Spotlight
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How do emotions shape decisions?

What is the role of emotions in strategic management

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While traditional strategic management research emphasized data and rationality, a growing body of work recognizes the powerful, constructive role of emotion. In their comprehensive review, **Brundin, Liu, and Cyron** map out what we know about how emotions shape strategic behavior and where future research is heading. For family businesses, this review is more than academic—it's a call to understand and use emotion as a strategic asset.

WHAT WE STUDIED

The authors conducted an **integrative literature review** of research addressing the role of emotion in strategic management. Their goal was twofold:

1. **To consolidate fragmented insights** across multiple disciplines—psychology, organizational behavior, strategy, and entrepreneurship—into a coherent framework.
2. **To set a research agenda** for scholars interested in emotion-rich contexts like family firms, entrepreneurship, and complex organizational change.

Unlike prior reviews focused narrowly on emotion in leadership or entrepreneurship, this work **positions emotion as central to strategic management** and emphasizes its relevance across different organizational levels and contexts. They also emphasize the **rich potential of under-researched settings**, including **family businesses**, where emotion is particularly salient.

KEY INSIGHTS

1. Emotions Are Not Distractions—They Are Strategic Enablers

The review challenges the outdated assumption that emotions are obstacles to rational decision-making. Instead, emotions:

- **Direct attention** and help prioritize what matters strategically.
- **Motivate action**, especially under uncertainty or during crises.
- **Shape organizational identity** and influence commitment to long-term goals.

In family firms, these emotional functions are amplified. For instance, legacy-based pride can motivate long-term investment, while fear of losing control might lead to delayed succession.

2. Emotion Operates Across Strategic Levels

Emotions are not confined to the individual leader's psyche. They function across:

- **Micro-levels**: influencing personal decision-making and cognitive framing.
- **Meso-levels**: shaping group dynamics, trust, and conflict—often between family and non-family actors.
- **Macro-levels**: reflected in organizational culture and stakeholder expectations.

This multi-level lens is vital in family businesses, where emotional ties stretch across generations, departments, and stakeholder groups.

3. Emotion Shapes Four Strategic Domains

The authors identify **four domains** where emotion plays a pivotal role:

a) Strategizing

Strategic formulation, evaluation, and revision are all influenced by emotion. Emotional attachment to past strategies or a family legacy can bias choices—or strengthen strategic coherence when well-managed.

b) Entrepreneuring

Startups and strategic renewals are often born from emotional sparks—such as passion, frustration, or hope. For family businesses undergoing generational transitions, these emotional drivers are especially important.

c) Belonging

Family firms frequently grapple with emotional dynamics around identity, inclusion, and loyalty. Strategic decisions like appointing an external CEO or merging with another firm often challenge these emotional anchors.

d) Performing

Emotions affect how success and failure are defined and experienced. A family's pride in the business's reputation or shame over setbacks can significantly impact resilience and learning behaviors.

4. Family Firms Are Ideal Settings for Studying Emotion

Though the article reviews a wide range of firms, the authors point out that **family businesses are particularly rich contexts** for studying emotion in strategy due to:

- **Overlapping roles** (e.g., parent, sibling, CEO).
- **Long-term emotional investments** in the firm.
- **Identity-based decision-making**, where personal and professional lives are tightly interwoven.

These characteristics make emotional dynamics more intense, visible, and strategically consequential.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

Recognize Emotion as Strategic Data

Don't ignore your gut feelings. They often reflect complex, underlying dynamics. Whether it's a sense of unease about a new partner or pride in a next-gen leader's maturity, these feelings carry strategic insight.

Cultivate Emotionally Aware Leadership

Emotional intelligence isn't a luxury—it's a necessity. Equip leadership teams, both family and non-family, with the skills to understand and manage emotional undercurrents, especially in periods of change or conflict.

Balance Legacy and Innovation Through Emotional Narratives

In strategy communication, frame innovations as continuations of family values rather than departures from them. This emotional continuity helps maintain trust and unity.

Build Safe Spaces for Emotional Expression

Strategic retreats or board meetings should allow space for expressing not just data and logic, but also concerns, fears, and hopes. This openness leads to more robust, holistic decision-making.

IMPACT

This article reframes the way we think about strategy—not as a purely logical exercise, but as a deeply emotional process shaped by human values, relationships, and identities. For family businesses, this perspective is not just helpful—it is transformative.

By integrating emotional awareness into strategic thinking, family firms can:

- Enhance **succession planning**,
- Navigate **interpersonal tensions** more effectively,
- And design strategies that are both **resilient and resonant**.

Furthermore, the authors call for more research on **emotion-rich contexts**, such as family firms, entrepreneurial ventures, and culturally diverse organizations—where emotions are not background noise but central characters in the strategic story.

RECOMMENDATIONS

1. **Conduct emotional audits** during strategic planning—What emotions are present? How might they affect decision outcomes?
2. **Develop emotional intelligence programs** tailored to family governance, succession planning, and board dynamics.
3. **Encourage research partnerships** between scholars and family firms to explore emotional dynamics in real time.
4. **Expand the emotional vocabulary** in your organization—make it easier for people to talk about what they feel, not just what they think.

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