



Affect, emotion, and decision making

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ABSTRACT

This article reviews research on affect, emotion, and decision making published in *Organizational Behavior and Human Decision Processes* from the 1990s onward. The review is organized around four topical areas: the influence of incidental mood states and discrete emotions on decision making, the influence of integral affect on decision making, affect and emotion as a consequence of decision making, and the role of regret in decision making. Some potential limitations of extant work on affect, emotion, and decision making are discussed. Lastly, particularly promising directions for future research are elaborated including intuition and decision making, ethical decision making, and affect and emotion over time and decision making.

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1. Introduction

Research on affect, emotion, and decision making has burgeoned in the last several decades and *Organizational Behavior and Human Decision Processes* has been at the forefront of publishing key studies in this exciting area. Thus, it is only fitting that a paper in this special anniversary issue focuses on this important topic. By now, it is taken for granted that affect, emotion, and decision making are highly interdependent but clearly that was not always the case. Exploring and understanding the nature of these interdependencies cannot only enhance our understanding of choice processes but also contribute to our appreciation of the functioning of the human mind.

In writing this article, we strove to provide a representative review of research published in *OBHDP* on this topic over the years, discuss some potential limitations with this research, and provide future research directions. We did not review articles on other topical areas that also could be seen as focusing on affect and decision making (given the broadness of this domain) for two reasons, (a) some of these topical areas are the subject of other articles in the anniversary issue, and (b) doing so helped us manage the scope of our review. Hence, we do not review articles on bargaining and negotiation, fairness and justice, creativity and innovation, group

dynamics and affect, regulatory focus and motivation, emotion expression, and trait affect. In terms of the these latter two topics, emotion expression can differ from experienced emotions due to the influence of display rules and other factors and it is experienced emotion that is relevant for actual decision making. In terms of trait affect, while trait affect can influence state affect, state affect is more directly relevant to ongoing decision making and behavior (George, 1991, 1992; Nesselroade, 1988).

Research on affect, emotion, and decision making regularly started appearing in *OBHDP* in the 1990s and thus we review articles appearing in the journal from the 1990s onward. Our review is organized from a topical perspective. Due to space limitations, our review is not exhaustive but is rather representative of the body of work published. Additionally, our topical organization is deliberately broad and is derived directly from the actual body of published work in the journal on this subject.

More specifically, we focus on four key topical areas: the influence of incidental mood states and discrete emotions on decision making, the influence of integral affect on decision making, affect and emotion as a consequence of decision making, and the role of regret in decision making. By incidental moods and discrete emotions we mean affective states that are not directly linked or related to the task or decision at hand (e.g., mood at the time of decision making and a discrete emotion triggered by something unrelated to the task/decision); integral affect refers to affect that arises from the task or decision at hand (Lerner, Li, Valdesolo, &

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Kassam, 2015). While regret can be and has been viewed as a consequence of decision making, and in particular, when an alternative not chosen results in better outcomes than the alternative chosen, we treat regret as a separate subtopic for several reasons. That is, in addition to being viewed as a consequence of decision making, regret can also be viewed as an antecedent to decision making in the form of anticipated regret (Simonson, 1992; Tsuiros & Mittal, 2000; Zeelenberg & Pieters, 2007) and thus, operate as integral affect. Studies on anticipated regret have implications for regret as a consequence and vice versa. More generally, regret is a complex, counterfactual emotion (Zeelenberg & Pieters, 2007; Zeelenberg, van Dijk, & Manstead, 1998). Regret is the emotion that has garnered the most research attention from decision making researchers and it can be both an antecedent and a consequence of decision making (Connolly & Zeelenberg, 2002). For these reasons, readers likely will gain the best grasp of the body of work on regret and decision making published in *OBHDP* by grouping the articles published on this subtopic together in our review.

Following our review of the literature, we discuss some potential limitations of the extant research in this domain and directions for future research. In particular, we identify intuition and decision making, ethical decision making, and affect and emotion over time and decision making as particularly promising areas for future research.

2. Incidental moods and discrete emotions and decision making

In reviewing the research on incidental affect and decision making, we first focus on articles pertaining to mood followed by consideration of the increasing body of work focusing on discrete emotions. Some research on incidental affect and decision making focuses on how affect influences decision making under risk. Wright and Bower (1992) found that happy participants thought that positive events were more likely and negative events were less likely (compared to a control condition) while sad participants thought that negative events were more likely and positive events less likely (compared to a control condition). Similarly, Nygren, Isen, Taylor, and Dulin (1996) found that participants in positive affective states were optimistic in that they tended to overestimate probabilities for winning relative to probabilities for losing while this was not the case for participants in a control condition. However, when gambling, positive affect participants exhibited caution in that they were less likely to gamble when losses were possible than were controls. They also found that positive affect participants bet less than controls when losses had the potential to be high (and loss probability was low) and bet more than controls when potential losses were low (and loss probability was average or high). Nygren et al. (1996) reason that positive affect may result in people focusing on outcomes (and especially losses) rather than probabilities.

Rather than using the positive affect and negative affect dimensions of the affective circumplex, Mano (1994) explored the effects of pleasantness/unpleasantness and arousal on risk taking. He found that high levels of arousal resulted in participants paying less for insurance against potential losses and exhibiting high risk-seeking in terms of high willingness to pay for lotteries and low willingness to pay for insurance. He also found that the combination of high unpleasantness and high arousal led to increased willingness to pay for insurance for substantial losses and the combination of high pleasantness and low arousal resulted in increased willingness to pay for lotteries. Thus, arousal leads to risk-seeking, unpleasantness to willingness to protect from harm, and pleasantness to seeking gain.

Mittal and Ross (1998) explored the role of positive and negative affect in strategic decision making. They found that

participants in a positive mood were more inclined to view an ambiguous strategic issue as an opportunity and took lower risks than participants in a negative mood. When an issue was framed as a threat or an opportunity, issue framing had a stronger effect on issue interpretation and risk taking of participants in a negative mood than on participants in a positive mood. From a study of forty-four physician internists arriving at a diagnosis for a medical case, Estrada, Isen, and Young (1997) concluded that positive affect resulted in the internists integrating information sooner and being less prone to anchoring compared to a control condition although both groups arrived at a diagnosis at a similar time point.

Adopting an information processing approach, Forgas and George (2001) discuss how mood-congruity effects and affective priming are by no means universal phenomena and more generally, how the influence of incidental moods on decision making are context-dependent. In particular, Forgas' (1995) Affect Infusion Model proposes that the extent to which moods infuse decision making (and mood congruity effects) depend upon which information processing mode a decision maker is in. Direct access processing and motivated processing result in low levels of mood infusion and congruity effects whereas heuristic, and in particular substantive, processing result in high levels of affect infusion and congruity effects. Choice of information processing mode, in turn, depends upon individual variables, characteristics of the decision making task, and situational factors.

What effects might mood have on foreign exchange trading? Au, Chan, Wang, and Vertinsky (2003) reason that whether people in a good mood will be overconfident, more optimistic, and take more risks due to biased probability estimates or take fewer risks due to mood maintenance concerns is context-dependent. If the situation is well-defined and probabilities are given, mood maintenance should dominate and good moods should result in less risk taking. When the situation is equivocal and probabilities are not known, a good mood might lead to higher perceptions of control and optimistic assessments and more risk taking. Consistent with this reasoning, Au et al. (2003) found that participants in a good mood were less accurate in their decision making, lost money, and took unnecessary risks compared to those in a control condition and those in a bad mood. Monga and Rao (2006) found that prior unrelated outcomes lead to positive expectations for the future when the outcomes were positive rather than negative and that this effect was greater when prior outcomes occurred in the domain of losses than when they occurred in the arena of gains.

Blay, Kadous, and Sawers (2012) explored the role of risk and mood on information search efficiency which refers to the amount of information relevant to a decision that is gathered compared to the total amount of information available. When risk is higher, decision makers might gather greater quantities of information because of relatively high uncertainty resulting in lower search efficiency. However, Blay et al. (2012) reason that the relation between risk and information search efficiency depends upon the decision maker's mood. Decision makers in a negative mood (compared to those in a neutral state) will benefit from more focused attention when risk is high resulting in more efficient search. When risk is low, positive affect (as compared to a neutral control condition) impairs information search efficiency as decision makers in positive moods are more likely to use top down approaches and be less focused in their search. Results from two experiments support these posited asymmetrical effects of positive and negative mood on the relation between risk and information search efficiency.

We now turn to a consideration of discrete incidental emotions and decision making. Raghunathan and Pham (1999) reasoned that distinct affective states of the same valence might have differential effects on decision making. That is, distinct affective states provide people with nuanced information which may impact their implicit

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