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Emotional Processes in Strategic Management: The Role of Positive and Negative Affect in Biasing Perceptions of the Organisational Environment

A thesis presented in partial fulfilment of the requirements for the degree of Master of Arts in Psychology

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ABSTRACT

Effective strategic-level planning and decision-making are vital processes for an organisation's long-term success. Strategic decision-making is difficult to perform effectively due to both the density of data contained in the strategic environment and the often ambiguous and incomplete nature of this data. Daniels (1998) found evidence for a link between perceptions of aspects of the organisational environment germane to strategic decision-making and managers' trait negative affect. The present study sought to replicate this finding and extend this line of research with positive affect. The present study employed a cross-sectional, correlational design. A total of 150 managers employed in a range of businesses in New Zealand returned questionnaire forms mailed out to them. The hypothesis that positive affectivity could influence perceptions of the organisational environment was supported. A systematic relationship in the hypothesised direction was found between Positive affectivity and managers' perceptions of their organisational environments. Contrary to the findings of Daniels (1998), no support was found for a relationship between negative affectivity and managerial perceptions of their organisational environments. Some evidence was also found for an interaction effect between negative and positive affectivity and managerial perceptions of the environment. The implications of the results obtained are that positive affectivity may work to bias the cognitive processes of the strategic decision-maker when he or she is scanning the strategic environment for relevant data. It is concluded that emotion must be considered a substantive factor for future strategic planning research.
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'Education made us what we are'

(Helvétius, 1715-1771)
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