

Affect and Decision Making

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Intellect is to emotion as our clothes are to our bodies; we could not very well have civilized life without clothes, but we would be in a poor way if we had only clothes without bodies.

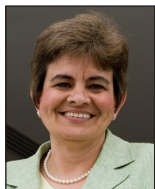
[Alfred North Whitehead]

Sixteen years ago, Fineman (1993a) called for a more contextualized view of affect and emotion in research. Among the questions he asked were how are decisions and decision making impacted by people's emotions, and how does affect alter or guide the decision path? Few have attempted to answer his questions. Instead the prevailing view is that emotionality is the antithesis of rationality. In addition, organizations, places where decision making routinely occurs, have been viewed as fundamentally rational places with emotional displays considered unacceptable and disruptive (Ashforth & Humphrey, 1995). Both of these beliefs are inaccurate. Organizations are not bastions of reasoned discourse, but "emotional arenas" (Fineman, 1993b), and the myth that organizations are rational places devoid of affect can impede effective decision making. As for the link between reason and affect, it is much closer than many think. Neurobiological research demonstrates that affect is an essential component of rational decision making. The ventromedial prefrontal cortex is the part of the brain that is home to affective reactions. When damaged, individuals consistently make poor decisions or no decisions, suggesting that emotionality and decision making are inexorably intertwined (Damasio, 2005). In the words of LeDoux (1996), "cognition is not as logical as it was once thought, and emotions are not always so illogical" (p. 35). This brings us back to Fineman's (1993a) basic question: How does affect influence decisions and decision making?

Before taking a closer look at the relationship between affect and decision making, we need working definitions for the terms associated with emotionality. The definitions used in this article are fairly standard and accepted in the emotion literature. *Affect* is a generic label that encompasses both moods and emotions. *Moods* are low-intensity, relatively enduring feelings usually without a known antecedent, while *emotions* are more intense, short lived, and have a clear cause. Both moods and emotions are relevant to decision processes in organizational contexts because they have the potential to influence judgment and decision making in organizations. Emotions can have a direct effect on decision making because they come with an awareness of their origin, so a response can be consciously planned. Moods are important to study because their effects are often subconscious. Thus, emotions and moods may infuse bias into the decision-making processes.

The Effect of Affect in the Decision Process

Affect and affective states have the ability to influence the decision-making process. Most would associate affect with a more intuitive, nonanalytic processing style, one characterized by faster, less effortful evaluation of information and greater reliance on stereotypes, schemas and heuristics. However, affect can influence analytic processing, too. An analytic processing style involves an effortful, deliberate, and meticulous scrutiny and evaluation of information (Moons & Mackie, 2007). Individual affective states can influence decision making by affecting perceptions or providing information in information processing, or as a result of an anticipated affect arising from a decision.



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Affect helps individuals perceive their environment and provides information about it. Moods have been shown to influence how people think and evaluate situations, and how they perceive other individuals' intentions and behavior (Forgas & George, 2001). Darwin and other evolutionary psychologists argue that emotions developed over time and serve a purpose: to aid in survival. Fear protects us; disgust helps us avoid potential dangers such as rotting food that can make us ill. Excitement is helpful in situations that require energy and initiative, and jealousy helps protect our genetic lines (Cosmides & Tooby, 2000). Another view of affect-as-information comes from a more contemporary, utilitarian perspective of emotions. Negative emotions signal the existence of a problematic situation, while positive emotions involve an appraisal that goals or standards are being met (Parrott, 2002). From a perception and information perspective, moods and emotions reflect an assessment of our present circumstances. They influence how we perceive our environment and provide information about it, which is used in decision making.

In addition to influencing perceptions and providing information, affect can influence processing in decision making. This can happen in one of several ways. One study examined the conditions under which affect is likely to influence decision processing. Situations that involve high complexity, ambiguity, and uncertainty requiring extensive processing are ones in which important managerial decisions occur. Ironically, George and Jones (2001) showed that these are the very conditions found to be most influenced by individual affect.

Affective influence can be seen in the selection of processing strategy employed. Research suggests that those in negative moods process information differently than those in positive moods. As Schwarz (2000) noted, experimental research shows that individuals in a happy mood are more likely to use a "top-down" strategy that relies on heuristics and pre-existing knowledge while

paying little attention to details. By contrast, those in a sad mood have a greater propensity to employ a strategy that involves considerable attention to details and little reliance on pre-existing knowledge (Schwarz, 2000). Also, contrary to many beliefs, a specific emotion, anger, does not necessarily override people's ability to be rational. Moons and Mackie (2007) found angry individuals process information analytically and used heuristic cues when needed to further the decision-making process.

An individual's affect at the time of information processing is another mechanism by which affect can influence the decision process. Information used in the decision-making process can be limited by an individual's recall because individuals are more likely to recall information that is congruent with their current feelings (Schwarz, 2000). Also, the presence of some emotions at the time of appraisal has been shown to be associated with appraisal tendencies. For example, Learner and Keltner (2000) found that fearful individuals tend to make pessimistic judgments, while angry individuals make optimistic judgments. In analytic processing, mood has been shown to affect the evaluation of options. Those in a happy mood were more likely to overestimate the likelihood of a positive outcome and underestimate the likelihood of a negative outcome, while those in a sad mood exhibited opposite behaviors (Johnson & Tversky, 1983; Nygren, Isen, Taylor, & Dulin, 1996).

Finally, no discussion of the influence of affect on the decision process would be complete without mention of the effect of anticipated affect on decisions. Specifically, regret can influence the decision process. When individuals anticipate regret, they are more likely to favor inaction over action because people are more likely to regret acts of commission than omission (Schwarz, 2000). Also, in an ethnographic study, Maitilis and Ozcelik (2004) found that managers avoided making decisions when facing situations in which they anticipated strong negative feelings, namely, appre-

hension and anxiety. Situations likely to create this dynamic were characterized as being highly sensitive, ambiguous, and nonurgent. However, a secondary problem is that the managers' failure to act evoked strong affective responses in other organizational members, ones unrelated to the original situation. The recursive interplay of negative emotions and actions created a situation Maitilis and Ozcelik (2004) refer to as a toxic decision process. Toxic decision processes generate widespread negative emotions, and they are often prompted by inaction in the decision-making process. Emotions are spread through a common phenomenon known as emotional contagion, which is the tendency of individuals to "catch" other people's emotions. The process is complex and may have physiological origins (Hatfield, Cacioppo, & Rapson, 1994). Also, there is some evidence that negative emotions transfer faster than positive ones (Joiner, 1994; Sullins, 1991). This is particularly important because when emotions spread quickly through an organization, they can influence decisions, the decision-making process, and individual behaviors.

Concluding Comments

As discussed, affect has the potential to influence the decision-making process in a number of ways. However, the potential may or may not be realized depending on the individual and the organization. Individuals need to understand that effective decisions require an optimum mix of cognition and emotion regulation (Ashkanasy, Härtel, & Zerbe, 2002). Emotion regulation begins with an awareness of an individual's affective state and the impact it may have on decisions, behavior, and other organizational members. The ability to perceive, identify, understand, and manage emotions is known as emotional intelligence (Mayer, Salovey, Caruso, & Sitarenios, 2001). Emotional intelligence involves employing a broad set of social skills that involve empathy, time management, teamwork, and decision making (Goleman, 1995). It can help people understand that affect

and affective states, even negative ones, can be useful and desirable. Managers interested in effective decision making need to consider the role of moods and emotions in organizations and, if necessary, provide training in emotional regulation.

At the organizational level, there must be an awareness of the information provided by affective states and that moods and emotions can and do exist in the organizations at both individual and group levels (Bartel & Saavedra, 2000). The potential of these affective states to influence the decision-making process is at least in part dependent on the organizational climate. Organizations that recognize and support employees and encourage employee discourse are likely to reap the benefits in terms of improved organizational performance (Geddes & Callister, 2007), and that performance begins with the decision process. Supportive organizations realize that affective states are a part of organizational life and encourage exploration of the situations that produced the emotions and moods. These organizations are the ones whose managers would be least likely to avoid decision making in fear of negative, anticipated emotions (Maitlis & Ozcelik, 2004), and they would be likely to minimize the biases associated with affect in decision making.

In sum, affect and affective states can be a powerful force in the decision process which needs to be recognized and managed at both the individual and organizational levels. However, there remains a dearth of research examining affect and decision making. Future research should further explore this relationship, considering the role of affect in both non-analytic and analytic processing.

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