Emotional Intelligence and Escalation of Commitment: A review of contemporary literature and implications for future research.

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ABSTRACT

Making investment decisions in the rapidly evolving financial landscape is exceptionally challenging, particularly when emotions guide these decisions. The literature indicates that investors often find themselves bound by emotions, leading to an increased commitment to investment when shaping their portfolios. Previous research also reveals that emotional intelligence has an impact on individuals' decision-making. This systematic literature review critically analyzes studies of emotional intelligence and its influence on the investment decisions made by managers with escalation behavior. This review analyzes the papers from top journals from the year 1990-2020 and highlights that emotional intelligence has a significant impact on the escalation of commitment. The paper also discusses the necessity for further research in this arena by way of a discussion of the limitations of current literature. In discussing potential future research, the article emphasizes that longitudinal studies examining the relationship between individual and collective EI and escalation tendencies can provide valuable insights into the dynamic interplay between emotional competencies and decision outcomes over time. Additionally, experimental research exploring the effectiveness of EI interventions, such as training programs or coaching initiatives, in reducing escalation risks and enhancing decision quality can offer practical implications for organizational practice.

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1. INTRODUCTION:

This review article systematically analyzes the literature in several areas such as emotion, decisions, intelligence, commitment, and investment. Traditional economic theories have long upheld the notion that individuals act as rational economic actors, essentially dismissing cognitive and emotional weaknesses that may impact investor behavior (Statman, 1995). However, recent studies challenge this perspective, revealing that emotions significantly influence an individual's investment decisions (Charles, 2018). When constructing their portfolios, individuals often succumb to emotional impulses, persisting in investing even in the face of losses. Staw and Ross (1978) attribute this behavior to the escalation of commitment (EC) phenomenon, wherein individuals continue to invest in failing ventures due to heightened commitment.

In contrast, emotional intelligence (EI) is posited as a guiding factor for people's emotions in investments. Robert J. Shiller (2000) asserts that investment behavior is shaped by structural, cultural, and psychological factors. Baker et al. (2002) emphasizes the importance of understanding psychological biases in investor errors and advocate corrective actions to mitigate their impact on investment outcomes. Behavioral biases, such as the inclination to pursue investments yielding favorable returns, are common among individual investors, and risk plays a significant role in shaping their behavior. A substantial amount of research has been devoted to emotional intelligence, exploring its necessity, intensity, influence, and materiality. A subset of this literature focuses on the influence of emotional intelligence of managers in organizations from the perspective of their decision-making style.

The study also explores the foundation of emotional intelligence research primarily within business contexts. Despite its widespread use, emotional intelligence research is limited, relying heavily on anecdotal case studies and derivative models. Goleman (1996) emphasizes the significance of emotional intelligence in business settings, arguing that successful learning and performance stem from both rational and emotional development. He contends that individuals with a balanced mix of IQ and emotional intelligence tend to excel compared to those with exceptional IQ but lacking emotional intelligence. While rigorous research demonstrating emotional intelligence's impact on organizational success remains scarce, Kelley and Caplan's (1993) study at Bell Laboratories supports its ability to differentiate high performers. Additionally, there's a growing recognition in managerial behavior that emotions play a crucial role in decision making, challenging traditional cognitive approaches to management. Despite being often overlooked within organizational contexts, emotional intelligence is advocated as crucial for change management and teamwork, with various authors asserting its potential to build competitive advantage across diverse fields of study.

A subset of research also highlights three key dimensions of EI's impact: recognizing biases, managing emotions, and shaping interpersonal dynamics. Firstly, individuals with high EI are adept at identifying emotional prejudices and cognitive distortions that fuel escalation behavior, promoting more objective decision-making. Secondly, EI enables effective emotion management, empowering individuals to navigate setbacks without succumbing to impulsive reactions, thus mitigating escalation triggers. Finally, EI influences interpersonal dynamics by fostering open communication and constructive feedback, which facilitates objective evaluation of alternatives and reduces the likelihood of escalation driven by groupthink or conformity pressures. Research by various scholars such as Goleman (1995, 1998), Salovey and Mayer (1990), Brackett and Mayer (2003), and Boyatzis et al. (2000) supports these assertions, emphasizing the multifaceted role of EI in decision-making processes and organizational dynamics.

The remainder of this review article is organized as follows. Section 2 describes the evolution of the theory of Emotional Intelligence, models, measures, and the impact benefits of emotional intelligence. Section 3 reviews papers examining the factors of escalation behavior and de-escalation techniques. Section 4 reviews the empirical literature on emotional intelligence and the escalation behavior. Section 5 discusses the findings and future research possibilities.

2. EMOTIONAL INTELLIGENCE

The literature in this emerging domain presents a variety of terms, which can sometimes be perplexing. These include emotional intelligence (e.g., Goleman, 1996; Salovey and Mayer, 1990), emotional literacy (e.g., Steiner, 1997), emotional quotient (e.g., Cooper, 1997; Goleman, 1996), personal intelligence (e.g., Gardner, 1993), social intelligence (Thorndike, 1920), and interpersonal intelligence (e.g., Gardner and Hatch, 1989). Goleman (1997) offers a clear definition of emotional intelligence as "knowing what you are feeling and being able to handle those feelings without having them overwhelm you" (p. 13). A more succinct explanation (Martinez-Pons, 1997) describes emotional intelligence as a set of non-cognitive skills, capabilities, and competencies that affect an individual's capacity to manage environmental demands and pressures.

2.1 The evolution of the theory of emotional intelligence

A number of studies discuss the evolution of the theory of emotional intelligence while exploring the scopes and areas of emotional intelligence. Traditionally, intelligence was linked solely to intellect and cognition, centered around the concept of a single 'general intelligence.' Few of the papers suggest that individuals possessed an inherent, unchanging level of intelligence measurable through IQ tests, with psychologists maintaining that this intelligence was largely fixed. However, Gardner (1998) pose a compelling question: if IQ tests disappeared, could we still determine someone's intelligence? This inquiry triggered a shift in perspective, acknowledging that intelligence encompasses more than cognitive abilities, extending to other innate skills.

The idea of emotional intelligence traces back to as early as the nineteenth century. Thorndike in 1920 recognized the importance of 'non-intellective' elements. Wechsler further developed this notion in 1940, advocating for the inclusion of emotional and motivational abilities in determining intelligence. Despite initial disregard, interest in these non-cognitive factors resurfaced with Gardner's 'Multiple Intelligences' theory in 1993. Gardner criticized IQ tests, arguing that individuals possess various independent faculties rather than a single measure of intellectual capacity.

Gardner's theory, outlined in his book *Frames of Mind: The Theory of Multiple Intelligences* (1985), proposed seven intelligences—linguistic, logical, musical, spatial, kinesthetic, interpersonal, and intrapersonal—present in varying degrees in every individual. An eighth intelligence, 'naturalist,' was added in 1995. The theory suggests that all humans possess these intelligences, and each person's combination is unique. Despite initial skepticism, Gardner's theory aimed not to empirically test these intelligences but to challenge the notion of intelligence as solely cognitive. Even before Gardner, the idea of intelligence as purely cognitive faced challenges, such as Thorndike's introduction of 'Social Intelligence' in the 1920s. Thorndike emphasized not only reasoning and logical abilities but also understanding and managing social dynamics. However, social intelligence failed to establish itself as a separate construct due to difficulties in defining and measuring it.

Some of the researchers developed an interest in social intelligence such as Guilford's (1967) 'Structure of Intellect model,' alongside growing recognition of its importance by the public. Salovey and Mayer (1990) further developed the concept, introducing 'Emotional Intelligence' (EI) as a subset of social intelligence. They defined EI as the ability to monitor and understand one's own and others' emotions, using this information to guide behavior.

EI gained popularity for its explanatory power, explaining why individuals with high IQs may struggle while others excel despite academic shortcomings. Consequently, few of the literatures offers a framework for understanding how emotions can be analyzed intellectually and regulated, distinguishing it as a unique form of intelligence. Though still relatively young, the field of emotional intelligence has garnered significant attention amongst researchers for its insights into human behavior and performance (Salovey and Mayer, 1990; Goleman, 1996; Cooper, 1997).

2.2 Measures of Emotional Intelligence

Different experts have devised a variety of scales to assess emotional intelligence (EI). According to a review article in the *Annual Review of Psychology* (Mayer et al., 2008), some of the commonly employed EI measures include those that adopt the Specific-Ability approach, which evaluates distinct cognitive abilities involved in processing emotional information, and the Integrative-Model approach, which encompasses frameworks combining skills from various EI domains. Within these approaches, prevalent tests and scales include:

2.2.1 Specific Ability

a) Japanese and Caucasian Brief Affect Recognition Test (Matsumoto et al., 2000)

b) Levels of Emotional Awareness Scale (Lane et al., 1990)

c) Diagnostic Analysis of Nonverbal Accuracy: The test has three versions: Adult Facial Expressions (Nowicki & Carton, 1993), Adult Paralanguage (e.g., auditory) (Baum & Nowicki, 1998) and Posture Test (Pitterman & Nowicki, 2004)

2.2.2 Integrative model

a. Multibranch Emotional Intelligence Scale (Mayer et al., 1999)

b. Mayer-Salovey-Caruso Emotional Intelligence Scale (Mayer et al., 2002a; Mayer et al., 2003)

c. Emotion Knowledge Test (Izard et al., 2001, Mostow et al. 2002, Trentacosta et al., 2007)

d. Salovey and Mayer's Ability Model (Salovey and Mayer, 1990)

2.2.3 Mixed model

a. Emotional Quotient Inventory (Bar-On, 1997)

b. Self-Report Emotional Intelligence Test (Schutte et al., 1998)

c. Multidimensional Emotional Intelligence Assessment (Tett et al., 2005)

d. Goleman's Competency Model (Goleman, 1995)

The most widely used models of the ones listed above are surveyed below.

***Salovey and Mayer's Ability Model* (*Salovey and Mayer, 1990*)**

Initially introduced by Salovey and Mayer in 1990, Emotional Intelligence (EI) was defined as the ability to monitor and manage one's own and others' emotions, utilizing this information to guide behavior and problem-solving. They identified three key areas of EI: appraisal and regulation of emotions, regulation of emotions in oneself and others, and utilization of emotions in problem-solving and motivation. These skills encompassed accurately perceiving and expressing emotions, regulating emotional responses, and using emotions effectively in cognitive processes. Over time, the theory expanded to include thinking about emotions, resulting in a four-branch model. The branches include Perception, Appraisal and Expression of Emotion, Emotional Facilitation of Thinking, Understanding and Analyzing Emotions, and Reflective Regulation of Emotions to Foster Emotional and Intellectual Advancement. Each branch involves specific skill sets aimed at enhancing emotional and cognitive abilities.

***Goleman's Competency Model* (*1995*)**

Goleman's impact on Emotional Intelligence (EI) is remarkable as he brought the theory to a broader audience and garnered widespread attention, even landing it on the cover of *Time* magazine. His book, *Emotional Intelligence: Why it can Matter More than IQ*, published in 1995, propelled the topic into the limelight, though some of his claims, such as EI accounting for 'nearly 90% of the difference' between high and average performers, have been criticized as hyperbolic. Drawing inspiration from the work of Salovey and Mayer (1990), Goleman developed a four-branch model of EI, further expanding it to encompass twenty emotional competencies. Diverging from Salovey and Mayer's model, he incorporated personality traits like trustworthiness and innovation, leading to criticism for being overly inclusive.

Goleman contends that emotional competencies are skills that can be acquired and honed rather than innate talents, with a person's potential to develop them relying on their latent emotional intelligence. He likens emotional intelligence to apples and emotional competencies to applesauce, implying that the latter is derived from the former. His four-branch model encompasses Self-Awareness, Self-Management, Social Awareness, and Relationship Management.

In 1998, Goleman was the first to apply EI to the business world through an article in the *Harvard Business Review* (Goleman, 1998a), highlighting the importance of emotional intelligence in effective leadership. He argued that while technical knowledge and IQ are essential, interpersonal, social, and team-building skills are vital for success, asserting that if IQ secures a job, it is EI that ensures retention and success in the workplace. To assess emotional intelligence in managers, executives, and leaders, Goleman developed the Emotional Competency Inventory (ECI), building upon Richard Boyatzis's Self-Assessment Questionnaire (SAQ). The ECI, validated against the performance of numerous professionals in North America, aimed to be applicable across various occupations and life settings, enhancing upon the SAQ to create a comprehensive assessment tool.

***Emotional Quotient Inventory* (Bar-On, 1997)**

Bar-On's approach to emotional intelligence emphasizes the potential for success rather than just the outcome, focusing more on the process than the result. He suggests that emotional intelligence can be cultivated through training, programming, and therapy over time. Unlike Goleman's model, Bar-On's includes components such as stress management, optimism, and happiness, along with elements like reality testing and impulse control, which assess awareness of situations and the ability to refrain from reckless reactions.

Bar-On's model outlines five main components, further divided into fifteen subcomponents: Intrapersonal (Self Regard, Assertiveness, Emotional Self-Awareness, Independence, and Self-Actualization), Interpersonal (Interpersonal Relationship, Social Responsibility, and Empathy), Adaptability (Reality Testing, Flexibility, and Problem-Solving), Stress Management (Impulse Control and Stress Tolerance), and General Mood Components (Optimism and Happiness).

Termed 'Emotional Social Intelligence' (ESI), Bar-On's construct integrates emotional and social competencies, describing it as a blend of intertwined emotional and social abilities that dictate how proficiently individuals comprehend and articulate their emotions, interact with others, and navigate everyday obstacles. He associates emotional intelligence with positive psychology, suggesting that a higher emotional quotient (EQ) contributes to happiness and overall psychological well-being.

Bar-On's Emotional Quotient Inventory (EQ-i) serves as a self-report measure to assess ESI, focusing on an individual's ability to handle environmental pressures and demands rather than personality traits or cognitive abilities. Bar-On claims that his model is a better predictor of performance in both the workplace and academic settings.

2.3 The impact and benefits of emotional intelligence

The foundation of emotional intelligence research primarily lies within education and psychology, although business has been the main arena for its growth and associated claims of efficacy. However, this research is notably limited, often relying on anecdotal case studies, derivative models, and sometimes, mere rhetoric. Goleman (1996b) draws extensive examples from educational settings in his influential book on emotional intelligence. Höpfl and Linstead (1997) explore emotion and learning in organizations, underscoring studies showing that children learn not just content, but also values, social interactions, and emotional responses, indicating that successful learning and performance stem from both rational and emotional development. Goleman argues that individuals with a balanced mix of IQ and emotional intelligence tend to fare better in their endeavors than those with exceptional IQ but lacking emotional intelligence, highlighting that IQ and emotional intelligence are not opposing but distinct competencies. Other authors, like Steiner (1997) and Salovey and Mayer (1990), also emphasize the combined impact of IQ and emotional intelligence on performance outcomes.

Research rigorously demonstrating emotional intelligence's impact on organizational success and performance remains scarce. Kelley and Caplan's (1993) study of research teams at Bell

Laboratories supports emotional intelligence's ability to differentiate high performers from average ones, even among highly intelligent individuals. In managerial behavior, there's a growing recognition that emotions play an important role in learning and are not merely incidental. Individuals with high EI are better equipped to navigate social complexities and build strong interpersonal relationships. This ability to connect with others facilitates effective teamwork and collective decision making, as emotionally intelligent individuals can understand and consider the perspectives and emotions of their peers (Dong et al., 2022). Fineman (1997) argues that managerial learning is inherently emotional, challenging the traditional cognitive approach to management. Other researchers, like Kolb et al. (1994), stress the importance of emotional factors alongside rational behaviors in managerial performance. In organizational settings, the benefits of emotional intelligence extend beyond individual decision making to overall performance. Organizations with leaders and employees who possess high EI tend to have better communication, higher morale, and more effective teamwork. This creates a conducive environment for sound decision making, ultimately leading to improved organizational performance (Wittmer & Hopkins, 2022).

Despite the potential benefits of emotional intelligence for individuals and organizations, its consideration within an organizational context is often overlooked. Downing (1997) notes that emotions and learning are framed within organizational contexts, especially amid increasing volatility and change. Emotional intelligence is advocated as crucial for change management and teamwork, as endorsed by leading business figures like Nick Zeniuk, a former leader at Ford Motor Company, who believes that emotional intelligence is a hidden competitive advantage (Jones, 2008). Various authors assert that focusing on emotional intelligence can contribute to building competitive advantage, drawing evidence from diverse fields of study.

3. ESCALATION OF COMMITMENT

Escalation of commitment, an investment behavior, occurs when decision-makers allocate additional resources to a failing course of action (Staw & Ross, 1987). In this scenario, individuals initially invest in a set of resources, whether monetary, temporal, or intangible like self-identities, to pursue a specific goal. Subsequently, despite receiving negative feedback indicating, at best, a lack of goal attainment, individuals tend to respond to the uncertain future by intensifying their commitment and making further investments (Brockner, 1992; Ross & Staw, 1986; Rubin & Brockner, 1975; Staw & Ross, 1989; Teger, 1980). This increased commitment often leads individuals to invest excessively, feeling reluctant to quit and becoming entrapped in the situation (Teger, 1980). Regrettably, these reinvestments are considered irrational responses to sunk costs, challenging the notion that individuals should make prospective rather than retrospective rational decisions (Fox & Staw, 1979; Staw, 1981; Staw & Ross, 1978). Researchers have explored various determinants of escalation, encompassing project-related, organizational and contextual, social, and psychological factors (for comprehensive reviews see Brockner, 1992; Brockner & Rubin, 1985; Ross & Staw, 1986, 1993; Staw & Ross, 1987, 1989).

3.1 Project variables as a determinant of Escalation

Project variables encompass objective aspects of a project that influence the perceived effectiveness of a course of action. These may include whether a specific budget is established (Heath, 1995), and the nature of feedback received, such as whether it is negative (McCarthy, et al., 1993; Staw & Ross, 1978), repetitive (Hantula & De Nicolis Bragger, 1999; McCain, 1986; Staw & Fox, 1977; Teger & Kosinski, 1980), unclear or explicit (Bowen, 1987; Garland et al., 1990; Hantula & DeNicolis Bragger, 1999; Staw & Fox, 1977), and originating externally or internally (Staw & Ross, 1978). In a broad sense, escalation may unfold over multiple instances of negative feedback and is more probable when the negative feedback is ambiguous, suggesting the possibility of reversing a project's trajectory, or when individuals have not predefined a budget.

3.2 Organizational and contextual factors

Escalation of commitment can be influenced by organizational and contextual factors. For example, organizations can make intricate initial investments that lead to smaller expenditures, such as hiring planners for a plant construction project. These investments become ingrained in the organization, increasing the probability of escalation (Zucker, 1983). Additionally, power dynamics within the organization and external institutions, like governmental entities with vested interests (Zucker, 1983), may introduce political forces either supporting or opposing the initial investments, thereby contributing to the likelihood of escalation.

3.3 Social Factors of escalation of commitment

Social factors for instance, requiring individuals to justify their choices (Bobocel & Meyer, 1994; Fox & Staw, 1979), competing with others (Brockner & Rubin, 1985; Ku et al., 2004; Ku et al., 2005; Rubin et al., 1980; Teger, 1980), and cultural norms that favor ‘‘sticking to one’s guns’’ (Staw & Ross, 1980, p. 250) can also escalate of commitment.

3.4 Psychological determinants of Escalation

Numerous psychological factors have been identified as influencing escalation. Loss frames (Arkes & Blumer, 1985; Bazerman, 1984; Whyte, 1986), overconfidence (McCarthy et al., 1993), and individual differences such as high self-monitoring, low duty, and high achievement striving (Brockner & Rubin, 1985; Caldwell & O’Reilly, 1982; Moon, 2001) have demonstrated an increased likelihood of escalation. Moreover, sunk costs induce physiological arousal, potentially impairing clear and rational decision-making processes (Ku et al., 2004; Ku et al., 2005). Regrettably, individuals who are less adept at anticipating the seductive and arousing nature of sunk costs are more prone to escalating their commitments (Ku et al., 2004).

3.5 Prospect theory and investment decision

Investment decisions are critical choices that can have substantial financial consequences for individuals and organizations. Traditional financial theories, such as the Efficient Market Hypothesis (EMH) and Modern Portfolio Theory (MPT), often assume that investors are rational actors who make decisions based on a systematic analysis of all available information. However, real-world observations indicate that investor behavior frequently deviates from these assumptions. Prospect Theory, developed by Daniel Kahneman and Amos Tversky (1979), offers an alternative framework for understanding these deviations by incorporating psychological insights into economic decision-making. Investors are more sensitive to potential losses than to equivalent gains. This can lead to holding on to losing investments for too long (the disposition effect) or selling winning investments prematurely to "lock in" gains (Tversky & Kahneman, 1974). Investors often segregate their money into different accounts based on arbitrary criteria. This can result in suboptimal investment choices, such as treating dividends and capital gains differently or maintaining separate accounts for risky and safe investments without considering the overall portfolio (Kahneman, 2003).

Shefrin and Statman (1985) documented the disposition effect, where investors are more likely to sell stocks that have gained in value while holding onto stocks that have lost value. This behavior is consistent with loss aversion, as investors are reluctant to realize losses and are eager to realize gains. Benartzi and Thaler (1995) argued that loss-averse investors require a higher risk premium for holding equities due to the increased sensitivity to losses compared to gains. Investors often treat money differently based on its source or intended use, leading to irrational investment behavior. For example, they might be more willing to take risks with "house money" (gains from previous investments) than with their initial capital (Thaler, 1985; Mellers et al., 1997). Shefrin and Statman (2000) developed Behavioral Portfolio Theory (BPT), integrating Prospect Theory into portfolio construction. BPT suggests that investors build portfolios as layered pyramids, with each layer serving different goals and exhibiting different risk profiles. This approach aligns with the value and probability weighting functions of Prospect Theory.

3.6 De-escalation of commitment

There has been relatively limited empirical research on the de-escalation of commitment (Drummond et al., 1995; Heng, 2003). Unlike studies on escalation that aim to comprehend why decision-makers increase commitments to failing courses of action, de-escalation studies investigate how decision-makers disentangle themselves from escalating commitments. Keil & Robey (1999) explore specific actors and actions involved in reversing troubled projects. Regarding actors responsible for triggering de-escalation, their findings suggest that top management was most frequently identified as the actor initiating de-escalation. The study concluded that actors not directly involved in projects are more likely to instigate de-escalation. Concerning specific actions to turn around troubled projects, the study identifies 'redefine the project,' 'improve project management,' 'change in project leadership,' and 'adding and/or removing resources' as the four most effective actions for project turnarounds (Keil & Robey, p. 77-78 [Table 4], and p. 79).

While these actions are beneficial for initiating de-escalation, it is crucial not to assume that they can be instantly implemented upon receiving unambiguous negative feedback (e.g., Garland et al., 1990). Instead, a project must go through several phases before de-escalation can be triggered and successfully executed. Changing direction abruptly is challenging due to the commitment buildup during the escalation process (Montealegre & Keil, 2000), who suggest that de-escalation is a gradual process over time, resulting in a reduction of commitment to a previously chosen course of action and the implementation of an alternative plan.

A review of de-escalation studies reveals a knowledge gap, particularly in conceptualizing the change in actors' commitments during the transition from escalation to de-escalation. While Montealegre & Keil (2000) have provided a process perspective on how de-escalation unfolds, little information is available on how actors overcome their previous failing courses of action independently or through the influence of others. Furthermore, the crucial matter of reaching agreement among participants regarding an alternative path forward remains largely unexamined.

3.7 Developing De-escalation techniques

To expand our understanding of escalation and its prevention, this research moves beyond the traditional focus on project, organizational/contextual, social, and justification factors and their corresponding solutions. Instead, it explores whether and how individuals can learn from one escalation scenario to another. Unfortunately, studies have consistently shown that people struggle to transfer knowledge across different contexts (Bransford, Franks, & Vye, 1989; Gentner & Markman, 1997; Reeves & Weisberg, 1994). Often, individuals fail to retrieve stored knowledge, and even when they do, they frequently access irrelevant information (Bransford et al., 1989; Gentner & Markman, 1997; Reeves & Weisberg, 1994). This results in a focus on superficial similarities rather than structural ones, hindering effective knowledge transfer across domains. Thompson, Gentner, and Loewenstein (2000, p. 62) note a "striking dissociation between what is most accessible in memory and what is most useful in reasoning," leading to a failure to recall what is most valuable for solving new problems. Despite these limitations, individuals who can abstract general principles or schemas, by drawing analogies between situations, can transfer knowledge effectively from one context to another (Thompson et al., 2000). Therefore, if individuals develop a deep understanding of an escalation situation and recall these lessons appropriately, they might reduce future escalation.

In addition to cognitive learning, learning can also arise from an affective basis. Classical conditioning, for example, shows that individuals can associate emotions with specific objects and events when they are frequently paired (Watson & Rayner, 1920). A well-known example is the case of Little Albert, who learned to fear a white rat after experimenters repeatedly paired the rat with loud, frightening noises (Watson & Rayner, 1920). Similarly, Thorndike's (1911) original law of effect posits that actions followed by satisfying consequences become associated with the situation and are more likely to be repeated, while actions followed by aversive consequences become weaker and are less likely to recur (Dand, 1946). In escalation situations, if individuals experience negative feelings after escalating, they may learn to de-escalate their commitments in the future.

4. EMOTIONAL INTELLIGENCE AND ESCALATION OF COMMITMENT

4.1 Emotional Intelligence and Project Performance

Some previous research tried to find a link between emotional intelligence and project performance. The study of CPT (Ley & Albert, 2003) suggests that personal competencies, such as emotional intelligence (EI), have the potential to forecast project performance. Ley and Albert argue that the competencies and capabilities of employees significantly impact work performance, a premise supported by various studies (Lindebaum & Jordan, 2014; Maqbool et al., 2017; Mazur et al., 2014). For example, Mazur et al. discovered that the success of intricate projects hinges on the skills and competencies of project managers.

Previous empirical investigations into large-scale projects such as Lindsjørn et al. (2016) have affirmed the favorable effects of EI on diverse outcomes, indicating that the ability of team members to regulate, perceive, and comprehend their own and other's emotions correlates with their work performance. Likewise, Maqbool et al. (2017) have established that project team members with high EI foster social and emotional environments conducive to coordination and performance, something Rapisarda, (2002) also observed, whereas Rezvani et al. (2018) observed that the emotional abilities of team members influence team performance and decision-making . These findings align with the research of Ayoko et al. (2008), which demonstrates that higher team member EI fosters perceptions of empathy and support, leading to effective team functioning and enhanced performance, a conclusion Jordan &Toth (2002) also support.

Individuals with elevated EI also tend to cultivate positive moods and emotions in their workplace (Ashkanasy & Dorris, 2017; Urda & Loch, 2013) and alleviate emotion-related issues such as stress, burnout, and disengagement, thereby enhancing overall team performance (as evidenced by Greenidge et al., 2014). These findings underscore the importance of EI as a trait capable of fostering positive emotions and cohesion within project teams (Urda & Loch, 2013), serving as a vital skill for teams to gather and exchange information to achieve their objectives and improve their performance and decision-making (Barczak et al., 2010; Kaufmann & Wagner, 2017). Conversely, a deficiency in EI leads to heightened levels of team stress, conflict, negative emotions, escalation, disengagement, frustration, rejection, and diminished performance (Rezvani & Khosravi, 2019; Sheldon et al., 2014).

4.2 The role of emotions in decision making.

Although emotions were traditionally seen as hindrances to making sound decisions, recent studies and theories on emotional intelligence emphasize the interconnectedness of emotion and cognition in decision-making. Neuroscience, an increasingly significant field of research, has affirmed the pivotal role of emotions in decision-making and behavior. While logic and reasoning are often perceived as objective processes, emotions are inherently subjective, leading to the misconception that being emotional equates to irrationality. However, it's crucial to recognize that emotions are integral to human decisions and behaviors, and they can also be highly productive. Conversely, emotions, when influenced by biases, can lead to decision-making errors. Excessive or negative emotions are typically deemed counterproductive and are often believed to be best avoided. Nonetheless, negative emotions can sometimes yield positive outcomes if channeled constructively. For instance, criticism or ridicule for subpar performance can motivate an individual to improve.

The relationship between emotional intelligence (EI) and decision making is influenced by various factors, both internal and external. Understanding these factors can help elucidate how EI impacts decision-making processes. Personality traits significantly influence how emotional intelligence affects decision making. For instance, individuals with high openness to experience are more likely to use emotional information creatively in decision making (Mayer et al., 2008). Similarly, those with high conscientiousness are better at regulating emotions, leading to more deliberate and thoughtful decisions (Judge & Bono, 2001). Cognitive abilities also play a crucial role. Higher cognitive abilities can enhance the utilization of emotional information in decision making. For example, individuals with better cognitive processing can integrate emotional and rational information more effectively, leading to improved decision quality (Côté & Miners, 2006). In team settings, the collective emotional intelligence of the group can influence decision making. Teams with high collective EI are better at managing conflicts, fostering collaboration, and making balanced decisions (Druskat & Wolff, 2001). The ability to empathize with team members and communicate effectively enhances the decision-making process. Emotional states such as stress and anxiety can impact how EI influences decision making. High levels of stress can impair emotional regulation and lead to impulsive decisions, whereas individuals with high EI are better at managing stress and maintaining composure, resulting in more rational decisions (Zeidner et al., 2009).

Decision-making is a critical managerial function, as outlined in Rational Emotive Therapy (RET), which posits two key components: quality and acceptance. While decision quality is paramount, it is essential to acknowledge that even the best decisions may fail to have the desired impact if those implementing them or affected by them do not accept them. Thus, striking a balance between decision quality and emotional acceptance may be a more effective approach, even if it means compromising slightly on quality to enhance acceptance. Managers should, therefore, incorporate emotions into their decision-making processes, using reasoning that acknowledges emotional factors to make informed decisions. Effective decision-making is likely to enhance managerial effectiveness.

In his research Simon (1987) found that skills such as interpersonal skills, job specific skills and knowledge, decisional skills, cognitive skills and intuitive skills are crucial indicators of managerial effectiveness. According to their findings, individual qualities of managers, such as job knowledge, intelligence, interpersonal skills, and decision-making abilities, are paramount contributors to managerial effectiveness. Rao (1981) further emphasizes the significance of personal efficacy as a key factor in managerial effectiveness. Thus, efforts have been made to identify the factors that contribute to the manager's success.

4.3 The role of emotions in leadership

Leadership is not merely about strategic decision-making and organizational control; it is also deeply intertwined with the emotional dynamics between leaders and their followers. Different leadership styles elicit varied emotional responses, which can significantly impact organizational effectiveness, employee satisfaction, and overall performance. Emotion plays important role in shaping the leader's behavior and leadership styles. Bass and Avolio (1994) found that transformational leaders' emotional expressiveness helps create a shared sense of purpose and enthusiasm, leading to increased motivation and commitment among employees. leaders who exhibit empathy are better able to connect with their followers, enhancing trust and cooperation (Kellett, Humphrey, and Sleeth, 2006; Moss et al., 2006). Leaders use rewards to reinforce desired behaviors. According to Bono and Judge (2003), the effectiveness of contingent rewards is enhanced when leaders are emotionally attuned to their followers' needs and preferences, making the rewards more meaningful. Leaders' ability to manage their own emotions and those of their followers is crucial. Leaders who can effectively regulate emotions are more likely to maintain positive relationships and make sound decisions (Groves, McEnrue, and Shen, 2008). Leaders who are expressive of their emotions can create a more open and engaging work environment. Goleman (1998) noted that leaders who openly express positive emotions foster a positive organizational climate, enhancing employee satisfaction and productivity.

Emotional Intelligence (EI), the ability to recognize, understand, and manage emotions in oneself and others, plays a significant role in enhancing the effectiveness of the Path-Goal Leadership approach (House & Mitchell, 1975). Leaders who provide clear guidance and expectations benefit from self-regulation to manage stress and maintain a calm demeanor. Leaders with high emotional self-regulation can create a stable and predictable environment, which is essential for directive leadership Supportive leaders show concern for their followers' well-being (George, 2000; Shariq et al., 2019. Empathy, a core component of EI, is crucial for this leadership style. Empathetic leaders are better at understanding their followers' needs and providing the necessary support, which enhances follower satisfaction and performance (Kellett, Humphrey, & Sleeth, 2006). Involving followers in decision-making processes requires strong social skills to facilitate open communication and collaboration. Goleman (1998) noted that leaders with high social skills are more effective in participative leadership, as they can build trust and foster a cooperative team environment. Setting challenging goals and motivating followers to achieve them necessitates a high level of personal motivation. Leaders with high EI can inspire and motivate their followers by demonstrating passion and commitment to achieving high standards (Boyatzis & McKee, 2005).

4.4 Applying emotional intelligence skills to decision-making.

While the literature extensively explores the theoretical underpinnings of emotional intelligence, a notable gap exists in applying these skills practically to decision-making. If one recognizes the value of emotional intelligence in enhancing individual and group decision-making, the challenge becomes how to effectively apply it to achieve desired outcomes. Decision-makers often grapple with complex problems that defy easy solutions and may have adverse consequences for certain stakeholders even when considered resolved. Thus, considering the impact of decisions on others should be a crucial aspect of the decision-making process. While identifying the individuals affected by decisions may rely more on pragmatic functions requiring rationality and logic, understanding how decisions will be interpreted and their subsequent effects on others demands the skills associated with emotional intelligence.

The practical application of the ability model outlined by Salovey and Grewal (2005) requires employing skills such as perceiving emotions, utilizing emotions, understanding emotions, and managing emotions. In decision-making, recognizing individual emotions is pivotal not only for discerning the motivations behind decisions but also for gauging their impact on others. Decision-makers who grasp the emotions of others can use this insight to mitigate potential negative outcomes by addressing emotional concerns preemptively (Huy, 1999). Similarly, decision-makers who are attuned to and comprehend their own emotions are better equipped to manage them effectively throughout the decision-making process. In line with the framework Goleman (2001) and Boyatzis et al. (2000) delineate, we can categorize emotional intelligence skills used for decision-making primarily as they concern the individual—self-awareness and self-management; and those more oriented toward the individual's interactions and relationships with others—social awareness and relationship management.

5. REVIEW OF LITERATURE CONSIDERED FOR THE CONCEPTUAL MODEL

Authors	Outcomes
Ezadinea et al. (2011)	The research investigated how emotional intelligence (EI) affects investment performance by analyzing data from Iranian shareholders. The study evaluated the impact of EI and its elements on stockholders' portfolio success, postulating that improved EI would result in improved results. Along with other demographic factors, the researchers also

	studied the impact of emotional intelligence on success, yield, and risk. The findings demonstrated that EI had a favorable impact on stock success, though the success and yield of a portfolio were unaffected by any specific emotional intelligence factors. Communication and self-awareness influenced stock risk, and investor experience significantly impacted portfolio success and profits
Strahilevitz et al. 2015	Examined more than 700,000 real stock transactions to understand investor behavior. Investors were considerably more likely to 1) buyback shares of stock that they had previously sold for a profit as opposed to shares that they had previously sold for a loss, and 2) repurchase shares of stock that had fallen in value as opposed to rising. Investors traded more frequently even when patterns had slightly unfavorable impacts on returns, which resulted in reduced profits.
Rubaltelli et al., (2015)	The relationship between feelings and financial behavior is shown to be more complicated, and the character of traders may be related to individual variations in how people process affective information. High attribute EI individuals may participate in excessive dealing, which could result in a negative impact on their stock turnover. Once more, these traits fit the description of speculators, who seek out short-term speculative chances. Once expenses are taken into consideration, frequent stock changes by individual investors typically result in reduced net returns.
Mahmood et al. (2011)	Conducted research to determine the influence of psychological traits on investments decisions, and the results showed that the decision-making process when choosing any investment vehicle is greatly influenced by financial knowledge, perception, and the predominant impact of changes in business policy.
Klapper & Panos (2011)	The study suggests that good financial knowledge is linked to future financial planning and pension fund investment for a more secure retirement plan. Because financial literacy is essential for the creation and execution of a savings strategy, people should be mindful of the

	reverse causation problem when researching the impact of literacy on investment and saving behavior.
Yip & Côté (2013)	According to experimentation, individuals with greater levels of emotion-understanding ability could (1) accurately determine which events caused their emotions and whether their emotions originate from events that are unrelated to the choices they are currently making. (2) People with lower levels of emotion-understanding ability would be more likely to take risks than people with higher levels of emotion-understanding ability due to incidental feelings of worry that are irrelevant to present choices. The impact of anxiety on taking risks was removed when the participants with weaker emotional understanding abilities were told of the cause of their anxiety. This result shows that the ability to comprehend emotions protects against the biassing effects of incidental anxiety by assisting people in realizing that incidental anxiety has no bearing on their present choices.
Charles & Kasilingam (2014)	Investors who experience feelings of indecision have a bad connection with individualistic personality states and no association with methodical personality states. According to a frequency study of indecisiveness emotions, the majority of investors have an indifferent emotional state, while a lesser portion of investors are affected by emotions. Thus, they claim that there is a structural connection between an investor's mentality and emotional condition.
Eisenberg et al. (1998)	Anxiety and risk aversion behaviors are closely related. Risk aversion was found to be associated with the propensity to think that unfavorable outcomes are both probable and especially unfavorable, and these beliefs were found to be associated with depressive symptoms and a gloomy attributional style. All of these relationships were restricted to self-perceived truths; however, when another individual is engaged, they all vanish.

Pirayesh (2014)	The author conducted a critical study of retail investors' financial strategy. The study's data and findings, when subjected to Spearman's correlation, revealed a clear connection between emotional behavior and financial decisions as well as an effect on risk taking.
Charles (2014)	By analyzing the emotions, it was discovered that the investor's personality and decision-making are dominated by their emotional states. The study's findings show that the investor's varying behavior and the interconnectedness of human personality are two key elements that determine the quality of their investment decisions.
Rubaltelli et al. (2015)	Provided evidence that that emotional intelligence works as a key driver providing motivation for the investment and directly influence the investor's financial behavior.
Hasan et al. (2017)	Through his investigation into the factors altering investment strategies the authors examined the "Impact of emotional Intelligence on Investment Decision with the Moderating Role of Financial Literacy." Investment choice also influenced an investor's investment behavior, serving as a foundation for making logical financial decisions.
Pinjisakikool (2017)	In the course of conducting a study to examine the impact of behavioral factors on financial decision-making, it became clear that certain factors, namely emotional thinking stability and intellectual ability, have an impact on money matters and risk-taking.
Mumtaz et al. (2018)	Results of the study "Effect of human emotions on investors' investment choices" show that self-emotions and their control have a direct impact on investment planning and behavior.
Biju et al. (2018)	Their research on the effect of emotional intelligence on investment choices showed that investors' reactions to profits and losses are not constant. Due to gains and losses, correspondingly, investors' thinking and conduct shift. Additionally, it has been shown that when emotions are strong or low, investment choices can vary.

Raheja & Dhiman (2019)	Conducted research to determine whether emotional intelligence and behavioral bias predominated in investment decisions. The study's findings show a favorable relationship between investment choice, emotional intelligence, and behavioral bias.
Schaubroeck & Davis (1994)	Risk heightens the chances of experiencing losses and makes decision makers more aware of the possibility of losing, which reduces the likelihood of escalating a situation even when presented with information about past performance.
Northcraft & Neale, (1986)	Data on opportunity cost establishes a definitive standard for decision-making and enables decision makers to weigh alternatives when determining whether escalation is warranted.
Arkes & Blumer (1985)	Sunk costs create internal pressures for self-justification, as decision makers aim to avoid the perception of squandering organizational resources.
Soman (2001)	The commitment of time ensnares decision makers, who are reluctant to acknowledge any waste of their invested time, although sometimes it's necessary to quantify such investments in monetary terms to make their significance clear.
Bragger et al. (2003)	The level of experience or expertise in a particular domain can influence how decision makers respond to negative feedback and the extent to which they feel pressured to justify their decision to persist with a particular course of action.
Judge et al. (1998).	High self-efficacy or confidence boosts decision persistence, as individuals with a strong positive self-concept tend to downplay negative information and believe they can overcome any adverse aspects of a situation.
Zhang & Baumeister (2006).	An ego threat amplifies worries about an individual's reputation and triggers the need for self-justification.

Table 1: Review of Literature **Source:** Consolidated from various sources

6. CONCEPTUAL MODEL

This theoretical framework illustrates the diverse qualitative and quantitative components and their potential interconnections that could be empirically investigated. The constructs and methodologies employed to assess these parameters are extensive, and efforts may be made to establish standardized procedures and instruments to quantify and analyze relationships among the constructs.

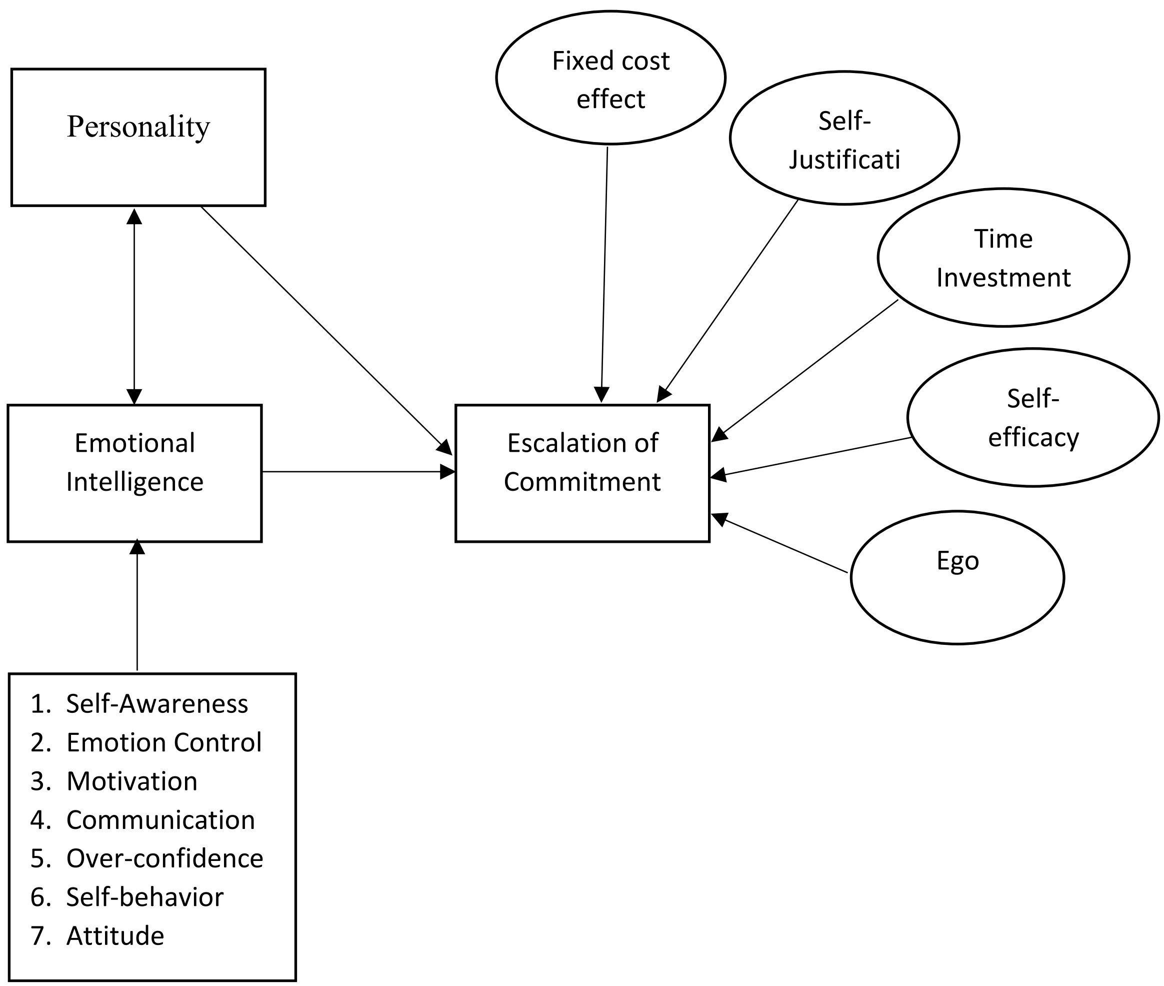

Figure 1 Conceptual Model developed through the study.

Note: The model has been arrived at from reviews used in this study and has not yet been tested.

7. DISCUSSION AND FUTURE RESEARCH AGENDA

The influence of emotional intelligence (EI) on escalation of commitment is profound and multifaceted, encompassing both individual and organizational dynamics. Individuals with high EI exhibit greater self-awareness, enabling them to recognize emotional biases and cognitive distortions that underpin escalation behavior, while also demonstrating enhanced emotional regulation skills that enable them to navigate setbacks without succumbing to impulsive reactions. Moreover, leaders with high EI foster open communication, trust, and psychological safety, thereby creating an environment conducive to dissent and critical evaluation, which mitigates the likelihood of escalation within teams and organizations. This highlights the pivotal role of EI in shaping decision-making processes and outcomes, offering valuable insights for understanding and managing escalation risks in organizational contexts.

The relationship between escalation of commitment and emotional intelligence can be understood also by exploring the exogenous and endogenous factors. Leadership style, organizational dynamics and individual behavioral traits can moderate the relationship between emotion of individuals and their decision-making process. Decision making process is also impacted by different environmental and cognitive factors such as competition, economy of a society and education. The scope of this research was limited and hence, these moderating effects of different constructs was not focused thoroughly and kept for future research.

In light of these considerations, several avenues for future research emerge. Firstly, longitudinal studies examining the relationship between individual and collective EI and escalation tendencies could provide valuable insights into the dynamic interplay between emotional competencies and decision outcomes over time. Additionally, experimental research exploring the effectiveness of

EI interventions, such as training programs or coaching initiatives, in reducing escalation risks and enhancing decision quality could offer practical implications for organizational practice. Also, the conceptual model developed in this article can be tested empirically to find the relationship between the variable and determinants of Emotional intelligence and Escalation of commitment.

Exploring the effectiveness of EI training programs and interventions in reducing escalation behavior is also suggested to improve the emotional intelligence in individual and organizational setup. Experimental designs comparing groups with and without EI training and how this relates to escalation of commitment is a potential scope of research to understand the extent to relationship between emotional intelligence and escalation behavior.

Moreover, investigations into the role of contextual factors, such as organizational culture, leadership style, and team composition, in moderating the relationship between EI and escalation propensity could further enhance our understanding of the complex dynamics at play. By adopting a multi-level perspective, future research could shed light on the mechanisms through which emotional intelligence operates at individual, team, and organizational levels to influence decision-making processes and outcomes.

8. CONCLUSION

In conclusion, the review of contemporary literature underscores the significant role that emotional intelligence (EI) plays in influencing escalation of commitment within organizational decision-making processes. Through a comprehensive analysis from the literature, it becomes evident that individuals with high EI possess the self-awareness, emotional regulation skills, and interpersonal acumen necessary to mitigate the cognitive biases and emotional traps that often lead to escalation behavior. Moreover, leaders who foster environments of trust, open communication, and psychological safety contribute to reducing the likelihood of escalation within teams and organizations. However, despite the advancements in understanding the influence of EI on escalation dynamics, several avenues for future research emerge. Longitudinal studies, experimental research, and investigations into contextual factors are needed to deepen our understanding of the mechanisms through which EI impacts escalation behavior. Additionally, research exploring the role of EI in shaping decision outcomes and organizational performance in the context of escalation holds promise for informing targeted interventions and enhancing organizational resilience. Ultimately, further exploration of the influence of EI on escalation of commitment can offer valuable insights for organizational practice and intervention strategies aimed at fostering effective decision-making and mitigating escalation risks.

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