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The Role of Emotional Intelligence in Managerial Decision-Making

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Abstract

In this theoretical paper, the author seeks to discuss how emotional intelligence (EI) can play a crucial role in determining management decisions in the organization setting. Based on the existing theoretical frameworks and an extensive literature overview, the research reveals that the EI core competencies, including self-awareness, self-regulation, social awareness, and relationship management allow managers to be much more effective in handling complex decision-making frameworks. EI increases management abilities to identify and employ emotions, reduce prejudices, encourage teamwork, and propose good decision output. Although EI may not be the panacea to every other managerial issue, implementation of this concept in any leadership development program has been found to enhance the company performance and the involvement of its staff. The conclusion of the research on the matter is emotional intelligence is a very important skill in modern managerial profession, having significant bearing on the effectiveness of leadership and performance in an organization. It is suggested that future studies should focus on exploring the factors, which condition the impact of emotional intelligence on decision-making processes within context.

INTRODUCTION

Emotional intelligence (EI) has been another topic of intense visibility in the organizational psychology and management literature because of its possible impact on multiple features of organizational life. In this environment, such a concept as emotional intelligence in decision-making of the manager can be seen as the quite interesting and important field of research. Since managerial decision-making is a complex process with many implications on organizational success, a fundamental association of human emotions and cognitive routines is inherently involved in this practice (Butler et al., 2016; Cristofaro et al., 2022). It is vital to gain insights into the role of emotional intelligence in the process to enhance the adequacy of the final decisions made by an organization and promote good leadership styles.

Defined by Chaidi & Drigas (2020), emotional intelligence is the possibility to be aware of and understand emotions and feelings of oneself and other people, and to be able to manage them. It contains a group of competencies such as self-awareness,

self-regulation, social awareness and relationship management. These skills allow one to interact successfully within the social context, control emotions, and make practical decisions in all the available circumstances, including competition at the managerial level (Sethi & Jain, 2024).

The role of management decision-making could not be underrated nowadays in a business environment (Kokogho et al., 2024). Managers have to make a large number of decisions, some operational, to some strategic, and these choices determine the future of the organization. Such decisions are critical in an act that determines the performance and success of the organization as well as the livelihood of the employees and the stakeholders. As it is complicated and stakes are high, it is important to comprehend what can drive managerial decision-making so that the level of organizational performance and leadership processes can be improved.

Though conventional settings on decision making have mostly aimed at understanding the rational part and thinking abilities, the current studies emphasize how emotions contribute to the effect of decisions (Damasio, 1994). The role of emotions through perception, attention, memory and judgment in information processing is an important area of research and investigation (Cristofaro et al., 2022; Kohout et al., 2023). Therefore it is fair to say that because of its focus on *gesundheit* goals, emotional intelligence will have a significant consequence on the way in which managers conceptualize and actualize the decision making process.

The relationship between emotional intelligence and making managerial decisions is two-sided and in-depth (Idris, 2023; Ran et al., 2021). In its essence, emotional intelligence allows managers to find their way through the maze of human emotionality and interpersonal relations that is a part and parcel of the organizational context. Increased self-awareness of the managers helps them become more aware of emotion, bias and decision-making patterns as individuals. Self-management helps them ensure that they do not fall under stress, that they handle their impulses, and are in a position to adopt a cool-headed behavior to allow them to exercise careful, strategic thinking even when making critical decisions (Devi et al., 2023).

In addition, social awareness enables managers to relate with other people, understand social signals and be able to predict the outcome of a decision on various stakeholders. Such increased sensibility regarding the social conditions helps them, as managers, make not only rational but also sensitive to the needs and opinion of others decisions. Also, successful relationship management will enable the manager to establish trust, collaboration, and positive responses to conflict to allow implementation and adoption of decisions within the organization (Zafari et al., 2020; Worley & Beaujolin, 2023).

Emotional intelligence has theoretical models which are useful in explicating the implications it has on managerial decision making (Moon, 2021). In the model developed by Salovey and Mayer, the emotional intelligence is important to provide successful problem solving and decision-making by considering the emotions as part of cognitive processes on which the decision-making is based. The model presented by Goleman emphasizes the role that emotional skills like empathy and social skills play in ensuring leadership performance and organizational performance (Krishnan & Awang, 2020; Sharma, 2024). The theoretical approaches provide an insightful understandings on the processes involved in how the emotional intelligence affects managerial decision making processes.

Although the value of emotional intelligence in managerial decision-making is progressively appreciated, there are a number of gaps and questions to be answered. Current studies have been majorly inclined on the investigation of connection between emotional intelligence and the effectiveness of leadership and there have

been scant some investigations focusing their attention on its influences in the decision making process. Also, what can be done is to investigate more the contextual variables that moderate the association amid emotional intelligence and decision-making results. Against this background, the research paper aims at examining the nature of the emotional intelligence in the managers, decision-making process, particularly its impact on the companies and business practices. This is because by critically looking at the mechanisms and contextual forces that affect this relationship, researchers will be able to contribute towards a more advanced perception on how emotional intelligence determines decision-making processes within the managerial settings.

METHODS

Based on philosophical and literature techniques, this paper forms the arguments that emotional intelligence (EI) plays a role in managerial decision-making. Instead of using the methods of collecting empirical data in the forms of surveys, experiment, and interviews, the study will be conducted using critical review and synthesis of existing literature published in scholarly journals, theoretical models, and earlier empirical studies on the topics of emotional intelligence and managerial behavior. The research is oriented to finding the most important emotional intelligence competencies of oneself-awareness, oneself-regulation, social awareness and relationship management, and then consider the role they play in managerial decision-making process as it was suggested in previous literature. This paper will seek to establish a more advanced theoretical knowledge on the influence of emotional intelligence on effective decision making in organizational settings by drawing ideas, knowledge materials and concepts on psychology, organizational behaviour and management learning.

RESULTS AND DISCUSSION

The endeavor of Emotional Intelligence

Emotional intelligence (EI) is a complex concept which involves the capacity to understand, perceive, and control oneself as well as others emotions. This idea has been given prominence in the literature of psychology, organizational behavior, and management since the idea has great implications on individual and organizational success. Understanding the importance of emotional intelligence in managerial decision-making, one needs to look into the aspects behind the concept, theories of emotional intelligence, and applications of this concept.

In its essence, emotional intelligence contains four major elements, such as self-awareness, self-regulation, social awareness, and relationship management (Paoletti & Ben-Soussan, 2021). Self-awareness is paying or being conscious of what a person is feeling, their strengths and weaknesses, their values and aspirations. It makes people realize that their feelings impact on their thoughts and actions leading towards a basis of self-development and person development (Drigas et al., 2022). Conversely, the self-regulation is described as the ability of self-management and domination of emotions, impulses, and reactions to the different conditions. The techniques used are emotional self-control, resilience and adaptability, which are quite essential in helping one keep composure and give good decisions during pressure.

Social awareness includes sensitivity, empathy and compassion to the feelings and needs of others. It is a proper response to social stimuli, knowledge of interpersonal relationships, and expressions to be concerned about the welfare of others (Danilov & Mihailova, 2022). Socially conscious people become skilled individuals in the area of social relations, rapport building, creating positive association with people in their vertical, subordinates, and stakeholders. Lastly, there is relationship management,

which entails an efficient management of the relationships among people, conflict resolution, motivation and persuasion of others towards a shared aim. It includes the competences, communication skills, collaboration skills, negotiation skills, and leadership skills that are important to develop the trust, teamwork, and organizational goals.

The theoretical frameworks make available useful insights into the nature and the implications of emotional intelligence. Ability model of emotional intelligence suggests that emotional intelligence is the ability to perceive, facilitation, understanding and regulation of emotion. Based on this model, persons also vary in their ability to filter emotional information and utilize it as an instrument to their thoughts and actions. Mixed model of emotional intelligence insists on the importance of personal and social competencies towards individual and organizational performance. According to it, the concept of emotional intelligence implies a set of intra and interpersonal competencies that play a role in effective leadership and decision-making.

The practical applications of the emotional intelligence are related to the different fields of an organisational life such as leadership, teamwork, communication and conflict solving. It has always been established in research, that leaders who are emotionally intelligent have a better capacity to inspire and motivate their followers, create a good work environment, and record higher performance results (Veshne & Munshi, 2020). In addition to that, groups including emotionally smart individuals are likely to demonstrate better levels of team cohesion, teamwork, and creations resulting in more problem resolving and innovations.

Emotional intelligence has a central role to play in the management making decisions on their quality and performance. The Clarity of self will help the managers to understand themselves in terms of bias, inclination and the tendency of taking their decisions in a more objective and rational manner. Managers have better decision-making in that self-regulation enables them to learn how to contain stress, impulses, and focus and clarity in an uncertain and complex environment. Social awareness allows managers to comprehend the views, interests, and interests of other members of the team and stakeholders of the environment and increase their likelihood of predicting reactions, weighing the risks, and making judgments that will be met with a commonality among others (Idris, 2023).

The skills of relationship management provide managers with the abilities to create a trust relation, collaboration and conflict management, and thus manage the implementation and acceptance of decisions made in the organization. Through their use of open communication, active listening and empathy, emotionally intelligent managers can build a welcoming and inclusive environment of decision making which enables participation, innovation and commitment at team level.

The process of Managerial Decision-Making

The managerial decision making is an essential concept in the operations of an organization and it involves the process through which managers identify an issue, analyze options, and make their decisions on the action to take in the attainment of organizational objectives. It is often described as complex, uncertain and multifaceted process with cognitive, emotional and social dimensions. The managerial decision-making process and its dynamics are all that is needed to understand in order to improve organization effectiveness and the practices of being a leader.

Regularly, a decision-making process has some main steps, which start with the identification of the problem and continue with the implementation and evaluation of the selected course of action (Kulcsar et al., 2020). The initial requirement,

problem identification involves the ability to know that a gap exists between the required state and that of the arts as they are in the organization. This can be in the form of finding areas of improvement, resolving the arising challenges, responding to external threats or changes to the business environment.

After identifying a problem or an opportunity, the managers move into problem formulation and analysis. This is done through identification of the problem, collection of pertinent information and examination of the effects and causes of alternative courses of action. Managers can use analytical tools to compare how the different options would change the potential outcomes together with the trade-offs which can be such as cost-benefit (Ibeh et al., 2024; Abdullah et al., 2024) analysis, decision tree or scenario planning (Ibeh et al., 2024; Abdullah et al., 2024).

Afterwards, the managers will get involved in the process of alternative solutions generation and evaluation of the problem at hand. Here, the brainstorming, creativity, and critical thinking are the tools which will allow discussing a variety of possible approaches and solutions. Management can consider feasibility, effectiveness, availability of resources and also the interests of the stake holders in arriving at an evaluation of the merits of the various alternatives.

After coming up with a number of alternatives, managers are supposed to come up with a decision by identifying the right course of action depending on their analysis and evaluation. This decision can be either by selecting one alternative or by using a solution which is combination of several alternatives to create a hybrid solution. It is very possible that the decision-making process is affected by various factors, such as cognitive perception, the appreciation of risk, timespan, and corporate culture.

After the decision making stage, managers should execute the decision made by converting the decision into particular plans, tasks, and actions. This might include distribution of resources, assigning duties, setting up the schedules, and informing the intended parties on expectations. Implementation has to be done effectively; to do that, there has to be proper communication, coordination, and monitoring to apply in order to realize the intended results.

Lastly, managers take part in an evaluation and feedback phase during which they evaluate the consequences of their actions and do what is needed to fix them. This can be done by comparing the accomplished results against desired goals and objectives and determining deviations or discrepancies and restore to correct any problem and gaps. Evaluation can also be made by seeking feedback among the stakeholders, getting input into the decision making process and learning through success and failures in order to make better decisions in future.

There are several internal and external factors that affect the managerial decision making process and form the context of the decision making process. Some of the internal factors can be the organizational culture, structure, resources, goals, and values whereas some of the external factors can be the market condition, regulation needs, technological shifts, and competitive forces. Moreover, cognitive style, personality, and preferences in decision making of individual managers could have an effect on his/her approach to the decision making task and its implementation.

Further, uncertainties, risks, and trade-offs are mostly inherent in the decision-making process that managers have to deal with. Uncertainty is caused by inadequate or unclear information, uncertainty in outcome, and eventualities which may contribute to the viability or success of alternative courses of action taken. Risk means likelihood of occurrence and possible extent of negative effects of various courses of action, where managers have to strike between possible reward and negative outcomes. Trade-offs deal with compromising or making sacrifices between conflicting priorities, objectives or interests so as to maximise decision outcomes.

The Link between Emotional Intelligence and Managerial Decision-Making

The issue of emotional intelligence (EI) is important in the development quality and the consequence of managing the decision-making process. Basing itself on the possibility of understanding, recognizing, controlling, and expressing emotions successfully, EI affects the perception, interpretation, and reaction of managers to information and stimuli, determining their effectiveness in managing situations during decision-making (Gomez et al., 2022). Emotional intelligence helps managers to overcome the challenges of decision-making with increased efficiency in terms of organizational performance and employee welfare since it allows one to understand themselves better, improve the regulation of their behavior, their interactions with other people, and their social awareness.

Self-awareness as a factor of emotional intelligence is critical to making certain decisions by managers because through it the managers are able to recognise and know their emotional orientations, dispositions and ways of making decisions. Managers with adequate levels of self-awareness are better able to obtain a proper understanding of their strengths and weaknesses, their preferences, and the blind spots, which enables them to make much more objective and reasoned decisions. Understanding and recognizing how their emotions are affecting their thought patterns, self-aware managers have the chance of avoiding making unthinking or illogical decisions and attempting being more consistent and deliverable in accordance with corporate objectives.

Another feature of emotional intelligence is self-regulation, which allows managers to manage emotions, impulses and to respond calmly in stressful decision-making environments (Allison, 2023) Managers who are emotionally intelligent are skilled in moderating their emotional reactions, reinterpreting an unpleasant situation, and staying focused and clear during ambiguous and confounding moments. This ability to manage emotions enables managers to be more conscious in their choices, strategic and more informed in their decision-making even in unfavorable situations or cloudy environments.

Awareness to social life and having an insight on the feelings, attitudes, and opinions of other people is an important aspect in successful managerial decision-making process. EI managers are aware of the sentiments and the needs of the members of the team, their stakeholders, other decision-makers. This sensitivity makes them foresee reactions, evaluate risks, and take decisions that would go well with other people. Through being kind and understanding of the fears and interests of others, socially conscious managers are able to establish trust, cooperation and support of their actions in the organization.

The other critical aspect of managerial decision-making involves relationship management competencies which includes competency in communication, conflict handling and influence strategies. Emotionally intelligent managers are good in establishing and maintaining good relations with colleagues, subordinates and stakeholders hence boosting the execution and adoption of decisions (Boyatzis et al., 2000). Emotionally intelligent managers enhance mutual collaboration and support through encouraging open communication, active listening, and efforts on decision-making that lead to participation, innovation, and commitment of the team members.

The connection between emotional intelligence and the efficiency of the managerial decision-making is supported by empirical research. The research conducted by Baba et al. (2021) also concluded that emotionally intelligent leaders succeeded in their ability to inspire and motivate followers, creating a favorable working atmosphere, and achieving better performance outcomes. Emotionally intelligent managers were better positioned to build trust, encourage teamwork, overcome

conflicts, and thus implement better decisions and had better performance in the organizations.

Besides, several studies have connected emotional intelligence to different forms of decision-making such as problem-solving skills, risk management, and innovations. results show that self-awareness and self-regulation have positive relations to the quality of decision-making and effectiveness. On the same breath, skills of social awareness and relation management encourage the exchange of information, and cooperation, as well as agreement formation in the situations of decision making.

Also, emotional intelligence has been found to neutralize the adverse effect of stress, prejudice, and psychological constraints on judgment. Emotional intelligence facilitates increasing the resilience, adaptability and cognitive flexibility of a manager, making him/her wiser to make actions under pressure and to have the clarity and the focus, that results in more reasonable and strategically oriented choices. Social awareness and relationship management skills can also help the managers to reverse effects of cognitive biases and groupthink by embracing open communication, different opinion, and the positive dissent during decision-making.

It should, however, be understood that emotional intelligence is not the solution to every problem within the decision-making process. Although emotional intelligence can become a powerful boost in terms of decision-making, this theoretical framework is not free of personal and environmental limitations. Even the managers with a high level of emotional intelligence can still have a problem in making rational and effective decisions when it comes to such factors as cognitive biases, time constraints, and organizational culture.

In addition, emotion intelligence may have some contextual factors that impact on the relationship with decision-making outcome like, organizational culture, leadership styles and industry dynamics. Also, variation in any culture when expressing and interpreting emotion might also affect the way emotional intelligence can be used when making any decision in any other cultural setup. Hence, although emotional intelligence is as a precious tool in managerial decision-making, its application may differ in different cultures and scenarios in which decisions are taken.

CONCLUSION

Emotional intelligence has become an essential predictor when it comes to the management decision making processes as it gives managers the ability to work more efficiently in the ever-changing and complex environments of their organizations. Within the context of conscious development of the central emotional intelligence capabilities: self-awareness, self-regulation, social awareness, and relationship management, emotionally intelligent managers are in a better position to provide thoughtful decisions that can boost organizational success at the same time improving human relations in the work place. Though, obviously, the concept of emotional intelligence cannot be interpreted in the terms of a comprehensive remedy to decision-making problematic issues, the ordered integration of this phenomenon into the process of leadership development activities has been shown to have significant positive implications empirically, such as organizational improvement of performance, and the engagement of employees. Future studies should therefore look into the contextual factors that mediate the empirical relationship between emotional intelligence and effective decision making such as the organizational culture, organizational industry dynamics and leadership style. Theoretical and practical knowledge would be equipped by such investigations with a more differentiated understanding of how organizations potentially could optimally exploit emotional intelligence to support managerial competence. As it turns out, emotional intelligence

is a very valuable thing that is nowadays essential in the managerial sector, promising to make a major impact on achieving sustainable organizational success.

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