

The atmosphere in the room can affect strategic decision-making, study finds

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The atmosphere within a group can influence the outcome of strategic decision-making, according to a new study co-authored by Bayes Business School (formerly Cass). The research is [published](#) in the

Academy of Management Journal.

Paula Jarzabkowski, Professor of Strategic Management at Bayes, along with researchers from University of Queensland, Macquarie University and Leuphana University of Lüneburg, found that different atmospheres led to people speaking and interacting in different ways that changed how they made sense of the strategy.

For instance, when the atmosphere was pensive, people were cautious about the way to proceed, whereas, when it was curious they felt free to be exploratory in their strategy making. However, when the atmosphere bordered on tense or dismissive, participants became argumentative and struggled to agree on ways forward.

The academics examined [video recordings](#), workshops, interviews, and first-hand observations of a strategic project team composed of managers and consultants at an electronic bank in Australia, conducted over 18 months. The observations examined the interactions of the banking team assessing a digital product which used AI-informed technologies to help bank customers manage their spending.

The academics also noted that the atmosphere can change rapidly, as subtle shifts in tone of voice, speech, or [body language](#) affected how groups react to ideas. Overall, the research found that in group settings, people's sensing of the atmosphere influences their collective sensemaking when deciding on issues.

Professor Jarzabkowski said, "We wanted to explore how people's subconscious signals like [tone of voice](#), attitude, emotional interaction and body language could affect others' views around decision-making.

"Our research shows that strategy making is not just a matter of optimal decisions. The strategies firms take are affected by the way people

feel—the mood in the room—during strategy making."

Professors Eric Knight and Jaco Lok at Macquarie Business School said, "While we all know that atmosphere can affect how we feel, its effect on how we make sense of complex issues has not been systematically studied. This is why our study is important and unique."

Matthias Wenzel, Professor of Organization Studies at the Leuphana University of Lüneburg, said, "We often assume that there is some consensus or shared understanding in managerial decision making. Our research shows that the atmosphere in the room is what is shared, and that affects the decisions made."

More information: Eric Knight et al, Sensing the Room: The Role of Atmosphere in Collective Sensemaking, *Academy of Management Journal* (2024). [DOI: 10.5465/amj.2021.1389](https://doi.org/10.5465/amj.2021.1389)

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