Regret and Disappointment: A Conceptualization of their Role in Ethical Decision-making

Priya Rajeev and Sanghamitra Bhattacharyya

Workplaces provide settings for the manifestation of an assortment of emotions that impact managerial decisions, ethical or otherwise, in a variety of ways. Most of the research work in this domain has concentrated on identifying and analysing the influence of positive affect on decision-making, with little work done on negative affect and its implications. To address this gap, the paper seeks to study the role of negative affect in ethical decision-making by managers.

All decisions have outcomes. Post-decision affect may be negative when a decision appears to be wrong in retrospect, and/or when the outcome of a decision is not what was expected. How does negative affect experienced by an individual as a consequence of a decision impact his/her potential ethical decision-making process? In order to develop a model that illustrates how negative affect might impact the components of an individual’s ethical decision-making process, this paper makes use of two negative emotions:

- Regret
- Disappointment.

Although regret and disappointment have a lot in common, they differ in ways that are relevant to decision-making. Unlike other emotions, regret is unique in its relation to decision-making and responsibility. Individuals regret an outcome when they could have taken a different decision and prevented that outcome. Being an outcome of individual choice and hence personal agency, its behavioural consequences comprise an active attempt to undo the unpleasant effects of the decision that went wrong. Disappointment on the contrary is experienced when the negative outcome is the result of a random procedure rather than choice. The behavioural consequences of disappointment might include complaining and talking about the event to others, feelings of powerlessness and a tendency to do nothing and get away from the situation. The paper discusses the possible behavioural consequences of the two emotions in terms of ethical decision-making.

As numerous ethical decision-making models have succeeded in integrating person-specific, issue contingent, and organizational contributors to ethical decisions, the need now is to probe further into specific causalities. Understanding affect induced by work is important to gain further insights into the person-specific variables that impact ethical decisions. This paper is an attempt in that direction.
The question of how managers make decisions about ethical issues is of great interest to business leaders and organizational researchers alike. Managers are concerned with business decisions impacting sales and profitability; problems arise when a business decision is not congruent with the accepted ethical norms. Complicating this problem further is the clash of personal (concern for self) and organizational interest (concern for others) and its impact on individual’s ethical decisions (Collins, 2006). Little attention has gone into how negative emotions arising out of decisions at work influence future ethical decisions (Gaudine and Thorne, 2001). To address this gap, the paper attempts a conceptualization of the role of two negative emotions, viz., regret and disappointment, in ethical decision-making. Unethical behaviour by individual managers drains resources, damages the image of corporations (Mahar, 1992), and has implications for the legitimacy of our social institutions and well-being of the society.

EMOTIONS AND DECISION-MAKING

Our daily experiences reinforce the fact that emotions do influence the decisions we make, just as the results of these decisions influence our emotions. Managers’ decisions are often guided to a certain extent by their feelings. There is ample evidence to this end, especially in situations when the decision involves risks and uncertainties (e.g., Zajonc, 1980; Schwarz, 1990; Forgas, 1995; Isen, 2000; Loewenstein, et. al., 2001).

The ‘Risk as Feeling’ model developed by Loewenstein, et. al., (2001) explains how the emotions experienced by people at the time of decision-making influences their decisions. It is commonly argued that decisions involving risk and uncertainty are influenced by feelings. Three premises of the Loewenstein model reinforce this argument, and are relevant to decisions on ethical issues as well. These premises are as follows:

- **Cognitive evaluations induce emotional reactions.** Emotions are experienced after a number of cognitive functions have been completed. Emotions are therefore post-cognitive (Zajonc, 1980).
- **Emotions inform cognitive evaluations.** Emotions experienced at the time of decision-making influence decisions. Thus people in a positive mood were found to make optimistic judgments while people in a negative mood tended to be pessimistic in judgment (e.g., Isen and Stanley, 1978; Bower 1981; Johnson and Tversky, 1983; Bower, 1991).
- **Feelings can influence behaviour.** Emotions play a vital role in making choices. As demonstrated by Damasio (1994), people with impaired ability to experience emotions had difficulty in making decisions and ended up making sub-optimal choices.

It can thus be surmised that decisions involving cognitive evaluation will result in affective reactions and these reactions ultimately influence the final decision taken.

Gaudine and Thorne (2001) have developed a model that describes how emotions influence the components of an individual’s ethical decision-making process. This model essentially integrates research on two dimensions of emotion, namely, feeling state and the level of arousal, and applies it to a cognitive-developmental perspective. The model demonstrates how certain emotional states improve an individual’s propensity to identify an ethical issue and develop a judgment on it in line with her/his.

**Figure 1: ‘Risk as Feeling’ Model of Decision-making**

![Diagram of the 'Risk as Feeling' Model of Decision-making](source: Loewenstein et. al., 2001.)
level of moral development. Emotional states also facilitate the conversion of ethical intentions into actions. Their paper illustrates how positive affect and the level of arousal aid resolution of ethical dilemmas consistent with sophisticated moral structures, but is silent on the role of negative affect on ethical decision-making.

Connelly, Helton-Fauth and Mumford (2004) have extended this line of investigation further, in their work on the impact of trait emotions on ethical choice. Their study considers both positive and negative emotions and demonstrates how active emotions are more strongly related to inter-personally directed ethical choice than the organizationally directed ones. Passive emotions (both positive and negative) were found to be less related to ethical choices. The paper uses a discrete emotion approach (rather than a global affect approach) by studying sixteen positive emotions and eighteen negative emotions to analyse their influence on ethical choice. Since the study limits itself to analysing emotions and ethical choice, issues of emotion and motivation to act and action itself is left unaddressed. However, this paper does help to extend our understanding of negative affect to ethical motivation and action and considers the role of anticipated emotion on these decisions.

All decisions have outcomes that impact us. We experience positive emotions when our decision turns out favourable results. But post-decision affect may often be negative when our decision turns out unfavourably. This is likely to happen when a decision appears to be wrong in retrospect and/or when the outcome of a decision is not what was expected. The primary objective of this paper is to draw attention to negative affect in terms of regret and disappointment, experienced after a decision and its repercussions on the ensuing behaviour. This discussion is expected to throw light on the possible behavioural consequences of the two emotions. The authors also hope that this paper will reinforce the considerable role emotions play in influencing ethical behaviour in organizations.

In the following sections, we discuss the concept of affect and the appropriateness of the use of the term as against other closely related concepts. We then proceed to elucidate the concept of negative affect and its probable impact on ethical decision-making.

**AFFECT**

Management lore suggests that a happy employee is a productive employee. There is enough literature suggesting that companies believe this and try and give employees a sense of ownership (Joyce, 2004), fitness and recreational opportunities (Shreve, 2004), employee discounts (White, 1999) and incentive programmes. Academic literature has also hypothesized that employee satisfaction and attitudes positively influence consumer satisfaction by promoting helpfulness and enhancing problem solving (Rucci, Kirn and Quinn, 1998). Job satisfaction has been shown to be positively and significantly related to reported pleasant mood over a sixteen-day period (Weiss, Nicholas and Daus, 1999). It is therefore important to investigate the effect of feelings on job performance in general and ethical decision-making in particular.

We feel it is appropriate to use the term ‘affect’ rather than the classically used terms ‘mood’ or ‘emotion’. Mood and emotion are often used interchangeably, though in psychology, the term emotion is used to specify feelings towards an event, object or a person (Frijda, 1986) and lasting for a very short time (Ekman, 1984). On the other hand, the term mood is used to imply feelings that cannot necessarily be linked to a particular event, object or a person, is longer lasting, and generally of lower intensity than emotion. Moods are slow to change and weak or moderate in intensity. The term ‘affect’ is a more general term that includes both the terms ‘mood’ and ‘emotion’ (Parkinson, 1995). Oatley and Jenkins (1996) have provided further information regarding this distinction.

In our work, we examine ethical decision-making as influenced by task-induced affect (i.e., affective states that arise directly from the decision-making process) rather than ambient affect (i.e., affective states that arise from background conditions such as fatigue and mood). This is because everyday organizational activities generate a lot of negative emotions that are often used to reinforce other control mechanisms (Flam, 1993). Further, existing research on decision processes points to the importance of emotions but leaves open the question of how emotions evoked by organizational processes and decisions influence subsequent actions (Maitlis and Ozcelik, 2004).

Affective states have also been found to influence an individual’s information processing strategy. Experimental research shows that individuals in a happy mood are more likely to adopt a heuristic processing strategy that is characterized by a schematic, top-down processing (Bless, 2000) with high reliance on pre-existing
knowledge structures and relatively little attention to details at hand. Conversely, individuals in a sad mood (negative affect) are more likely to adopt a systematic processing style characterized by bottom-up processing with little reliance on pre-existing knowledge structures and more attention to details on hand (Schwarz and Clore, 1996).

**Negative Affect and Ethical Decision-making**

Uncertainty is a fact of modern organizational life. As stated by Trevino (1986), “ethical issues are ever present in uncertain conditions where multiple stakeholders’ interests and values are in conflict and laws are unclear.” It is under these circumstances that individuals (managers) often have to take a decision on issues that concern the well-being of others and have consequences in the organization and the society at large. Taking a stance on ethical issues can also involve a lot of uncertainty regarding what the outcome would be, what would be the consequences of the outcome on the concerned individual, and how the outcome will be received by the individual’s superiors and peers. This is particularly true in those organizations where ethical codes of conduct have not been developed or clearly communicated and where the employees have not been schooled in ethically appropriate behaviour.

While analysing the possible courses of action in a given scenario, an individual has to consider the choice of options that have varying risks with respect to their likely outcomes and acceptability in the organization. Identifying the best option from an available set is therefore fraught with risk because choosing one option implies foregoing the other options and their potential benefits. This choice will depend on the affective state of the individual. The information processing perspective postulates that people in negative emotional states process information more systematically and more intelligently whereas people in a positive emotional state process information heuristically (Forgas, 1995). Previous studies have found that people in negative emotion are less susceptible to framing effect, priming effect, and stereotyping than those in a positive mode (Mittal and Ross, 1998; Fiedler, 2000).

According to the Cognitive-affective model of ethical decision-making, emotions influence decision-making by impacting each component of the model of moral action (Rest, 1994) that describes an individual’s ethical decision-making process, namely (i) ethical sensitivity, (ii) prescriptive judgment, (iii) ethical motivation, and (iv) ethical character. This influence depends on the two components of affect, viz., (a) the feeling state of individual, which has been described along two dimensions—positive and negative affect (Fillenbaum and Rapoport, 1970) and (b) the level of arousal, which is the degree of intensity of the feeling state. An individual’s level of arousal may range from ‘quiet’ to ‘aroused’.

We use the model of moral action as the cognitive framework to demonstrate the possible impact of negative affect.

Some negative affective states (e.g., anger and resentment) specifically signal the existence of an ethical dilemma (Gibbard, 1990). Watson and Tellegen (1985) classify both regret and disappointment as high pole or emotional states characterized by high arousal. Further, if the nature of decision triggers discomfort, as typified by negative emotions (like regret and disappointment), it is deemed unacceptable and inconsistent with the accepted norms. Intuitively, this discomfort may lead to high arousal and hence aid better identification of an ethical dilemma. Accordingly, we state our first proposition.

**Proposition 1:**

As there is a positive association between high arousal and an individual’s likelihood of identifying an ethical dilemma, individuals experiencing regret and disappointment are more likely to identify an ethical dilemma.

This is supported by evidence suggesting that negative affect in the form of anxiety acts directly upon the process of attention allocation, leading highly anxious individuals to attend more to the threatening aspects of a given situation (e.g., Dalgleish and Watts, 1990). Sadness has been found to lead to the recall of more negative information, perhaps by suppressing deliberate recall of positive information and hence leading to increased chances of involuntary recalling of negative information (Hartlage, et. al., 1993). In contrast, euphoric affect directs information processing toward memories and information that are positive in nature (Isen, Lewis and Haviland, 1993). Therefore we might expect managers experiencing negative affect to perceive organizational environment more negatively than their happier counterparts, and when this perception leads to high arousal, they are able to better identify the problem. Evidence from organizational studies does indeed indicate that this is the case with respect to perceptions of
social relationships at work (Daniels and Guppy, 1997) and perceptions of strategic issues (Daniels, 1998).

Arousal may also increase an individual’s propensity and vigilance to search for a decision alternative. For example, negative affect like worry and fear may cause an individual to engage in careful reflection (Staw and Barsade, 1993). This may guide individuals to use all of their available cognitive moral structures, resulting in the formulation of a prescriptive judgment. Following from this,

**Proposition 2(a):**

Negative affect in terms of regret and disappointment is likely to be positively associated with an individual’s tendency to formulate a prescriptive judgment about an ethical dilemma.

**Post-decision Negative Affect**

In general, negative affect is the result of a perceived interference or blockage with one’s goal expectations while positive affect results from goal fulfillment or the perception of unexpected gains or benefits. It must be noted that the relationship between emotions and decision-making is bidirectional and the positive and negative outcomes of a decision can profoundly influence the individual’s feeling. In fact, the cognitive interpretation of the situation (e.g., appraisal) is central to what a person will experience post-decision and is very significant in understanding the individual’s potential decisions.

The result of negative outcomes is often regret and disappointment. We experience disappointment when the chosen option turns out to be worse than we expected. In contrast, regret is experienced when we get what we expected, but realize in hindsight that another course of action would have been (even) better (Zeelenberg, et al., 2000). In other words, disappointments stem from disconfirmed expectancies, while regret is the result of bad decisions (Dijk, Zeelenberg and Pligt, 2003).

**REGRET**

In his Theory of Regret Regulation, 1.0, Zeelenberg and Pieters (2007) describe the emotion of regret. Regret is not considered as a basic emotion and does not have a unique facial expression or posture that characterizes it. In fact, a study by Guttentag and Ferrell (2004) found that regret as an emotion develops in children only by the age of seven. It is a complex emotion that arises from and produces higher order cognitive processes. These higher order cognitive processes can aid an individual in her/his search for a decision alternative, along with the desire to “undo the event”; to get a second chance that may bring about a better outcome may encourage a course correction. This impacts the second component of ethical decision-making, namely prescriptive reasoning, by forming an improved judgment about an ethical dilemma. So we propose:

**Proposition 2(b):**

Individuals experiencing regret may be more likely to formulate an improved judgment about an ethical dilemma.

Zeelenberg (1999) noted that regret is a negative, cognitively-based emotion that people experience when they realize or imagine that their current situation could have been better had they acted differently. Individuals experience regret on account of their ability to imagine outcomes other than their current state and reflect on possible outcomes if a different choice had been made. It is therefore a counterfactual emotion (Kahneman and Miller, 1986; Roese, 1997; Zeelenberg, et al., 1998) and heavily relies on comparison processes (Dijk and Zeelenberg, 2005). Since it occurs when one realizes that the negative outcome was created by one’s own action, regret is based on self-blame and this attribute distinguishes it from other emotions including disappointment (Zeelenberg, Dijk and Manstead, 1998).

Regret can be differentiated from other negative emotions by its antecedence. It has been found that regret has been attributed to situations where the result was on account of their own (i.e., the chooser’s) choice. Frijda, Kuipers and Schure (1989) found that regret is more closely related to self agency, i.e., outcomes were seen as being caused by circumstances within the regretter’s control. Moreover, Dijk, Pligt and Zeelenberg (1998) found that regret scored higher on the dimensions of control potential (thinking that one could do something about the event) and self agency. They also found that regret involves feeling more intensely that one should have known better, thinking about the possibility that one made a mistake, feeling a tendency to ‘kick oneself’ and correct one’s mistake, wanting to undo the event and get a second chance.

Regret is more relevant to ethical decision-making than any other negative emotion. Individuals regret an outcome when they feel they could have taken a different
decision and prevented that outcome. Regret is thus an outcome of individual choice and personal agency and it is this aspect of choice and personal agency which lends uniqueness to regret. The behavioural consequences of regret comprise an active attempt to undo the unpleasant effects of the decision that went wrong. This is predominantly seen in situations which arise on account of an action rather than on account of inaction. Consequently, people have been shown to regret actions with bad outcomes more than inactions with similar outcomes (Kahneman and Tversky, 1982). Landman, et al., (1995) also state that though regret is associated with emotional distress in the short run, it has motivational benefits in the long run.

Regret is thus a comparison-based emotion of self blame, experienced when people realize or imagine that their present situation would have been better had they decided differently in the past (self-agency, and the feeling that another option would have been better). Linking this to the third component of Rest’s Model of Moral Action (1994), namely ethical motivation, we propose that an individual in a state of regret will be aware of the personal control over the situation and may be more willing to correct mistakes, will want to undo the event and get a second chance. Hence we propose that:

**Proposition 3(a):** 
Individuals experiencing regret are more likely to admit their personal agency in the given situation.

**Proposition 3(b):** 
Individuals experiencing regret are more likely to be motivated to act in the given situation.

Zeelenberg and Beattie (1997) have investigated experimentally the impact of the experience of regret on subsequent decisions and found that individuals indulged in regret management and behaved in such a way that their currently experienced regret would be reduced and their future regret would be minimized. In the context of consumer behaviour, it has been found that regretful consumers realize that there is a better option and switch to that product or service (Zeelenberg and Pieters, 1999). Moreover, since they feel responsible for the unsatisfactory outcome, they tend to refrain from sharing it with others. Regret is also likely to result in a focus on non-attained goals and promote goal persistence (Frijda, 1994). When decisions are difficult and important, the decision-maker expects to learn the outcome of both chosen and rejected options quickly. Extending this to the fourth component of ethical decision-making, we propose:

**Proposition 4(a):**
There exists a positive association between regret and an individual’s propensity to comply with his/her ethical motivation.

**Proposition 4(b):**
Individuals experiencing regret may be able to choose between decisions and outcomes quickly and hence are more likely to translate their ethical intentions into action.

**Proposition 4(c):**
Individuals experiencing regret are more likely to focus on non-attained ethical goals and are likely to be more persistent in goal achievement.

**DISAPPOINTMENT**

Disappointment has been ascribed to the decision-maker when the negative outcome was the result of a random procedure than when it resulted from a choice (Zeelenberg, Dijk and Manstead, 1998). This finding is in line with the conclusion of Frijda, Kuipers and Schure (1989) that disappointment is closely related to other (circumstances) agency (Zeelenberg, et al., 2000), meaning that the individual is more likely to feel disappointed when things are beyond ones control.

The behavioural consequences of disappointment also comprise complaining and talking about the event to others and involve feelings of powerlessness, a feeling and a tendency to do nothing, and get away from the situation and wanting to do nothing (Zeelenberg et al., 1998). Disappointment makes people reluctant to take subsequent decisions. Feelings of powerlessness might lead people to think that making any decision will not make a difference, and therefore can lead to inertia (Seligman, 1975). Furthermore, people who have experienced disappointment may move away from situations that caused the disappointment and instead concentrate on very different events (Dijk, 1999). This causes individuals to be more averse to risks as they do not want their decisions to cause greater disappointment in future. Hence, disappointment encourages increased risk aversion and goal abandonment.

**Proposition 5(a):**
Individuals experiencing disappointment are
Proposition 5(b):
Individuals experiencing disappointment are less likely to be motivated to act and are more likely to turn away from the situation.

Proposition 5(c):
Individuals experiencing disappointment are more likely to feel powerless and hence are less likely to have an intention to act on account of inertia.

Proposition 5(d):
Individuals experiencing disappointment are likely to exhibit risk aversion and goal abandonment and hence are less likely to exhibit ethical character.

Bell (1985) defined disappointment as a psychological reaction to an outcome that does not match up to prior expectations. There also exists empirical evidence to prove that people’s disappointment is in direct proportion to the difference between what was expected and what is achieved (Dijk and Pligt, 1996; Zeelenberg, et. al., 2002). Given this, people are most likely to employ two strategies to avoid disappointment (Dijk, Zeelenberg and Pligt, 2003). Firstly, they will strive to bring the outcome in line with expectations by working hard. But this may still not result in the expected outcome because outcomes are most often the result of various factors that are beyond an individual’s control. Increased effort has also been found to increase disappointment when the desired outcome is not obtained. (Dijk, Zeelenberg and Pligt 1999). Therefore, people tend to employ the second strategy of reducing their expectation about the expected outcome to avoid disappointment.

Dijk, Zeelenberg and Pligt (2003) also explain conditions under which individuals use the second strategy of lowering their expectations. The first condition is the extent to which the consequences of the outcome concern the individual. Frijda (1996) noted that “emotions are experienced when an outcome has consequences that are relevant for the person’s concerns and beliefs.” The second condition is the temporal immediacy of the feedback on whether the outcome is obtained or not. Hence, people might tend to lower expectations when the threat of disappointment is immediate.

Proposition 6(a):
In situations where an individual experiencing disappointment does put in effort to act in line with his ethical intentions, the individual is more likely to lower expectations about the outcome to avoid further disappointment.

Proposition 6(b):
The tendency to lower expectations of outcome is likely to be higher when the consequences are relevant to the individual’s ethical concerns and beliefs.

Proposition 6 (c):
The tendency to lower expectations of outcome is likely to be higher when the feedback on the consequences is expected to be given to the individual immediately.

The characteristics of disappointment as an affective state have important implications in an individual’s ethical decision-making. Disappointment is the result of other agency, i.e., the cause for disappointment lies in the context of other individuals. In an organizational milieu, this would imply the individual’s superiors, peers, and the organization’s ethical environment. To avoid disappointment, the individual may be required to adopt an ethical stance that is in line with those who are “significant.” This supposition assumes significance as it implies a situation where employees get “socialized” into the ethical values of their superiors to avoid being disappointed and may often have to take decisions that are not in line with their personal ethical concerns and beliefs.

A consolidated snapshot of the above discussion is depicted in Table 1.
ethical code has actually reduced unethical behaviour (Mathews, 1988). In many cases, these codes are general principles that may provide little guidance in specific situations (Bowie, 1982). Furthermore organizational factors like the socialization process, authority factors, and group dynamics often influence what is regarded as ‘right’ or ‘wrong’ within a particular organizational context. Again, code of ethics may help in spotting and labeling a behaviour as unethical but need not prevent such behaviours from taking place. An individual’s value system guides his behaviour (ethical or otherwise) and often steers a particular course of action when faced with a dilemma. A discrepancy between the values and actions of an individual and those of the relevant others should cause regret and disappointment and prompt change of behaviour. Given that values have been found more closely related to moral judgment rather than to behavioural intentions (Finegan, 1994), person-specific factors like affect that could trigger change need to be seriously considered. It is in this context that personal variables like regret becomes significant as it is likely to initiate change in the nature of ethical decisions taken.

Regret is in fact the result of counterfactual thinking. Such counterfactuals take two forms, upward and downward. Upward counterfactuals are caused by comparing the (actual) decision outcome with a more favourable (imagined) outcome, had a different course of action been taken. This comparison triggers negativity. This counterfactual thinking can influence future affect by way of its causal implications. The realization that a favourable outcome could have happened had a different decision been taken infuses the individual with hopefulness. For example, Mr. X’s regret on account of the fallout of his decision is accentuated by the realization that had he taken a different decision, the outcome could have been favourable (Roese, 1997). The consequence of this would be an epistemic motivation to take a more appropriate decision that is not likely to cause regret in future. Again, individuals with a high need for cognitive closure are more likely to take into account the normative standards of their superiors and peers in their future decisions, thereby avoiding the risks of uncertainty and unpredictability (Mannetti, Pierro and Kruglanski, 2007). The role of disappointment in bringing about change in ethical decision-making is however limited. In an attempt to avoid being disappointed, individuals may lower their expectations about the acceptability of the outcome. But excessive lowering of expectations can be beneficial as it takes into account possible disappointment resulting in less intense negative affect in future. Not only are managers influenced by their emotions while deciding on an issue but also by anticipated emotions that may result from the outcome of their decision. Anticipated emotions are those that are expected to be experienced by the decision-maker given a certain outcome. For example, it might be assumed that a decision-maker may be influenced by feelings of regret or disappointment if the outcome of the decision is negative. These anticipated emotions would then be expected to impact her/his subsequent decisions. As the proposed model only considers emotions experienced at the time of decision-making, the possible impact of the anticipated emotion on decisions on ethical issues is yet another promising area to be examined.

Understanding personality and affect induced by work is essential to gain further insights into the process of ethical decision-making. As numerous ethical decision-making models have succeeded in integrating the contributors to ethical decisions, the need now is to probe further into specific causalities. This paper is an attempt in that direction.

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<td>Identification of dilemma</td>
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<tr>
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<td>High arousal</td>
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Table 1: Negative Affect and Ethical Decision-making
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My greatest challenge has been to change the mindset of people. Mindsets play strange tricks on us. We see things the way our minds have instructed our eyes to see.

— Muhammad Yunus