

# THE EFFECTS OF MOODS AND EMOTIONS ON DECISION MAKING PROCESS – A QUALITATIVE STUDY

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**Abstract:** *The current study investigates the effects of moods and emotions on decision making process. For this purpose, we conducted a qualitative study by interviewing 12 managers working in large companies in Bihor County. Our findings point out the main effects the mood and emotions have on the decision making process. Of the themes that emerged from the analyzed interviews, three hold particular significance. First, moods and emotions are interfering with managers' ability to process information, specifically, negative moods and emotions diminishes the ability of the managers to process information, while positive moods and emotions lead to a greater ability to process information. Related with this issue, the second theme refers to the effects of moods and emotion to the making decision time. The main aspect we have pointed out here is that while negative emotions lead to increased decision-making time, positive emotions have a contrary effect. Third, positive moods and emotions lead the manager to make a decision being controlled by his/her heart not by t his/her mind. On the other hand, the decisions made by managers being influenced by negative moods and emotions are mostly controlled by their mind, not by their heart. We conclude that mood and emotions play a central role in managers' decision-making. That is why a manager should have a high emotional quotient (EQ) in order to correctly identify which events caused their emotions and manage them so that not to have negative effects on decision making process. We presented, on the one hand, a few ways to reduce the unwanted effects of emotions on decision making and, on the other hand, a few ways to develop and cultivate positive emotions. However, we underlined the idea that it is not a good thing a manager to make an important decision when he/she is deeply influenced by his/her moods and emotions.*

**Keywords:** *moods; emotions; integral emotions; incidental emotions; effects; job satisfaction; emotional intelligence.*

**JEL Classification:** M10; M12; M14.

## 1. Introduction

People's behavior is based on their perception of what reality is, not on reality itself, that is why, it is possible that two persons to see and interpret the same thing differently. That means they will make different decisions because of their moods and emotions. Generally, people are influenced by their feelings in everything they do, including their decisions. As people make decisions every day, we could say that our mood and emotions are very important in anyone's life, including the managers'. Some people could be confused about the differences between moods and emotions. The word "mood" is defined by Oxford dictionary as „a temporary state of mind or feeling”. The word has the origin in the German word „mut” that has the same

meaning. The same dictionary define the word „emotion” as being „a strong feeling deriving from one's circumstances, mood, or relationships with others”. This sense dates from the early 19th century, its origin being in Mid-16th century, signifying a public disturbance. Paul Ekman says that “moods can last for an extended period of time, say at least one or two days” while “emotions are things that tend to come and go quite quickly. They're also much more likely to be caused by immediate circumstances; something that someone just said, something that you witnessed or some memories that you had. Emotions are likely to be sharper than moods, and also more varied; while we can have a great range of exquisitely different emotions, we tend to have moods which are more generalised — a good mood, a bad mood. Small things we experience can change our emotions quickly.”

There are different types of emotions that differently influence the decision making process.

Integral emotions are related to the very decision we make at a certain moment, they “arise from the judgment or choice at hand” (Jennifer S. Lerner). Integral emotions can influence the process of making decisions (either positively or negatively) even if there are scientific information that lead to alternative courses of action. Integral emotions are many times so strong for the decider than they get over any rational course of action.

Incidental emotions are not related to the very decision we make at a certain moment, they have nothing to do with it. It is about the carryover effect; our previous emotions caused by anything else but the decisional process, trigger some reactions that usually appear without any awareness.

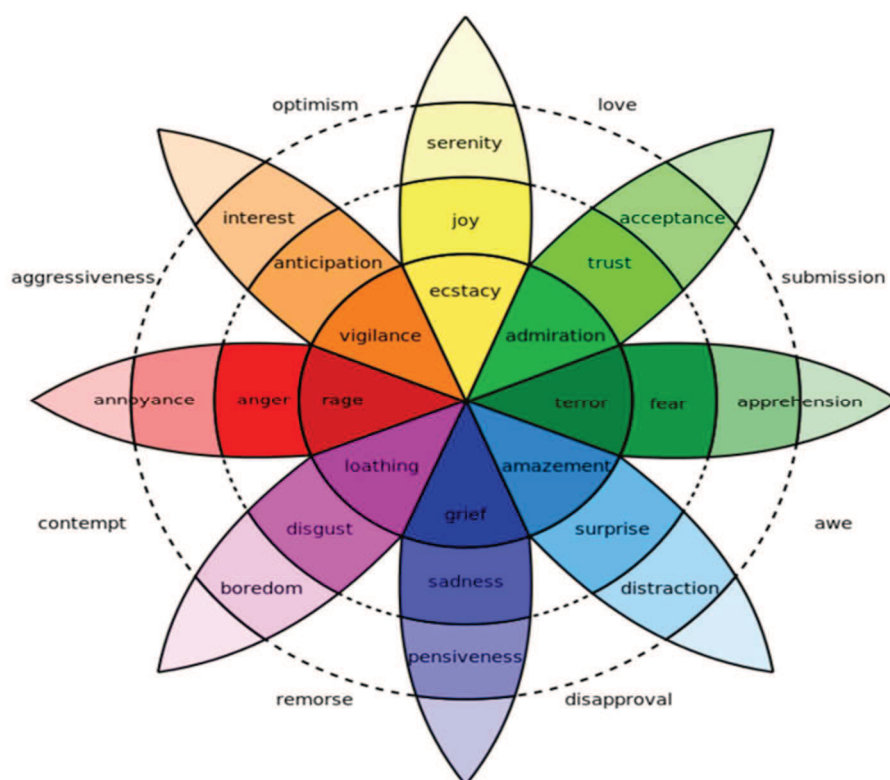
Emotional Intelligence (EQ) is defined by Daniel Goleman as the ability to identify, assess, and control one's own emotions, the emotions of others, and that of groups. The term „emotional intelligence” came to be known after Daniel Goleman published the book: *Emotional Intelligence: Why It Can Matter More than IQ* (1995), but he is not the inventor of this concept. He was allowed to use it by the academics John Mayer and Peter Salovey; they studied this concept long before Daniel Goleman's book appeared. The Mayer-Salovey-Caruso model proposes that there are four major branches or facets to the emotional intelligence concept:

- Perceiving emotions. Our facial expressions, tone of voice, gestures, some object (like works of art) transmit emotional messages. Perceiving emotions means to identify and understand them.
- Using emotions to facilitate thinking. Our emotions could change the way we think. Using Emotions to Facilitate Thinking means to use our emotions for solving the problems better, in a more effective, creative way.
- Understanding emotions. After noticing the existence of emotions, we must understand why we have them, where they are coming from, where could they lead us.
- Managing emotions. We cannot eliminate our emotions in order to make a rational decision. Knowing that, we have to learn control them. Managers high in EQ are capable to deal with their emotions and, moreover, help others to deal with their emotions, as well.

## 2. Managing the emotion at work

Emotions are complex and they could suddenly appear, change or disappear. They affect our judgment, our decisions, and our social interactions. Managers and

subordinates must identify, understand and deal with them. Robert Plutchik created a wheel of emotions consisting of 8 basic emotions and 8 advanced emotions each composed of 2 basic ones. He claims that “emotions are complex and move in various directions. Modelling emotional feelings and considering their behavioural implications are useful in preventing emotions from having a negative effect on the workplace”.



**Figure 1:** Wheel of emotions

*Source: Robert Plutchik*

An emotional intelligent employee, either manager or subordinate, will understand the implication of emotions for their behavior. They will identify the emotions that could influence their behavior and judgement; they will ensure that the effect of their emotions are either positive or neutral. Positive emotions could have a positive influence, but not necessarily. Both positive and negative emotions can denature the result of a decision. It is not a good thing for a manager to be either under-confident, when he/she is influenced by negative emotions, or overconfident, when he/she is influenced by positive emotions. Managers must monitor and control their own emotions, but at the same time they must deal with the emotional problems the employees have. They must ensure an emotional balance at work that lead to a mental well-being. The dark side is that the employees do not show their emotions

most of the time, so, the manager has a very difficult role. However, the bright side is that an emotional intelligent managers is both intuitive and strategic in ensuring a mental balance at work.

### **3. Research Methodology**

#### ***Participants***

10 base and middle-level managers, working in large companies in Bihor County were initially contacted by telephone. 7 out of 10 agreed to the interview process. At the end of each interview, the interviewees were asked if they could recommend similarly qualified and potentially interested persons for the same interview. This way, another 5 persons joined the group. So, using the snowball sampling technique we obtained a group of 12 persons who was interviewed.

#### ***Instrument***

The qualitative study was performed conducting individual interviews using semi-structured questions with each consenting participant. The interviews were face-to-face, ranging from 45 to 60 minutes in length. All interviews used the same 8 questions. Firstly, the participants received a handout containing our definitions of mood and emotion (presented in the introduction), then they received step by step the questions listed below.

1. Do you agree with the definitions of mood and emotion described in the handout? How would you alter them?
2. Do the employees bring their moods and emotions from work to home? Is their behavior at home influenced by these feelings? Could you give an example?
3. Do the employees bring their moods and emotions from home to work? Is their behavior at work influenced by these feelings?
4. Is a manager influenced by his/her feelings when he/she make a decision?
5. Moods and emotions, in your opinion, influence the decision making process in a negligible, moderate or significant way? Could you describe your experience using examples?
6. Which are, in your opinion, the effects of moods and emotions on decision making process? Let's suppose a manager is dominated by his/her positive or negative emotions. Which of the following statements you agree with in this situation? Could you distinguish between the effects of positive and negative emotions?
  - he/she does not want to make decisions
  - he/she does not want to make important decisions
  - he/she is always undecided
  - if he/she make a decision, he/she regrets it
  - the emotions diminish his/her ability to process information
  - the moods and emotions affect the necessary time for decision making process
  - he/she makes decision by their heart, not by their mind
  - he/she is non-cooperative
  - he/she does not take into account other people opinions
7. What is your opinion regarding the way of reducing the unwanted effects of mood and emotions on decision making?
8. How is possible, in your opinion, to cultivate positive emotions?

After the interviews, there was a debriefing session. We sent copies of the transcribed interviews to each participant and asked for their feedback.

### **Data analyses**

The data were analyzed in five steps. The first step consisted in reading of the transcribed interviews a few times in order the researcher to have an overall view. Each participant has received a number that was used further on in analyses instead of the name. The second step was identifying the key responses for each question. The third step involved creating a Microsoft Excel spreadsheet for each questions. The participants' numbers were entered vertically and the key responses, horizontally. The fourth step was the identifying of the emergent themes. For this purpose we counted the situations when the respondents had the same answer. When 7 out of 12 respondents had the same opinion related to a certain theme, we called that theme an emergent one. The fifth step supposed sending the themes results to the participants and asking for changes if necessary, but no change was necessary.

### **4. Results**

Participants in this research are base or middle - level managers. They all claimed that a manager is influenced by his/her feelings when he/she make a decision. The majority of the participants claimed that the moods and emotions are interfering with managers' ability to process information, specifically, negative moods and emotions diminishes the ability of the managers to process information, while positive moods and emotions lead to a greater ability to process information.

Related to the effects of moods and emotion to the making decision time, the main aspect we have pointed out here is that while negative emotions lead to increased decision-making time, positive emotions have a contrary effect. Actually, positive emotions lead to increased decision-making time only when the importance of decision increase.

The respondents claimed that moods and emotions lead, generally, the manager to make a decision being controlled by his/her heart not by his/her mind. Many of the respondents distinguished between the effects of positive and negative emotions making it clear that the decisions made by managers being influenced by positive moods and emotions are mostly controlled by their heart, not by their mind, while the decisions made by managers being influenced by negative moods and emotions are mostly controlled by their mind, not by their heart.

### **5. Discussions**

Moods and emotions' effects on decision making process are either harmful or helpful. While the helpful effects are always welcomed, the harmful ones are analysed in order to find ways to reduce/eliminate them. There is sure thing that we cannot eliminate our emotions; we bring them with us both from home to work and from work to home. On the one hand, we bring the emotions from home to work and they affect our work, decisions, behavior at workplace. On the other hand, the work environment has a strong influence on our mood and emotions and affects our private life at home.

Most of the adults spend more time at work than anyplace else. Even if mathematically, the adults could spend more time at home, much of their time is spent mostly sleeping. The effects of the moods and emotions come out both home

and at work. We want to reflect on emotions and moods in the workplace. Firstly, as this is the place where one spends most time of the week, the job satisfaction is really important; it is very important that we feel comfortable by what we do in our job. However, the emotions could appear and affect negatively our decisions even when we have a job we are satisfied with. So, the question is: How to reduce the unwanted effects of emotions on decision making? According to J.S. Lerner and co-authors (Emotions and decision maker, 2014), there are a few ways:

- *Time delay.* The emotions do not last so long, they are short – lived. So, the best thing we could do is to let time pass before making a decision. Most of the time the managers do not need to make a decision on the spot, so, they can wait till the effect of the emotions disappears, otherwise is more likely not to make the right decision. Even if this is a very simple way of reducing the unwanted effects of emotions, it is not use most of the time, just because the managers are dominated by their emotions and incapable of waiting for a neutral state to return.
- *Reappraisal.* The emotional response can be dissipated thinking about a situation differently to minimize the emotional impact. A manager who uses reappraisal says himself/herself: it is not such a big deal, it is just a simple situation, I can handle it. Reappraisal is about seeing the situation in another light.
- *The “two-state solution” (inducing a counteracting emotional state).* Theoretically another emotion could be induced in order to counteract the previous one. This way, an unwanted decision effect could be replaced by another opposite one.
- *Increasing cognitive effort through financial incentives.* The purpose of this way is to separate *the decision process from the emotion* by increasing a decider’s attention to the decision task. It is difficult but it is more likely the financial outcomes to determine the decider to put away the emotions and concentrate on the decisional situation.
- *Crowding out emotion.* The decision maker is crowded with information, cognitive facts about a particular decision, so that there is no place for emotion in his/her mind. So, there is about crowding out emotion by crowding the decider with cognitive issues.
- *Increasing awareness of misattribution.* The decision makers must become more cognitively aware of their decision-making process and its consequences.

## 6. Conclusions

The aspect we theoretically and practically analyzed in this paper have deep consequences on the mental balance at work.

The preponderance of participant-expressed views held that the moods and emotions are interfering with managers’ ability to process information. However, we came to the conclusion that the effects of the moods and emotions come out at work, where the employees spend most of their time, and influence not only their decisions, but their entire activity.



The participants also held that moods and emotion alter the making decision time, specifically, negative emotions lead to increased decision-making time, while positive emotions lead to decreased decision-making time.

We also underlined that the managers must rely on their mind, not on their heart when they make decisions. They must cope with their and employees' emotions. Furthermore, they must develop and cultivate positive emotions. Here are a few advantages for a company supporting positive emotions:

- a low rate of staff fluctuation;
- the employees are cheerful and optimistic;
- a healthy atmosphere at the workplace;
- the employees are more creative and innovative;
- the company has a higher productivity;
- an increased resilience of the employees;
- a better teamwork.

All these advantages lead to a healthy work environment that positively impacts our private life at home. Consequently, we should choose the right job for us, a job to meet our expectations and create the emotional stability we need.

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