and creativity, as

well as its focus on the transformational capacities of individuals and institutions – offers valuable insights for enriching the cognitive and affective foundations of post-Northian institutional economics. John Dewey's influence on an earlier generation of institutionalist thinkers is well-documented (see for instance, Pratten, 2015). More recently, his theory of emotions has been applied to economic analysis to explore the ways in which emotions alter the individual habits of economic agents (Petit and Ballet, 2021, 2023). In this respect, Dewey's theoretical model of emotions represents a valuable tool, bringing greater depth to the analytical framework developed by authors in the post-Northian tradition.

The article is structured as follows. First, we highlight the strong connections between John Dewey's pragmatist approach – especially his non-dual conception of experience – and the enactivist view of cognition (Section 2). Next, we examine Dewey's theory of emotions (Section 3), emphasizing their key aspects and essential functions. We then consider the impact of incorporating emotions into post-Northian institutional theoretical analysis (Section 4). Finally, we illustrate concretely the scope of the pragmatist theory of emotions within the field of managerial work organisation (Section 5).

The close connections between enactivist philosophy and Dewey's pragmatism

In their analysis of institutions, several institutional economists (Petracca, 2017, 2021; Petracca and Gallagher, 2020, 2024; Gallagher, Mastrogiorgio, and Petracca, 2019; Petracca, 2021; Frolov, 2024b) draw on the enactivist approach to cognition. This approach reflects the idea that cognition is simultaneously embodied, embedded, extended, and enactive (4E cognition).

Broadly speaking, cognition is *embodied* in the sense that it takes place in both the brain and the body. According to Gallagher (2023: 14), '[t]he general idea of embedded cognition is that, in some cases, the environment scaffolds our cognitive processes'. Underlying *embedded* cognition is the idea that the environment provides us with potentialities, or what Gibson (1986) refers to as 'affordances'. The notion of embedded cognition 'includes the idea that agents are actively or passively situated in the environment' (Gallagher, 2023: 15).

Extended cognition is central to thinking about cognitive economic institutions (Petracca and Gallagher, 2020): cognition can be physically extended – as when we use a notebook or a calculator – or socially extended. Finally, *enactive* cognition potentially encompasses these various aspects (embodied, embedded, and extended) (Gallagher and Bower, 2014) and further complements them. According to Gallagher (2023: 30, emphasis in the original text), in a few words,

'[e]nactive views on [embodied cognition] emphasize the idea that perception is *for action*, and that this action shapes more cognitive processes'. Importantly, 'enactive approaches emphasize the *relational and socially* nature of human cognitive systems' (*Ibid.*, 30, emphasis added)

Our aim here, however, is not to explore in depth the specifics and details of the enactivist philosophical approach but rather to remain at a level of generality that allows us to identify the essential common aspects between John Dewey's approach and that of enactivism. First, we highlight that the way interaction (or 'transaction' in Dewey's terms) is described in the enactivist approach closely parallels the pragmatist author's central notion of 'situation'. The notion of situation then helps us to understand the basis for an embodied and embedded cognition, as well as cognition described as socially extended. Finally, crucial to our study, we demonstrate how both approaches (enactivist and Deweyan) converge around the notion of affectivity.

Enactivist interaction and the Deweyan notion of situation

One of the significant traits of enactivism lies in its emphasis on the relational dynamics that exist between the organism and the environment. The two are in continuous interaction, meaning that the organism adjusts to changes in the environment just as the environment evolves based on the organism's actions (Skorburg, 2013). This perspective resonates with the non-dual pragmatist view, which avoids opposing individual and society, body and mind, masculine and feminine, reason and emotion, etc. It is also connected to an evolutionary naturalist (Darwinian) reading of its approach.

Gallagher (2020) considers that Dewey's notion of 'situation' explicitly accounts for this form of interaction and its non-duality (see also Dreon, 2019; Heijmeskamp, 2024; Mendonça, 2024). Dewey (LW 13: 25, emphasis in original)¹ makes it clear: '[t]he conceptions of *situation* and *interaction* are inseparable from each other.' Dewey (LW 12: 72) defines a situation as an 'enviroment experienced world'. We experience the world through situations as they are the background on which actions take place, and action make sense to us. However, as highlighted by Heijmeskamp (2024: 4), a situation is not equivalent to an environment or a context, as the organism is not in the situation but *a part of a situation*.

To live in a situation is consequently to be in a transaction, and living in a world means living in a series of situations. An individual cannot step outside a situation without changing it. Also, '[i]n a problematic situation, [an individual] cannot strictly point to the situation because [his] pointing is part of the situation' (Gallagher, 2014: 116). In other words, '[his] movement is a movement of situation' (*Ibidem.*). More precisely, a situation is defined in relation to the performance of action. 'It contains activities, an active organism, and environmental objects that delineate possibilities for action' Heijmeskamp (2024: 4).

An embodied and embedded (pragmatist) cognition

Dewey's notion of situation helps to better understand why cognition is (i) embodied and (ii) embedded.

The idea that cognition is embodied (i) entails that 'the cognitive agent is more than a brain in a vat' (Gallagher, 2014: 112). In *The Reflex Arc Concept in Psychology* (1896), Dewey proposed a circular conception of stimulus, cognition, and action. Later, Dewey (MW 9: 346) has proposed a characterisation of the brain in cognition that comes close to embodied-enactivist views today:

'The brain is essentially an organ for effecting the reciprocal adjustment to each other of the stimuli received from the environment and responses directed upon it. Note that the adjusting is reciprocal; the brain not only enables organic activity to be brought to bear upon any object of the environment in response to a sensory stimulation, but this response also determines what the next stimulus will be'. (Dewey, MW 9: 346).

According to the pragmatist author (MW 10: 32), '[h]ands and feet, apparatus and appliances of all kinds are as much a part of [thinking] as changes in the brain'. Dewey regards the mind as a constantly evolving process that cannot be considered separate from the body. Throughout his work, Dewey often uses the term 'mind-body' to illustrate the inextricability of body, reasoning, and conceptualisation.

Embedded cognition (ii) incorporates the fact that the environment is a useful *scaffold* for cognition. In the Gibsonian approach, we find the idea that the environment is full of possibilities, or 'affordances', which the cognitive individual can grasp. Recent approaches – more aligned with enactivist or ecological perspectives – have emphasised that while the environment certainly offers, it more so incites or invites us (Withagen, 2018). Dewey foresaw the idea that certain things are perceived as suggestions, as invitations to act in a certain way (Dreon, 2019). According to Heijmeskamp (2024: 04, emphasis added), Dewey states that 'we do not respond to stimuli of particular objects in the environment but relate to the elements of a meaningful environment as a whole to which we respond in a certain manner. *Perception is the coordination of the whole organism, with the body as its mediator*'.

¹Following convention, relevant citations are to LW (Later Works), MW (Middle Works), and EW (Early Works) in Dewey (1967–1991).

Situated and socially extended cognition

Enactivist philosophy views cognitive processes as not limited to the brain, but as inclusive of the entire body and also *as extended to the outside world*. ‘As extended and enactive, the mind is *situated* in the way that Dewey defines this notion’ (Gallagher, 2017: 19, emphasis in original). It means that the situation includes not only our notebooks (as described specifically by Clark and Chalmers, 1998), our computers, and other cognitive technologies, but also the social and cultural practices and institutions that help us solve a variety of cognitive problems. It is one thing that Dewey clearly emphasizes: cognition is always socially situated. Cognition is socially situated, not simply in the sense that the world is populated with others with whom we communicate but also in the sense that this communication and interaction shape our cognitive abilities from the very beginning. On the enactive view, social cognition is characterized by and sometimes constituted by embodied interaction (De Jaegher *et al.*, 2010).

Scaffolding affectivity

Following Gallagher and Bower (2014), who aim to make ‘enactivism even more embodied’, a number of recent studies have highlighted the central role of affectivity (or, more specifically, emotions) within embodied cognition.² The central idea in this body of literature is that ‘not only do emotions influence how we perceive affordances, but perceiving affordances entails perceiving emotionally inflected spaces’ (Heijmeskamp 2024: 6). For Dewey (LW 10: 72), ‘[a]n emotion is implicated in a situation’. A situation possesses a perceived, pervasive qualitative character that grants it a qualitative wholeness (LW 5: 243). This qualitative aspect cannot be understood without reference to the affective or emotional dimensions (Pappas, 2016). It is this pervasive quality that not only binds the constitutive elements of the situation into one whole but also individuates each situation into something unique (LW 12: 74). This means that ‘we not only relate to situations in terms of perceived opportunities for action [...] we are also sensitive to the emotional and affective qualities of a situation’ (Heijmeskamp, 2024: 6).

Three key points from this literature inform our discussion on the impact of emotions on institutions. First, our environment provides us with artefacts that are not only cognitive but also affective. Good examples of ‘iconic affective scaffolds’ (Colombetti, 2020: 220) include, for instance, pictures or paintings of loved ones. More broadly, environments can evoke emotions such as excitement, gloom, depression, romance, and fun.

The second aspect highlights that we perceive and assess our environment (physical, social, and cultural) through our emotions and sensations. As highlighted by Gallagher and Bower (2014: 236), ‘one’s environment affords many possibilities for action, but each has its affective price tag, and they are not at all equally affordable’. For example, as demonstrated by Danziger *et al.* (2011), a judge’s decision can be influenced by their physiological state and the context in which their choice is made. ‘Emotions [...] delineate objective possibilities for action: in other words, they delineate worlds’. (Heijmeskamp, 2024: 7). Moreover, some authors, along with Dewey (LW 13: 239), emphasize the close connection between emotion and interest (Bower and Gallagher, 2013; Crippen, 2022), explaining our attraction – guided by emotion – to certain possibilities offered by our environment. For Dewey, emotional qualities are openings and closures, invitations to approach or avoid. For instance, sadness closes certain affordances because with sadness comes weariness that changes our bodily dispositions and makes certain environments less attractive and approachable (Crippen, 2022).

Finally, the enactivist approach to affectivity also acknowledges that individuals actively shape their own environment, being able to construct an ‘affective niche’ (Krueger, 2014; Krueger and Osler, 2019). ‘Niches [...] are tailored to the organism’ (Krueger and Osler, 2019: 209). We use objects, people, and spaces as affective scaffolds to help regulate our emotional experiences. For instance, we play music to

²See, for instance, Bower and Gallagher (2013), Krueger (2014), Testa (2017a), Withagen (2018), Krueger and Osler (2019), Colombetti (2020), Crippen (2022), Dreon (2021), Heijmeskamp (2024), Mendonça (2024).

focus our attention while working, or we transform our living space (through colours or artwork) to ease emotional tension.

Summary

The post-Northian institutionalist approach corresponding to the third wave of extended cognition is based on the enactivist philosophical approach. Institutional economist (including those who currently advocate for enactivism) have yet to fully integrate the affective or emotional dimension of enactivism into their frameworks. We suggest that Dewey's theory of emotions serves as a natural tool for incorporating emotions into the post-Northian approach to institutions.

The features and the functions of emotions in Dewey's conception

Dewey's analysis of emotions is the fruit of a long process of reflection which began in the mid-1890s (EW 4: 152, EW 5: 96), and upon which he expanded at length in his later writings: *Human Nature and Conduct* (1922); *Experience and Nature* (1925); *Qualitative Thought* (1930); *Art as Experience* (1934); *Experience and Education* (1938); and *Theory of Valuation* (1939).

Numerous authors have recently highlighted both the breadth and, above all, the modernity of Dewey's approach to emotions (see, for instance, Garrison, 2003; Johnson, 2006; Morse, 2010; Pappas, 2016; Withagen, 2018; Mendonça, 2024). Our objective here is not to delve into this extensive literature in detail. Instead, we aim to identify the key aspects of this theory to understand (in Section 4) its potential theoretical contributions to institutional economic analysis and (in Section 5) to illustrate its scope in a case where the institution or rule is transformed through an active emotional process. We will thus focus on the primary *features* of emotions and on their *functions* and subsequently examine the extent to which emotions can *effectively fulfil* these functions.

Broad features of emotions

One convenient way to understand the nature of emotions in Dewey's theory is to identify their broad aspects. According to Dewey's analysis, emotions (i) have an objective dimension, (ii) are the result of a transaction between the organism and its environment, and (iii) correspond to a 'mode of behaviour'. Emotions also have an 'ordinary' aspect (iv). In addition, emotions are malleable and plastic (v).

- (1) For Dewey, emotions have, first and foremost, an *objective* dimension. 'An emotion is implicated in a situation, the issue of which is a suspense and in which the self that is moved in the emotion is vitally concerned. Situations are depressing, threatening, intolerable, triumphant' (Dewey, LW 10: 72). Thus, if individuals are afraid, angry or joyful, for instance, it is primarily because their environment is potentially dangerous, unjust, or pleasant.
- (2) Emotions emerge from the life process under certain specific conditions of *interaction* (or rather transaction) between the organism and the environment. In particular, the tension born from the imperfect coordination between organism and the environment is at the root of the emotional episode. This property of emotions has a major consequence: when Dewey talks of emotions, he is talking about processes which are not purely psychological in nature, but which are in fact social processes.
- (3) In connection with this life process, emotions correspond to a *mode of behaviour* that aims to restore the balance between the organism and its environment in order to integrate or unify it. This integration is the very principle of the experience and its potential fulfilment. In particular, emotions intervene at a specific initial phase of the experience. They arise as soon as a 'problematic situation' (irrespective of its nature) arises.
- (4) Emotions also have a very *ordinary aspect* that we can underline. For Dewey, aesthetic emotions and the associated experience described in *Art as Experience* (1934) are exemplary in the sense

that in this case, emotions bring about a perfect and complete integration (of the artist with their work). However, Dewey points out that emotions come into play in everyday life. Dewey (LW 10: 84) offers the simple example of a man who, prompted by a sense of irritation, begins tidying up his room and, in doing so, clarifies his thoughts by transforming and calming his initial anger.

- (5) Finally, emotions are not fixed in time. Emotions are essentially *plastic* (as is also the case with habits) or dynamic. In particular, emotions, as we shall see below (in Section 5), are transformed during the experience.

Summarizing the above, in Dewey's work, emotions are associated with behavioural, dynamic, objective, and ordinary attitudes whose aim is to promote the integration of subjects into their environment.

The functions of emotions

Emotions arise for specific reasons and serve identifiable functions. This reflects the idea that, for a pragmatist, defining an emotion largely means identifying what it does. Emotions act simultaneously as (i) a signal, (ii) a guide, (iii) a revelation of our moral values, (iv) a tool for creativity, and, finally, (v) a means of communication.

- (1) At the origin of an experience – which can also be called an ‘inquiry’ in Deweyan logic (LW 12: 1) – there is a ‘doubt’ that reveals the existence of a ‘problematic situation’. Emotions initiate an experience in very general cases. When conflict arises between dissonant or incompatible behaviours, or when the environment and the organism are misaligned, emotions signal this imbalance.
- (2) Emotions indicate that something is amiss (in our relationship with our environment). They also serve as a guide, helping us steer the inquiry in a direction most favourable to restoring balance. Emotions are ‘the moving and cementing force’ (LW 10: 49). Emotions particularly encourage us to change our habits when these appear unsuitable or mechanical (Petit and Ballet, 2021).
- (3) Emotions also have a moral dimension. Moral inquiry is a particular form of what constitutes an experience. It aims to reconcile what is desired with what is desirable. It is the result of a reflection in which emotions are transformed to establish what we truly care about (Petit and Ballet, 2023).
- (4) In many cases, the solution to a problematic situation involves innovating and taking an alternative path compared to what is known. In other words, one must be creative. According to Dewey, emotions play an important role in this creative process through the imagination (a point we will develop in detail in Section 4).
- (5) Finally, emotions are an essential tool of communication. They are the vehicle for conveying meanings to ourselves and to others (a point we will also develop in Sections 4 and 5).

Can emotions be limited or imperfect?

Emotions possess certain functions that are all intended to serve life itself. They are a tool for living beings. As such, they can restore the existing imbalance between the organism and the environment. However, this only occurs under certain conditions. For instance, it may be possible for an emotional routine to lock us into an attitude which prevents all transformation. In this case, emotional stimulation is such that we are sometimes driven to prefer solutions which do not quell, and may even exacerbate, the conflict between habits.

Are there criteria that allow us to determine when emotional stimulation fulfils the functions we would expect of it? Dewey presents the idea that an integrative experience (which he also describes as ‘aesthetic’) corresponds to a proper balance between ‘doing and undergoing’ (LW 10: 54). During an

interaction, or an experience, the organism does something and undergoes something. Interaction is a continuous process of adaptation in the sense that what is undergone shapes subsequent actions. 'However, doing and undergoing do not happen in alternation or in an orderly fashion: they occur simultaneously, indicating the direction of further doing and undergoing, giving rise to a dynamic and ongoing relationship between doing and undergoing' (Mendonça, 2024: 25). So, when the doing harmonizes seamlessly with the undergoing, everything goes well. The experience is complete.

An incomplete or unfulfilled experience is one in which this balance between doing and undergoing is not maintained. For instance, Dewey (LW 10: 55) states that 'when we are overwhelmed by passion, as in extreme rage, fear, jealousy, the experience is definitely non-esthetic'. In such cases what occurs is that the emotional stimulation is pursued for its own sake, not for its eventual function in overcoming the conflict. '[E]motion withdraws and feeds upon things of fantasy' (LW 10: 264). Using Dewey's terms, 'a person overwhelmed by an emotion is thereby incapacitated for expressing it' (LW 10: 75). In other words, '[w]ith respect to human emotion, an immediate discharge [...] is detrimental to rhythm' (LW 10: 160). Consequently, the experience falters.

We can conclude that emotions fulfil their integrative function (of both organism and environment) when they possess a certain quality, specifically when they are neither eruptive nor scattered. According to Dewey, emotions cannot be repressed indefinitely (LW 10: 264). His analysis, however, suggests – in more contemporary terms – that emotions must be regulated.

How Dewey's theory of emotions can contribute to post-Northian institutionalism

From our perspective, emotions could and should be incorporated at multiple levels within institutional economic analysis. Emotions influence perceptions, beliefs, attitudes, habits, values, and individual preferences, operating within a framework of continuous and dynamic interaction between individuals and institutions. They serve as the vehicle through which individuals conform to institutional norms and rules (Markey-Towler, 2019) but also act as a driver for transforming these institutions. Considerable conceptual work is needed to incorporate emotions into the institutional framework. We suggest that this integration should be pursued within the enactivist approach. While institutionalist scholars have recently examined the cognitive aspects of this approach (Petracca and Gallagher, 2020; Frolov, 2024a, 2024b; Gallagher and Petracca, 2024; Petracca and Gallagher, 2024), the emotional dimension, though recognized, remains understated or implicit in these works.

In this article, we do not aim to present a comprehensive plan for fully integrating emotions or defining how this should be done. Instead, our goal is more modest. We offer a few directions to illustrate how emotions can enhance our understanding of institutional formation and transformation. Recognizing the importance of emotion would modify institutionalist analysis in three main ways. The first concerns how human rationality can be expanded by incorporating an imaginative process underpinned by an emotional dimension. The second examines the specific role of emotions in the sharing of meanings within communication processes. The third, more forward-looking, sketches a relatively underexplored aspect in contemporary emotion theory – namely, its collective dimension – which could have a significant impact on institutional dynamics.

Emotional rationality and the power of imagination

In an enactive interpretation, rationality is neither an assumption about individual cognitive capacities or behaviours nor a product of any specific institutional setting: it is 'a property of dynamic mind-environment interactions' (Frolov, 2023: 182). We illustrate here the scope of an emotional rationality by drawing from the Northian cognitive model (Denzau and North 1994; North, 2005).

Our aim is to show that emotions can be creative and that this functionality – operating through imagination – broadens the Northian model in line with an enactivist approach. As Frolov (2024a: 21) notes, '[I]magination is underestimated in economics'. For example, Selten (1978) considers imagination as one level of (rational) decision-making (alongside routine and reasoning), but confines

imagination itself to a routine ‘similar to a computer simulation’ (Selten, 1978: 147). From our perspective, an emotional rationality should, on the contrary, engage the imagination and narrative practices through the world of images.

We illustrate this point with the Northian model. North (2005) seeks to analyse the interactions between cognitive processes, the formation of beliefs, and institutions: beliefs guide individuals in their actions and have consequences for institutions, while in return institutions are capable of shaping individual beliefs. In this model, a system of beliefs corresponds to a stabilised mental model which stands up to the scrutiny of reality (Denzau and North 1994). As in Dewey’s system, such mental models are flexible and designed to solve problems. The notion of belief employed by North and his colleagues is thus proximate to Dewey’s notion of habit (Testa, 2017b).

There is, however, an important difference between the two approaches regarding the way these beliefs are revised (Ballet and Petit, 2023). In the Northian approach, beliefs may change through a purely cognitive or analogous reasoning process: previously acquired knowledge is reorganised and reused to find a solution to a varied series of problems (Denzau and North 1994). For Dewey, this change (of beliefs, values, attitudes, or behaviours) is brought about by a method of inquiry (LW 12: 1) that leaves a central place for emotions.

Emotions are particularly useful in cases where past experience has not equipped individuals with the system of beliefs required to face up to the problematic situation at hand. In such circumstances, ‘the most “natural” thing for anyone to do is to go ahead; that is to say, to *act* overtly’ (LW 8: 200, emphasis in original). But, ‘the disturbed and perplexed situation arrests such direct activity temporarily’ (*Ibid.*: 200). It is substituted by an imaginative activity: ‘[t]he *idea* of what to do when we find ourselves “in a hole” is a substitute for direct action. It is a vicarious, anticipatory way of acting, a kind of dramatic rehearsal’ (*Ibid.*, emphasis in original).

For Dewey, imagination is an ability to anticipate the future, a ‘power [...] of realizing what is not present’ (LW 17: 242). During this process of dramatic reconstruction, individuals mentally experiment with situations and plan for the future. This mechanism enables individuals to explore different points of view and to anticipate the consequences of their actions. By using their imagination and simulating potential scenarios, individuals acquire a deeper understanding of problematic situations, which in turn boosts their capacity to act in an informed and effective manner in the real world. Invoking imagination represents a solution for one of the problems faced by the Northian institutionalist framework, in cases where individuals must innovate and form new beliefs.

To what extent, however, does this activity involve *an emotional dimension*? First, it is important to bear in mind that, when Dewey talks of imagination (or even intuition or emotion), he is talking about processes which are not purely psychological in nature, but which are *social processes*. Imagination, therefore, entails a form of sympathy or empathy, which Dewey (drawing on Adam Smith) describes as ‘entering by imagination into the situation of others’ (MW 5: 150). To imagine is, therefore, (in part) to sense what others feel.

Second, and most importantly, imagination has a bodily, visceral dimension: ‘[t]his [idea of what to do] is not what is sometimes called thought, a pale bloodless abstraction, but is charged with the *motor urgent force* of habit’ (LW 14: 39, emphasis added). This driving force is produced by the image and can act in a non-conscious way. According to Testa (2017a: 105) Dewey ‘anticipates contemporary embodied and enactive approaches to imagery’. In particular, the qualification of imagery as dramatic rehearsal ‘also underlines the story-structured and narrative form of imagination’ (*Ibid.*: 108). According to this narrative hypothesis (see, for example, Hutto, 2015), our ability to understand others does not rely on possessing an intentionalist theory of mind (nor on using any simulation process, as in the case in Selten (1978)); instead, it suggests that we engage in storytelling practices.

In his analysis, Dewey does not dismiss the reflective and conscious aspects of imagination; instead, by drawing on the realm of imagery, he attributes to it a qualitative and narrative dimension, suggesting that emotions play a central role (Medina, 2013). In a post-Northian enactivist approach, emotions are creative – in the sense that they can solve problems by revising individuals’ previously inadequate systems of beliefs. They contribute to an emotional form of rationality.

The distinctive role of emotions in the communication process

In the Northian framework, the institutions associated with a social group correspond to the beliefs *shared* by that group. This raises the key question of how exactly this sharing occurs. According to Denzau and North (1994), individuals enmeshed within a given cultural environment are in constant communication with one another for the purpose of solving problems. ‘The direct result of this communication is the formation of shared mental models’ (Mantzavinos *et al.*, 2004: 76). Furthermore, for Denzau *et al.* (2016: 478), ‘face-to-face forms of interaction facilitate communication not only through words, but also through body language and facial expressions’. This communication (both verbal and non-verbal) opens up the possibility of organisational innovation within institutions.

In this view, communication, creativity, and emotion (including physical communication such as facial expressions) are connected and must be coordinated. However, Denzau *et al.* (2016) do not explicitly examine how exactly this coordination works within groups (Frolov, 2023). Our objective is thus to demonstrate that Dewey’s theory of emotions can offer an answer to the question of belief-sharing within a group.

Dewey thought deeply about the relationship between communication and emotion. Chapter 5 of *Experience and Nature* (1925), devoted to the relationship between nature, communication and meaning, opens with the following affirmation: ‘[o]f all affairs, communication is the most wonderful’ (LW 1: 132). Within a group of individuals ‘living in association’ (MW 15: 236), sharing or pursuing common goals, it is communication which upholds the group dynamic and makes it possible for habits to evolve. Communication implies sharing. Dewey identifies free and constructive communication as a necessary condition for participation in social enquiries and sharing of results.

In a short extract from *The Public and its Problems* (1927), Dewey (LW 2: 331) proposes a theoretical model for the circulation of emotion within a group made possible by communication, a theory which could be profitably integrated into the institutionalist analytical framework. It all begins with impulses and needs which, when they are expressed and communicated, become identified with meanings and objects. Pooled together, these meanings are shared in a manner which fosters the emergence of a community of action and interest. Emotions play a role in this dynamic process, as a means of transmitting meaning.

The collective power of emotions

Most studies on emotions focus on their individual dimension. However, recent and growing literature is exploring their collective dimension – such as that of crowds, groups, or even public opinion (see, for instance, von Scheve and Salmela, 2014). Thonhauser (2022) offers a ‘taxonomy’ within which the concept of ‘emotional sharing’ is seen as a unifying force for a group. Here, we provide a preliminary illustration of this notion of emotional sharing to address some of the challenges associated with integrating collective emotions into institutional analysis.

Let us return to the question of communication. Communication is not only a means of transmitting meaning and information; it is also ‘final’ or ‘consummatory’ to the extent that it embodies communality, uniting the community. In using this term, Dewey insists upon the idea that communication ‘is [...] an immediate enhancement of life, enjoyed for its own sake’ (Dewey; LW 1: 144), particularly because ‘[s]hared experience is the greatest of human goods’ (LW 1: 157). To put it simply, communication is ‘an intrinsic delight’ (LW 1: 158). In a collective environment, there is no mode of action more satisfying or gratifying than a concerted consensus around a plan of action. Consensus brings with it a feeling of sharing, of belonging to a whole, because to participate ‘is to *take* part, to *play* a role. It is something active, something which engages the desires and aims of each contributing member’ (LW 7: 345, emphasis in original).

Envisaged in this ‘consummatory’ form, communication can be regarded as a social activity that occurs within a group, giving rise to a collective emotion born of the experience of sharing in this activity. That emotion serves to unify the group, creating a sense of belonging or attachment, while also endowing each individual member with a sense of affective well-being, which is beneficial to the

collective activity. For Dewey, however, communication is about more than a sense of belonging: communication as tool (or means) cannot be separated from communication as objective (or end). It is precisely because communication allows for the exchange of meanings, which are useful to individuals within the group that it has the effect of strengthening the community. In other words, communication is useful (transmitting meanings which are useful in their own right) as well as being beneficial to and appreciated by the group in and of itself, and it is both of these things (the means and the end) simultaneously, since they are mutually reinforcing.

Summary

Building on the functions that emotions can fulfil (Section 3), we suggested that their integration may help to expand the Northian model, which is based on a system of beliefs. Emotions are a catalyst for creativity because they facilitate imagination. They also contribute to communication within groups, serving both as a tool and as a shared object. By highlighting the role of emotions in the communication process, we grasp how Dewey's approach can contribute to the institutional analysis of organisations. In the following section, we illustrate the scope of Dewey's theory through a concrete case in the field of organisational management.

Law, emotions, and institutional change

From our perspective, emotional dynamics constitute a central element in explaining the modification of rules and institutional changes. In Dewey's approach, emotions perform a genuine coordination and communication function, aimed at restoring equilibrium between the individual or a group of individuals and their environment. This perspective extends to the analysis of social movements, the study of conflicts both between and within groups, and also encompasses a political dimension, highlighting the role of emotions in shaping public opinion.

To illustrate our argument while remaining within the scope of post-Northian analysis, we draw on a field of application of the notion of cognitive economic institution, as discussed in this journal by Petracca and Gallagher (2020: 755) and later developed by Gallagher and Petracca (2024). Gallagher and Petracca (2024) illustrate the co-production between institutions and actors by demonstrating how *legal rules can shape the cognitive abilities of judicial actors*, who, in turn, may *modify these very rules*. Gallagher and Petracca (2024: 225) specifically reference an example from Danziger *et al.* (2011), which demonstrates that a judge's physical state – whether hungry or satiated – can significantly influence the rational application of legal reasoning, thereby illustrating the impact of effect on judicial decision-making.³

In this co-productive process, we suggest that emotions – or even scaffolding activity – play a significant role, but also that the analysis can be extended further by integrating a longer-term emotional dynamic allowing for a better understanding of the transactions that take place between justice actors, complainants (employees and trade unions), alleged perpetrators (companies), and the rules that the law can produce. Here, we focus on a concrete case (the France Télécom trial) – examined by numerous authors (see, for instance, Chabrak *et al.*, 2016; Doellgast *et al.*, 2021; Palpacuer and Seignour, 2019; Renou, 2010; Waters, 2014) – which illustrates how emotions contribute to modifying legal rules in the context of labour market organisation, and then contractual rules on that market.⁴ Our

³A notable interest of this legal field is that it refers to the older institutionalist approach, particularly that of John Commons. As demonstrated by Ballet and Petit (2022), there is a strong similarity between the approaches of Commons and Dewey – such as the notion of the “going concern,” the interdependence between institutions and actors, and the importance of communication. However, a significant difference lies in the emphasis placed on emotions by John Dewey, whereas Commons' contribution is limited to the idea that individuals are driven by an impulse linked to the desire for security.

⁴We can imagine other case studies, for example on the uses of natural resources and the property rights associated with these resources. The rights granted to nature, and the stewardship of these rights by local populations, considerably affect the mechanisms of property rights. The legitimization of these new rights sometimes relies on emotional work in Dewey's sense.

objective here is not to conduct a detailed analysis of all relevant aspects of this case study but rather to illustrate how an emotional dynamic, initially observable as a form of resistance within a company (Palpacuer and Seignour, 2019), expands as it is shared, influencing both the public and legal institutions. As suggested by our theoretical approach to emotions outlined in the previous Section 4, emotions – acting as a vector of creativity and sharing – serve as a driving force contributing to the transformation of (1) managerial practices and (2) the legal rules that regulate these practices.

The France Télécom case

In December 2019, the France Télécom case resulted in a court ruling with a striking impact on institutional matters. The court convicted the company's former CEO, Didier Lombard, the former second-in-command, Louis-Pierre Wenès, and the former Director of Human Resources, Olivier Barberot, for '*institutional moral harassment*'.⁵

The trial focused on the company's transformation plans, *Next* and *Act*, which aimed to reduce the workforce by 22,000 employees and to place an additional 10,000 in mobility between 2007 and 2010. As the civil party lawyers strongly emphasised during the trial, the company's management policy deliberately sought to push employees out – 'through the door or through the window,' as Didier Lombard himself put it during a management meeting in 2006. Due to the civil servant status of a large proportion of employees, the strategy consisted of exerting maximum pressure on them to force their departure. At that time, the managerial discourse promoted employee mobility as a virtue while stigmatising or even guilt-tripping those who resisted it (Waters, 2014). Some also saw this as a way of distinguishing 'good' employees from 'bad' ones. At the same time, management practices encouraged greater personal and emotional investment in the company – 'Are you Orange on the inside?'⁶ – relying on values such as courage, dynamism, and adaptability. Conversely, the company's economic and financial difficulties were presented as a personal failure of the individual worker. This managerial policy aligns with a standard approach in which management by stress or fear relied on a set of routines governing decision-making and time management, effectively confining individuals within a pre-established behavioural framework (Einarsen *et al.*, 2010; Branch *et al.*, 2013). In the France Télécom case, this managerial approach specifically fostered intense negative emotions (Chabrak *et al.*, 2016; Renou, 2010) – such as anxiety, anomie and depression – which were deeply felt, to the extent that workplace suicides became increasingly frequent.⁷

The case appears to have originated with a letter from one of the victims of this managerial policy, Michel Deparis. Before taking his own life in July 2009, he wrote a letter in which, through his final act, he directly implicated the company's responsibility. Deparis spoke of a state of 'permanent urgency' and 'management by terror'. Deparis's suicide, along with the contents of his letter, caused shock and mobilized trade unions as well as political leaders of the time, including Xavier Darcos, then Minister of Labour, who summoned the management of France Télécom in September and demanded measures to improve working conditions. The incident also received extensive media coverage (Doellgast *et al.*, 2021). Two months later, this suicide was followed by a complaint filed against the company by the SUD trade union, which was then followed by a series of additional complaints and a damning report from the labour inspection authorities. Testimonies overwhelmingly condemned the company's management, exposing systematic practices such as forced geographical relocations, compulsory functional transfers, salary reductions, and other measures aimed at pushing employees out. The

⁵Lombard, Wenès, and Barberot were each sentenced to one year in prison, with eight months suspended. In addition, they were fined €15,000 each, while the company was ordered to pay a €75,000 fine. Four other senior executives were also found guilty as accomplices.

⁶In 2006, the brand name 'Orange' was widely adopted for internet, television, and fixed-line telephone services. However, it was not until 2013 that the group officially abandoned the name 'France Télécom' and rebranded as Orange S.A., completing the transition initiated in the early 2000.

⁷The court recognised 39 instances: 19 employees who died by suicide at their workplace, 12 who attempted suicide, and 8 who experienced a significant depressive episode.

activism of trade unions, the intervention of public authorities, and media coverage compelled the company to abandon its managerial practices as early as 2010. This shift was symbolised by the replacement of Didier Lombard with Stéphane Richard as the head of the company. Notably, this transition resulted in the discontinuation of the policy of forced employee mobility, the implementation of a more human-centred management approach, the abandonment of large-scale workforce reduction targets, and the establishment of social agreements aimed at restoring trust with employees.

For our analysis, the most significant legal consequence of the September 2019 trial was the recognition of the concept of ‘institutional moral harassment’. This notion goes beyond the already recognised concept of moral harassment, which involves assigning responsibility to clearly identified individuals. With institutional moral harassment, it is the company’s policies themselves that are called into question, particularly its human resources management strategy. This represents a significant step forward in recognising the managerial impact on employees and implies a shift in management rules. As a result, stress-based management, which has become commonplace since the 2000s, is now being broadly challenged. An institutional change is emerging, materialising here in a legal rule. At the end of the trial, the victims’ lawyers stated that this ruling was a notable advancement, as it could lead to the implementation of systematic policies aimed at preventing moral harassment. In January 2025, the Court of Cassation rejected the appeals of former France Télécom CEO Didier Lombard and his deputy, Louis-Pierre Wenès, thereby upholding their convictions in the case of suicides at the company. The Court thus recognises the concept of ‘institutional moral harassment’ at the highest judicial level.

Emotions as a driver and agent of change

Would the France Télécom case have come into existence without the emotions of indignation, shock, and astonishment it provoked? The exceptional nature of this trial is certainly due, in part, to the severity of the hierarchical practices between 2006 and 2008. However, it is also largely attributable to the broader process of social transformation through which members of the company brought these practices into the public debate – to expose, explain, and denounce their human consequences and to advocate for an alternative vision of the company and the nature of work. Workplace suicides inevitably triggered an extremely intense emotional response, with Michel Deparis’s letter serving as a pivotal moment that led to the formal accusation. These events generated waves of emotion but also sparked resistance and mobilisation.

Palpacuer and Seignour (2019), for instance, examined the resistance movement that gave rise to new forms of action, drawing on academic expertise to assess and qualify the effects of increasingly abusive managerial practices. The authors demonstrate that this resistance was driven by the convergence of hybrid forces (employees, trade unions, public actors, and public opinion), which also aligns with the idea put forward by Doellgast *et al.* (2021), namely that the France Télécom case illustrates the ability of trade unions to develop new forms of ‘communicative power’ both within the company and towards the public or external experts.

The Observatory of Stress and Forced Mobility emerged as one such initiative (Delmas and Merlin, 2010). It served as a tool to rebuild a sense of *community* within and around the company, notably through national forums that brought together several hundred participants – including trade union representatives, academics, physicians, labour inspectors, and experts – between 2007 and 2008, even before Michel Deparis’s suicide. Emotions were shared, and this very act of sharing became itself a source of emotion, as suggested by Dewey’s analysis. Through this process, emotions gave rise to an in-depth examination by various professionals from the fields of health and business, who joined forces around a common cause. During the trial, the testimony of Monique Fraysse-Guiglini, an occupational physician at the regional directorate of France Télécom in Grenoble, drew significant attention. She described the sharp increase in spontaneous consultations by employees presenting symptoms of depression, alcohol dependency, or medication addiction. What stood out was not only the emotion conveyed through her testimony but also the authority of her expert opinion as an occupational

physician. Emotions were combined with expertise, and this combination of emotions and reasoned expert testimony that lent such weight to the trial and ultimately contributed to the formal recognition of institutional moral harassment.

Here, we find the key elements of Dewey's thought. Emotions – shock, anger, emotional sharing – are co-constructed and shaped within an interactive dynamic between the subject and their environment. The France Télécom case exemplifies Dewey's theory of emotions through what emotions accomplish over time, that is, their work (i.e., the 'work of emotions'). First, emotions arise from a disturbance affecting the subject – in this case, the wave of suicides at France Télécom. Next, emotions act as agents of experiential completion, responding to an initial disturbance (a misalignment between the subject and their environment). They serve as a force of cohesion and unification of experience, as well as a medium of communication between individuals. Beyond the raw emotions elicited by the suicides, collective groups formed to report, document, and ultimately bring the situation before the courts. Consequently, 'the France Télécom suicides [could] be viewed as an extreme form of protest undertaken by individuals in the face of intolerable social conditions in which they lacked a voice' (Waters, 2014: 138).

Finally, and this is a crucial characteristic for resolving the disturbance, the disruptive role of emotions is linked to the fact that experience is, above all, a projection into time – a vision of the future and the ability to imagine it (as we highlighted in our discussion of North's model in the previous section). For Dewey, emotions are tied to the subject's concern with the uncertain evolution and outcome of the event causing the disturbance. In other words, the experience unfolding in the present only gains meaning because it is projected into the future. Emotions are lived in a moment of transaction, where both the individual and their environment transform, generating new emotions – potentially more positive ones, such as those arising from the pleasure of sharing and group identification. Whereas the standard economic approach to emotions offers a static and instantaneous reasoning, and where Northian (and partially post-Northian) institutional economics focuses primarily on the cognitive dimension, John Dewey proposes a dynamic analysis of emotions and institutional change – one that takes into account the *historical evolution of relationships*, which can certainly be understood through the foundational Deweyan notion of 'situation'. This is why institutions are not fixed, but evolve with the emotions they generate. The France Télécom case clearly illustrates this through the change in legal rules it has brought about. What purpose would a trial serve if it had no consequences? Beyond the recognition of their suffering, the victims and their families undoubtedly hope and/or expect that such events will not happen again. The dynamics of emotion are inseparable from those of institutional change – precisely as Dewey argues. The final ruling of the Court of Cassation (confirming in January 2025 the guilt of the executives and recognising institutional harassment) marks the culmination of a complete and unified 'experience' (in the Deweyan sense) that began in 2010, in which emotional dynamics played a central role.

Conclusion

In this article, we have sought to explore how incorporating emotions could strengthen post-Northian institutional economics. In doing so, we draw inspiration from the philosophical approach developed by American pragmatist philosopher John Dewey. We have suggested that Dewey's approach to emotion aligns most closely with the cognitive approach to institutions developed by the proponents of the post-Northian framework (Petracca and Gallagher, 2020; Frolov, 2024b), particularly because they have already incorporated the enactivist dimension of cognition.

We have sought to illustrate, both theoretically and empirically, how emotions can enhance post-Northian institutional economics. Within the framework of the Northian model, we have aimed to identify how incorporating emotions can improve the understanding of the relationship between belief systems and rules of conduct, particularly through individual creativity and communication within or between groups (Section 4). We then sought to illustrate a key element of institutional dynamics – its transformative capacity – through a case study of managerial practices, specifically the France Télécom case (Section 5).

By specifying the properties and functions of emotions in Dewey's approach (Section 3), we nonetheless remain mindful that introducing emotions into the economic institutional sphere may extend far beyond the research paths we have outlined. Our analysis thus highlights a broad research agenda on the relationship between emotions and institutions. Numerous avenues remain open. For instance, issues of conflict (armed or not) and power, the organisational and institutional implications of a digital economy (Frolov, 2024b), the emotional ambivalence of social networks (Krueger and Osler, 2019), the charismatic role of leaders within organisations, the specific place of emotions in the workplace or in organisations (Jones and Bodtker, 2001; Ashforth and Humphrey, 2022), the perception and role of affordances in a market context (Felin *et al.*, 2016), or the responsibility of the absence of feeling in the emergence of the ecological crisis induced by the capitalist way of life (Slaby, 2024), and so forth, are all areas that actively engage emotions, moods, and feelings.

One might consider, for example, what happens to emotions in digital environments where transactions are disembodied and mediated by new media forms. More generally, how do digitally mediated emotions influence institutions? As our analysis suggests, it is also crucial to examine the conditions under which individual or collective emotions contribute (or not) to the transformation of beliefs, habits, norms, customs, and, more broadly, institutions. Considering the impact of emotions on socio-economic systems, and particularly on mature capitalist institutions, what can be done to achieve a more just and equitable society? In which cases do emotions hinder this transformation? Do emotions need to possess a certain quality? Should they be regulated? Educated? In a post-truth informational context, do emotions protect us from a tendency towards self-deception (believing what we want to believe), or do they, on the contrary, reinforce conspiratorial tendencies? How do institutional environments foster the regulation of individual emotions? How do individuals construct affective environments that suit them?

From our perspective, the integration of emotions within the institutionalist approach should be grounded in enactivist logic, in line with Dewey's philosophical perspective. In keeping with recent work, we suggest that substantial conceptualisation and synthesis are still needed to fully understand what the introduction of emotions can bring to our understanding of the institutions we inhabit. Nonetheless, we hope to have made a meaningful contribution to this perspective.

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