Emotional intelligence and participation in decision-making: strategies for promoting organizational learning and change

Brenda Scott-Ladd¹* and Christopher C.A. Chan²
¹Murdoch Business School, Australia
²School of Business and Information Management, Australian National University, Australia

This paper argues that organizational learning is more effective if enacted by emotionally intelligent employees within clear operating boundaries such as those offered by participation in decision-making.

Organizational learning, based on Senge’s (1992) conceptualization of the five elements of personal mastery, mental models, shared vision, team learning and systems thinking, aims to facilitate an organization’s ability to learn and adapt to change.

Emotional intelligence is claimed to promote emotional knowledge, perception and regulation as well as general intelligence (Mayer and Salovey, 1997). However, this has to be harnessed to contribute to the organization’s success.

This paper synthesizes a model of how emotional intelligence, organizational learning and participation in decision-making can be operationalized to improve an organization’s capacity to manage change and improve performance outcomes.

Introduction

Modern organizations seek change adaptability to improve their competitive position (Druskat and Wolff, 2001; Huy, 1999) and this has led to growing interest in the benefits of emotional intelligence, organizational learning (Chan et al., 2003; Edmondson and Moingeon, 1998; Goleman, 1995; Tischler et al., 2002) and employee involvement strategies, such as participation in decision-making (PDM) (Black and Gregersen, 1997; Daniels and Bailey, 1999; Pearson and Duffy, 1999; Scott-Ladd, 2003; Witt et al., 2000). Although these three notions seem to synthesize individuals’ emotional capacity to empathize and effectively manage the learning process to the organization’s benefit, we could find no evidence of attempts to integrate analysis of their benefits in the extant literature. A possible reason for

*Correspondence to: Brenda Scott-Ladd, Murdoch Business School, Murdoch University, South Street, Murdoch, WA 6150, Australia.
E-mail: b.scott-ladd@murdoch.edu.au

Copyright © 2004 John Wiley & Sons, Ltd. Strategic Change, March-April 2004
this may be the plethora of conceptualizations given for emotional intelligence (Lam and Kirby, 2002), organizational learning (Chan, 2001) and participation in decision-making (Black and Gregersen, 1997).

This paper attempts to demonstrate that the concepts of emotional intelligence and organizational learning can be operationalized more effectively through PDM. Given the numerous typologies on emotional intelligence and organizational learning, we have synthesized two of the popular models, based on the work of Mayer and Salovey (1997) and Senge (1992). Mayer and Salovey (1997) proposed four emotionally based components for emotional intelligence, these being knowledge, perception, regulation and general intelligence. Alternately, Senge’s (1992) organizational learning framework considers five features, namely personal mastery, mental models, shared vision, team learning and systems thinking. Participation in decision-making, which can be defined as the act of sharing decision-making with others to achieve organizational objectives (Knoop, 1995), is, we suggest, an effective strategy to engage the benefits of the other two models.

**Literature review**

A review of the literature on emotional intelligence, organizational learning and PDM identifies how these concepts come together. Higher levels of emotional intelligence are reputed to contribute substantially to higher performance outcomes and inter-group relations, and are a prerequisite for organizational learning. Participation in decision-making provides the framework to enable emotionally intelligent individuals to contribute better to organizational learning and the three concepts form our proposed synthesized operational model.

**Emotional intelligence**

While emotional intelligence has been popularized by Goleman (1995, 1998), the concept is derived from social intelligence (Johnson and Indvik, 1999). Unlike abstract intelligence, which refers to the ability to understand and manipulate symbols, or concrete intelligence, social intelligence refers to the ability to understand and relate to people. Emotional intelligence is defined as an individual’s ability to accurately perceive reality so as to understand and regulate their own emotional responses as well as adapt and respond to others (Mayer and Salovey, 1997; Pellitteri, 2002). This emerges as four interrelated social skills, grouped around knowledge, perception, regulation and general intelligence (Mayer and Salovey, 1997).

Leaving aside general intelligence, the other components relate to the individual’s ability to manage their emotional response (Goleman, 1998; Mayer and Salovey, 1997). Emotional perception allows individuals to respond congruently, as they recognize their own and others’ emotional responses. Emotional regulation means individuals self-monitor the intensity and direction of their own and others’ emotional responses. Emotional regulation means individuals self-monitor the intensity and direction of their own and others’ emotional responses, as Pelliteri (2002) highlights, allowing them to moderate negative emotional reactions and remain positive. Regulation, the third component, allows individuals to utilize their emotional knowledge to promote creativity and flexibility, social relations and maintain motivation. Mayer and Salovey (1997) recommend this framework be operationalized in the following ways.

First, individuals who understand their own emotions can more accurately identify their responses and so change if need be. Second, the intellectual use of emotions means individuals’ cognitive decisions are more acute, so they are better able to assimilate information, make judgements or be creative and solve problems. This suggests emotionally intelligent people are more self-aware regarding their strengths and limitations, and because of this they are claimed to be more confident, optimistic, flexible, innovative and comfortable with new ideas (Bellack, 1999; Goleman, 1995, 1998; Mayer and Salovey, 1997). Clearly, such employees offer advantages to contemporary organizations wanting to gain competitive advantage through adaptability, rapid
response and change innovation. At this point, we must acknowledge that studies of emotional intelligence are in their infancy, with some questioning the veracity of the concept (Hunt, 2001) and its measures (Becker, 2003). Nonetheless, positive links between emotional intelligence and performance outcomes are emerging.

Positive links between emotional intelligence and performance outcomes are emerging

Jordan et al. (2002) reported that lower emotional intelligence levels contributed to reactions being more negative in the form of job insecurity and lower coping strategies. Conversely, higher levels have been found to generate positive interpersonal relations with others (George, 2000), with emotionally intelligent leaders displaying higher levels of self-awareness, persistence, self-motivation and social skills to motivate and empower others (Cherniss, 1998). Such leaders use charisma to inspire others, generating cooperation, enthusiasm and trust (George, 2000) and report stronger goal focus and job satisfaction (Martinez-Pons, 1997). Gardner and Stough (2002) studied 110 senior managers and claim strong correlations exist between emotional intelligence and transformational attributes, whereas laissez faire managers demonstrated lower levels of emotional intelligence. In seven studies undertaken in various settings, Schutte et al. (2001) found high correlations between emotional intelligence and self-monitoring: being empathetic, social adeptness, inter-personal cooperation, plus higher scores for closeness and affection in interpersonal relations. Further empirical evidence appears in the education literature, for example, education in emotional intelligence, enhanced children’s self-awareness and social skills (Elias and Weissberg, 2000). Similarly, undergraduate students demonstrated higher ability to regulate and perceive emotions (Lam and Kirby, 2002). Overall, these findings suggest that individuals with higher levels of emotional intelligence are more likely to act in considerate and socially adaptable ways and so emotional intelligence offers invaluable advantages to organizations experiencing continuous change.

Organizational learning

The continuous increase in the literature concerning organizational learning confirms this interest in this topic (Chan et al., 2003; Shrivastava, 1983; Simonin, 1997). Management theorists and researchers recognize that organizational ability to learn facilitates organization-wide improvements and change adeptness (Finger and Woolis, 1994; Stata, 1989). Such adaptability enhances the competitive position through improvements in efficiency, productivity and innovation (Solomon, 1994). However, while learning is a cornerstone for competitive advantage, risks are attached to presuming all learning will be beneficial. Levitt and March (1988) categorize three negative impacts of learning: (1) superstitious learning, (2) success learning and (3) competency traps.

Superstitious learning occurs when positive results are interpreted as learning outcomes in spite of little or no association. Success learning involves expectations or assumptions that what worked best in the past will work for the future. Competency traps occur when the organization refuses to adopt superior technology despite its availability. These negative impacts are avoidable if organizations implement learning within a transparent framework where employees are emotionally intelligent enough to recognize, avoid and manage such pitfalls.

Learning is best operationalized through the ‘learning organization’ concept, which Senge (1992, p. 14) describes as ‘an organization that is continually expanding its capacity to create its future’. Senge (1992) argues that unless people change their thinking and interactions, the organization per se
cannot change or learn, so he postulates the following five-factor framework for crafting learning attributes in an organization. The first of these attributes is systems thinking, which is a philosophy that views unrelated sections, components, processes or events as integrated to improve decision-making. The second is personal mastery, where organizational members need to gain proficiency or skills through continuous learning so they have the capacity to produce desirable results. The third attribute underpins the fourth, which is a shared mental model, where members share the same vision of the organization’s aspirations and future. Combined, these attributes promote team learning, whereby team members contribute to each other’s development and capacity to achieve positive results.

While the learning organization represents active promotion and organization of learning activities, Finger and Woolis (1994) clarify that organizational learning denotes the change processes of an organization. The learning organization focuses on action and the creation of an ideal organization, whereas organizational learning, which draws on the disciplines of psychology, organizational development, management science, strategy, production management, sociology and cultural anthropology, is less clearly defined (Easterby-Smith, 1997). Lundberg (1995) clarifies this by explaining that organizational learning is more the process ‘that takes place in organizations’ (p. 10), whereas the learning organization is ‘a particular type or focus of the organization’. Differing expectations arise depending on whether organizational learning is viewed as a cognitive or a behavioural response (Arthur and Aiman-Smith, 2001). Nonetheless, the general conclusion is that organizational learning is a set of activities designed for organizational improvement in processes initiated by the learning organization and one such strategy is the clearly defined guidelines of participation in decision-making.

**Participation in decision-making**

When exploring employee participation or involvement, previous scholars have consistently used the term ‘participation in decision-making’ or PDM (Black and Gregersen, 1997; Cotton et al., 1988; Latham et al., 1994). A well-accepted definition is that PDM refers to the level of influence employees have in the process of decision-making (Cotton et al., 1988; Scully et al., 1995). Employees who are able to influence decisions affecting them are more likely to value the outcomes (Black and Gregersen, 1997; Denton and Zeytinoglu, 1993), regardless of whether participation is formal or informal (Cotton et al., 1988; Scully et al., 1995). Organizations implement PDM to benefit from the motivational effects of increased employee involvement, job satisfaction and organizational commitment (Daniels and Bailey, 1999; Latham et al., 1994; Pearson and Duffy, 1999; Witt et al., 2000). Evidence suggests PDM gives better access to information, improves the quality and ownership of decision outcomes and thereby reduces political behaviour.

Previous studies suggest differing forms of participation deliver different outcomes for employees and employers (Black and Gregersen, 1997; Witt et al., 2000), and offer two reasons as to why many organizations fail to achieve their desired outcomes. The first relates to the purpose and philosophical choice for implementing PDM, whereas the second builds on the first and relates to how effectively PDM strategies are implemented (Black and Gregersen, 1997).

Although defined as the act of sharing decision-making with others to achieve organizational objectives (Knoop, 1995), successfully implementing PDM depends on the organizations’ philosophical approach and how PDM is defined. The philosophical choice underpins how PDM is interpreted. For example, does PDM mean democratic decision-making or collective decision-making, or a process of individuals contributing to decisions by others, or at the most ineffective end of the scale, is it merely rhetoric? Black
Successfully implementing PDM depends on the organizations’ philosophical approach

and Gregersen (1997) identify six dimensions of PDM. These being the rationale, form, structure and decision issues for participation as well as the level and range of participation in the processes. Dachler and Wilpert (1978) include PDM dimensions of formality versus informality, directness versus indirectness and degree of access or influence. The important point is that different interpretations of PDM provide no common ground or shared ‘mental model’ as a prerequisite for organizational learning.

Expectations about the role, level and fundamental choice for PDM need to be explicit and shared as the basis of a joint vision. Even then, PDM needs to be implemented with appropriate techniques in a conducive environment if frustration and disenchantment are to be avoided (Drehmer et al., 2000). While the literature lacks examples linking PDM and learning organizations, an approximation can be drawn from the literature on ‘voice’, a major component of participation in decision-making. Employees who are given their desired level of ‘voice’ in matters important to them are more likely to believe they are fairly treated and subsequently demonstrate greater job satisfaction (Hunton et al., 1998; Roberson et al., 1999), decision acceptance and commitment (Greenberg, 1990). However, like all aspects of PDM, an individual’s ‘voice’ hinges on factors under the organization’s control, so management needs to define the practices and level of empowerment granted to workers (Bounds et al., 1994).

Matching employees’ expectations of fair involvement across all stages of decision-making (Hunton et al., 1998) and goal setting (Beeler and Hunton, 1997) gives the most positive outcomes. Participation reduces role ambiguity and thereby stress (Daniels and Bailey, 1999), leading to improved self-efficacy, performance outcomes (Silver et al., 1995) and higher levels of organizational citizenship (VanYperen et al., 1999). Nonetheless, the balance between providing a clear framework for PDM and allowing employees discretion, particularly during times of change, is delicate. Our contention is that the more emotionally intelligent individuals are, the better they are able to cope with any residual ambiguity. We suggest that organizations confronting change need to recognize the value of developing employees’ emotional intelligence to allow them to participate more effectively in decision processes. A genuine philosophical choice to achieve organizational learning through PDM empowers emotionally intelligent employees to contribute to organizational learning, creating a reinforcing cycle.

Strategies that promote change

Considering the benefits offered to organizations, fostering emotional intelligence has clear advantages for organizational learning. Some reviewers imply that simply having higher levels of emotional intelligence is sufficient to allow employees to contribute more effectively to change the organization. While it is logical that higher emotional intelligence enhances the individual’s ability to take more responsibility in decision-making, evidence also suggests high levels of ambiguity quickly erode self-efficacy (Silver et al., 1995). Given organizational learning requires responses under pressure, often to new and novel problems with high risk (Goh and Richards, 1997), employees with higher levels of emotional intelligence still require some protection to feel psychologically safe (Edmondson, 1999). Therefore, we argue that the need for clearly defined boundaries, which are required to successfully implement PDM (Black and Gregersen, 1997; Daniels and Bailey, 1999) cannot be over-stated. Managers committing to organizational learning need to empower employees to be partners in the process as organizations cannot define the scope for all activities and employees must have some
discretion. Although emotionally intelligent employees are likely to be less vulnerable than others, explicit boundaries let employees know where they stand without prescribing their response. This maintains self-efficacy and reduces cognitive dissonance, thereby promoting improved performance outcomes (Silver et al., 1995).

Realistically, the level and role of an employee’s participation is contingent on the management philosophy and organizational context. Organizations wishing to thrive through change must make the choice to resource, promote and allow employee expressions of emotional intelligence (Hunton et al., 1998; Roberson et al., 1999). The boundaries implemented through PDM can enhance tolerance for error within a learning environment, promoting internal regulation and ‘connectivity’ across the organization (Ashmos et al., 2002). By demonstrating self-awareness, persistence and leadership qualities (Cherniss, 1998) and goal focus (Martinez-Pons, 1997), emotionally intelligent employees can model the way for others.

Modelling the way helps to develop shared mental models that are critical when individuals need to respond quickly to external organizational threats. Proponents of organizational learning claim individuals need to take a systems approach and change their mental models (Easterby-Smith, 1997; Senge, 1992) to a collective mental model before a shared vision or modus operandi can be achieved. Clear boundaries shape the when, what and how of employee participation and help to mould a collective mental model. The focus must remain on ‘organizational gains’ as the organization’s ability to respond and integrate learning more quickly than competitors may well be a defining competitive advantage (De Geus, 1988; Stata, 1989).

Organizational learning aims to promote innovation and flexibility through individual responses and decision choices at all levels so that organizations can respond proactively to change (Solomon, 1994). Organizations operate in increasingly complex and challenging environments and PDM facilitates engagement and information sharing (Ashmos et al., 2002). This increases information access and speeds the level of exchange as the ability to contribute effectively increases (Anderson and McDaniel, 1999). In many situations, collective richness offers more than individual responses!

Employees’ perception of what they value and receive influences their acceptance. While the more acute perceptions of emotionally intelligent employees will facilitate realistic involvement expectations, the reality is that not all members will be able to operate at the same level or time, so decision boundaries need to be in place. Emotionally intelligent individuals prefer involvement because of their ability to relate in congruent and open ways (Gardner and Stough, 2002; George, 2000), and feel at home working within an organizational philosophy that promotes and recognizes individual and team contributions. Diversity of opinion is vital to generate innovation, yet there may be times when involvement is not possible if critical or urgent decisions are needed. Emotionally intelligent individuals are more likely to accept exclusion or limited inclusion in such instances, for as Schutte et al. (2001) emphasize, emotionally intelligent employees tend to want outcomes that benefit others as well as themselves.

Having a defined framework for PDM allows employees to share in the process as much as is practicable while minimizing the risk of having unmet expectations, and thereby promotes decision acceptance (Black and Gregersen, 1997; Denton and Zeytinoglu, 1993). This promotes organizational learning, as employees are more likely to accept the
collective choice, rather than exhibit discontent over the process.

Organizational learning as a strategy bodes well for the successful implementation of PDM as it captures the philosophical choices recommended by Black and Gregersen (1997). First, employees have a right of choice in decisions that affect them and second, increased employee involvement increases productivity and profitability. Nonetheless, implementation strategies need to effectively align these philosophies to individuals’ expectations (Black and Gregersen, 1997; Hunton et al., 1998). Clearly there are risks for the unwary, as organizations do not choose to implement superstitious or success learning, nor do they wish to build in competency traps (Levitt and March, 1988). Such failings stem from poor planning and process implementation. One could expect that emotional intelligence and PDM enhance transparency to protect organizations from these risks and pitfalls.

**A model for maximizing organizational learning**

These findings lead us to propose the following model to explain the relationship between organizational learning, emotional intelligence and PDM, as presented in Figure 1. This model proposes that employees with higher levels of emotional knowledge, perception, regulation and general intelligence will contribute more effectively to organizational learning. Higher emotional intelligence will promote personal mastery, shared mental models and a shared vision, team learning and systems thinking. This outcome is likely to be moderated by the role and level of employee participation in decision-making. Additionally, the unique organization context and management philosophy require consideration as these help define the level and role of participation in decision-making.

In summary, the primary reason for implementing organizational learning is to enable organizations to adapt to change and remain competitive. Our contention is that organizations that can promote emotional intelligence within the protection of participative decision-making frameworks will be the most adept at organizational learning and change. Participation in decision-making with high access and direct participation over the longer term (Cotton et al., 1988) provides a conduit for shared learning that is considerably enhanced if employees have the added advantage of being emotionally intelligent. Capturing the motivational benefits of employee involvement, satisfaction and organizational commitment (Latham et al., 1994; Pearson and Duffy, 1999; Witt et al., 2000) promotes performance, productivity and innovation. In turn, this allows learning organizations to gain a head start in demanding and changing markets.

**Implications for practice**

In response to increasing turbulence in the business environment, practitioners as well as researchers commend developing emotional intelligence and organizational learning capabilities to improve performance. The often-

---

**Figure 1.** The proposed relationship between emotional intelligence, participative decision-making and organizational learning and contextual variables.
cited desired outcomes include increased organizational commitment and job satisfaction, better individual performance and group cohesiveness, which all offer the competitive advantage of a more change-adept organization. This challenges managers to explore how they can utilize the concepts of emotional intelligence, organizational learning and PDM strategically.

Vague PDM processes that are subject to different interpretations and expectations create mistrust, so the first step is a well-articulated PDM strategy to extend the gains of emotional intelligence and organizational learning. Although emotionally intelligent employees can participate more effectively, it is not appropriate to put the onus back on employees. Rapid environmental changes mean novel problems pre-empt organizational learning, so even emotionally intelligent employees will face decision ambiguities that precipitate role and interpersonal conflict and decreased self-efficacy, particularly if they are not sure of the organization’s support. Such employees should cope better with uncertainty, because understanding their role and the organization’s expectations of them and their peers will reduce stress. However, management must define the level and form of participation if they want to promote a shared vision, so that ownership leads to higher levels of team and individual performance and promotes successful responses to change.

**Future directions**

This review offers potential for a number of areas. First, the model we have proposed needs to be tested in different environments that allow for contingency and other variables. For example, leadership style, power relationships, work climate, culture and industry type are some of the variables that impact the level of operational implementation organizations can achieve (Glick, 1998), particularly during times of change. An example of this is demonstrated in LeBrasseur et al.’s (2002) Canadian study that found senior managers ‘proactive leadership’ influenced the adoption of an organizational learning orientation. Similarly, organizational maturity may influence the learning orientation. It may be that emotional intelligence and organizational learning are more critical in younger firms because they need to compete with more experienced businesses. Alternatively, it could be that learning strategies are easier to develop and test in mature organizations whose philosophical approach and strategies recognize a greater need to promote innovation and flexibility.

Although emotional intelligence and organizational learning facilitate change, the strategies for operationalizing these concepts are vague. Therefore, a better understanding of how the level, form, structure and decision issues of PDM moderate outcomes is required. Our contention is that the boundaries and guidelines of PDM help build and maintain the shared mental models, which Senge (1992) considers a critical prerequisite, and provide a valuable strategy for implementing organizational learning. Another extension offering tremendous potential for multinational firms could be to examine the influence of culture on the development of emotional intelligence and organizational learning, as a means of promoting improved cross-cultural interactions.

**Conclusion**

This paper attempts to synthesize how emotional intelligence, organizational learning and PDM can combine to facilitate an organization’s response to change. Involving employees closest to the decision source can provide organizations with the flexibility to continuously change and improve in dynamic environments. Previous studies on participation in decision-making have identified positive results in these areas (Black and Gregersen, 1997; Hunton et al., 1998; Pearson and Duffy, 1999; Witt et al., 2000). However, organizations need to provide emotionally intelligent employees with clarity about their role in decision processes, particularly in relation to why, how, when and to what degree they can participate. To do so will facilitate greater commitment and ownership of solutions,
returning benefits for both employees and employers.

**Biographical notes**

**Brenda Scott-Ladd** (PhD, Curtin University) is a lecturer in management at Murdoch University. She has substantial experience as an industry consultant. Her research interests centre on change management and include emotional intelligence, participation in decision-making, gender issues and organizational learning.

**Christopher C.A. Chan** (PhD, Murdoch University) is a lecturer in management at the Australian National University. His research interests include organizational learning, knowledge management, work goals, health care management, cross-cultural managerial issues, emotional intelligence and managerial values and practices.

**References**


Scully JA, Kirkpatrick SA, Locke EA. 1995. Locus of knowledge as a determinant of participation on


