



The Value of Emotions in the Age of AI

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Blue Dog Culture

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Together, the authors combine practical expertise and academic rigour to argue that in the Age of AI, competitive advantage will not be determined by smarter machines, but by more human-centred ways of working with technology.

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Executive Summary

Artificial intelligence (AI) is reshaping the foundations of work. Algorithms now outperform humans in prediction, analysis, and optimisation, driving change at a speed comparable to past industrial revolutions. Yet the success of AI does not rest on the sophistication of technology alone. What determines whether adoption succeeds or fails is the emotional culture that shapes how people respond to it.

Emotions are not peripheral “soft skills.” They are strategic assets that underpin the human capabilities most critical in AI-enabled workplaces: empathy, ethics, adaptive mindset, collaboration, communication, and critical thinking. Neuroscience and organisational psychology show that emotions scaffold reasoning, creativity, and ethical judgement, while organisational research demonstrates how they spread across teams, shaping cooperation, trust, and resilience.

Neglecting emotional capability carries predictable risks: resistance to change, ethical blind spots, the erosion of psychological safety, and the loss of competitive advantage. Overemphasising only positive emotions can be equally damaging, silencing dissent and creating inauthentic cultures.

To make this practical, the paper highlights six emotions with direct links to behaviours and outcomes in AI contexts: **curiosity, empathy, optimism, attentiveness, confidence, and discomfort**. Curiosity fuels experimentation. Empathy sustains trust when technology fails. Optimism builds resilience in disruption. Attentiveness detects bias and error. Confidence empowers challenge to flawed outputs. Discomfort signals when fairness or wellbeing is at risk. These emotions map directly to observable behaviours, enduring capabilities, and measurable organisational outcomes.

Crucially, emotional culture is not simply about wellbeing. It is a form of intellectual capital that delivers measurable returns. Recent work on Return on Intelligence (ROI²) shows that long-term advantage depends on sustaining flows of human capability — adaptability, ethical judgement, and trust — alongside technical efficiency (O’Hanlon & Bowles, 2025). Emotional culture is therefore one of the most critical levers for realising those returns. When embedded into strategy and governance, it generates what this paper terms the *Human Dividend*: a compounding return created when emotions continually reinforce the capabilities and behaviours that sustain culture, resilience, and long-term performance.

Emotional culture also strengthens the “S” in ESG. Traditional Social metrics rely on lagging indicators such as diversity ratios, turnover, or safety incidents. By making emotions observable and measurable, organisations can track leading indicators of whether workplaces are inclusive, ethical, and resilient. Integrating emotional culture into ESG strengthens accountability to stakeholders and demonstrates that AI adoption is not only technically effective but also socially sustainable. This lets boards report the social pillar with the same rigour they apply to financials.



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1. Introduction

Artificial intelligence (AI) is transforming the foundations of work. Algorithms now outperform humans in prediction, analysis, and optimisation, automating tasks and reshaping industries at a speed and scale that rivals past industrial revolutions (Brynjolfsson and McAfee, 2014; Schwab, 2016). Yet in the race to automate, many organisations risk overlooking a critical truth: AI may win on data, but it cannot win on social relationships. This paper advances a central claim. The success of AI in the workplace depends less on the technology itself and more on the emotional culture that shapes how people respond to it.

The greatest risk leaders face is assuming that technical proficiency is enough. Machines are already absorbing and amplifying routine expertise. What remains uniquely human, and strategically indispensable, are the capacities to feel, interpret, and act with emotional and ethical awareness in complex contexts. Neuroscience and organisational psychology show that emotions are not distractions from rational thought but the scaffolding of reasoning, ethical judgement, creativity, and trust (Damasio, 1994; Goleman, 1995). Emotional intelligence (EI), defined as the ability to perceive, understand, and regulate emotions in oneself and others, is consistently linked to stronger performance and more effective relationships (Salovey and Mayer, 1990; Miao, Humphrey and Qian, 2018). At the group level, emotional culture shapes adaptability, innovation, and retention, which are direct drivers of competitive advantage (Barsade and O'Neill, 2016; Barsade, 2002; Menges, 2016).

The Human Capability Standards (HCS) emphasise this shift by positioning transferable capabilities, such as empathy, ethics, collaboration, adaptive mindset, critical thinking, and communication, as durable over time irrespective of technological disruption (Bowles, 2022; Bowles and Wilson, 2025). In AI-enabled workplaces these capabilities depend on emotional acuity. They determine whether people will question algorithmic outputs, repair trust after system failures, or recognise when efficiency begins to compromise fairness. Leadership behaviour is pivotal here. The timing and authenticity of leader emotional expressions imprint how teams interpret change and how they perform across a project lifecycle (Levitt et al., 2024).

The provocation is therefore clear. Focusing only on the technical skills required to use AI while dismissing emotions as unnecessary soft skills is not simply outdated, it is dangerous. Organisations that neglect emotional capability risk building AI strategies that are technically sound but ethically fragile, efficient yet socially brittle, and innovative in process but hollow in shared purpose.

The sections that follow outline the conceptual foundations of emotions as a capability (Section 2), examine the implications of AI for human work and culture (Section 3), and demonstrate why emotions matter more in this context (Section 4). We then consider the risks of neglect (Section 5), outline strategies for embedding emotional capability into organisational practice (Section 6) and identify research directions (Section 7). The conclusion reinforces why building emotional capability is central to leading in an AI-enabled world (Section 8).

2. Conceptual Foundations

2.1 Understanding Emotions

Emotions are not fleeting states on the margins of rational thought. They are the *architecture of reason*, shaping how people decide, collaborate, and adapt. In AI-enabled workplaces, where disruption is constant and ethical stakes are high, this architecture determines whether technology strengthens or erodes human capability.

Psychology defines emotions as complex psychological states involving subjective experiences, physiological responses, and behavioural expressions (Gross, 2010). They are distinct from moods, which are diffuse and enduring, and from affect, which refers to the general tone of experience. In organisations, emotions are consistently linked to decision-making, creativity, motivation, and the quality of relationships (Barsade & Gibson, 2007).

Theories of workplace emotion confirm this strategic role. Affective Events Theory shows that daily workplace events trigger emotional reactions, which in turn shape long-term attitudes and behaviours (Weiss & Cropanzano, 1996). Emotional Contagion Theory explains how emotions spread within groups through nonverbal cues, directly influencing cooperation, conflict, and performance (Barsade, 2002). In short, emotions act as both signals and carriers of collective behaviour.

For leaders, this signalling is pivotal. The social-functional approach to emotions demonstrates that the timing, valence, and authenticity of emotional expression communicate information about respect, status, and social worth (Keltner & Haidt, 1999). Levitt et al. (2024) show that when leaders use emotion strategically across a team's lifecycle, they shape motivation, resilience, and performance. Far from being “soft,” emotions operate as high-impact social signals that drive outcomes in complex contexts.

Put simply, without emotions, neither skills nor intelligence have social traction. They are what turn thought into coordinated action.

2.2 Emotions as a deep human capability

If emotions drive reasoning and behaviour, they also qualify as enduring *capabilities*. The Human Capability Standards (HCS) position emotions and mindsets within a broader set of transferable capabilities that remain valuable across roles and disruptions (Bowles & Wilson, 2025). Capabilities are defined as integrated combinations of knowledge, skills, and behaviours that deliver performance in the present while embedding adaptability for the future (Bowles, 2023). Unlike technical competencies, which quickly expire, capabilities such as empathy, ethics, collaboration, and adaptive mindset retain relevance because they enable sense-making, ethical judgement, and trust in uncertain contexts.

Adaptivity is a prime example. It is not a training module activated in crisis, but a daily habit enacted through curiosity, openness, and reflective questioning (Bowles, 2024). These behaviours depend on emotions: empathy enables trust and inclusion (Salovey & Mayer, 1990); emotional regulation underpins ethical reasoning; resilience rests on managing fear or frustration; and collaboration depends on interpreting and responding to others' emotional cues.



Crucially, emotions are relational and situated, not abstract. Humans negotiate meaning, coordinate action, and build trust through emotional cues in ways AI cannot replicate. Embodiment and situated cognition theory confirms that emotions are grounded in social and environmental contexts (Carr, Kever & Winkielman, 2018), while functional accounts highlight their adaptive and communicative role (Keltner & Haidt, 1999).

Eichholz's (2014) work on *adaptive capacity* extends this logic. He shows that confidence, fear, or hope directly shape how people interpret change and mobilise responses. Without this emotional layer, organisations risk brittle adaptation: efficient in the short term, but fragile under sustained disruption.

This aligns with the emerging concept of *Return on Intelligence (ROI²)*, which argues that sustainable advantage comes not from efficiency alone, but from sustaining flows of human capability such as empathy, creativity, and ethical judgement (O'Hanlon & Bowles, 2025). In this frame, emotions are carriers of tacit knowing and relational capital — the very foundations of resilience and adaptability. Embedding emotional culture into daily practice safeguards what can be called the *Human Dividend*: a compounding return generated when curiosity, empathy, and attentiveness continually renew adaptive capacity and collective intelligence.

Emotions are not peripheral to capacity building nor capability. They are capability — the deeply innate human assets that at an organisational level, aggregate into an *emotional climate* — the shared identity and sense of purpose, what makes people come to work, and the feelings they wish to cultivate. This climate shapes engagement, innovation, and cultural identity (Menges, 2016). Leaders who intentionally cultivate emotional culture align everyday affect with strategy and values, creating environments where wellbeing and performance reinforce one another.



3. The Age of AI: Context and Challenges

3.1 Defining the Age of AI

The defining feature of the current era is that AI is no longer a discrete tool but an embedded system that continuously learns and adapts. Algorithms now shape decision-making, resource allocation, and customer interaction at scales that exceed human capacity (Brynjolfsson & McAfee, 2014; Schwab, 2016).

Schwab (2016) describes this as the *Fourth Industrial Revolution*: a convergence of digital, biological, and physical systems where connected technologies reshape the foundations of work. The critical difference from past revolutions is not the invention of single technologies but the systemic integration of machine learning, natural language processing, robotics, and computer vision. This integration is what drives speed and unpredictability — and why human adaptability becomes the decisive factor (Susskind & Susskind, 2015).

The Age of AI is not just about smarter machines; it is about the pace and depth of change they unleash — change that demands emotional as well as technical responses.

3.2 Impact on Human Work and Interaction

AI is reshaping work in two primary ways: **automation** and **augmentation**. Automation substitutes human labour with machines, especially in rule-based or repetitive tasks (Brynjolfsson & McAfee, 2017). Augmentation, by contrast, enhances human contribution by providing data-driven insights, freeing capacity for adaptive problem-solving (Davenport & Kirby, 2016).

The implications are profound. Automation accelerates the obsolescence of technical skills, while augmentation amplifies the value of enduring human capabilities — critical thinking, adaptive mindset, empathy, and ethical judgement (Frey & Osborne, 2017; Bowles, 2024; OECD, 2019). These are precisely the capabilities that cannot be codified into algorithms.

The interpersonal fabric of work is also shifting. Employees no longer only collaborate with colleagues but also interact with AI systems that simulate human reasoning. This hybrid environment creates new tensions around **trust, fairness, well-being, and psychological safety**. Leaders must not only build confidence in algorithmic outputs but also safeguard human dignity in the process (Edmondson, 2019; Miao, Humphrey & Qian, 2018).

Crucially, the more we automate, the more the irreplaceable human capabilities of empathy, creativity, and ethical judgement rise in strategic value (Brown, Lauder, & Cheung, 2020).

3.3 Emotional and Cultural Considerations

AI adoption is not purely technical; it is deeply cultural. The *emotional culture* of a workplace — the shared affective norms that shape how people feel and wish to feel — determines whether employees embrace or resist change (Barsade & O'Neill, 2016).

Emotional culture is not incidental; it is a strategic lever. Studies link positive emotional cultures to higher engagement, lower turnover, and improved collaboration (Barsade, 2002). Research shows that empathy, ethical reasoning, and collaboration all depend on emotional acuity (Salovey & Mayer, 1990; Goleman, 1995). These capabilities protect against the erosion of systems thinking and prevent workplaces from becoming



transactional and emotionally hollow (Menges, 2016a). Emotions such as hope, confidence, or even anxiety function as signals that influence whether change is energising or threatening (Eichholz, 2014).

Emotions underpin the development of enduring human capabilities. Empathy, ethical reasoning, and collaboration all depend on emotional intelligence, where humans recognise and regulate emotions in themselves and others (Salovey & Mayer, 1990; Goleman, 1995). These capabilities cultivate metacognition—the ability to reflect on and regulate one’s own thinking—which acts as a safeguard against narrow decision-making, the erosion of systems thinking, and the risk of workplaces becoming transactional and emotionally disconnected (Menges, 2016a).

Importantly, as already established, emotions are situated and relational. Humans, as fundamentally social beings, rely on emotional cues to negotiate meaning, maintain trust, and coordinate collective action (Keltner & Haidt, 1999; Carr, Kever, & Winkielman, 2018). In adaptive workplaces, emotions such as hope, confidence, or even anxiety act as signals that influence whether people embrace or resist change. Eichholz (2014) emphasises that adaptive capacity depends as much on these emotional states as on formal processes, since they shape resilience, energy, and alignment with purpose.

The risk of neglecting this dimension is what Brown, Lauder, & Cheung (2020) call *digital Taylorism*: breaking work into optimisable tasks at the expense of relational bonds. This reductionist logic creates brittle systems — efficient but unable to sustain fairness, trust, or creativity. In contrast, embedding adaptability as a daily habit through curiosity, reflective questioning, and collaboration ensures that AI strengthens, rather than hollows out, human capability (Bowles, 2024). As erosion deepens, so psychological safety reduces and employees feel less able to question how machines amplify human contributions (Edmondson, 2019).

AI adoption succeeds or fails not on the brilliance of its algorithms, but on the culture that shapes how people—within and beyond the organisation—feel, respond, and connect in times of disruption.

3.4 Sector-Specific Emotional Demands in AI Adoption

The emotional impact of AI is not uniform; it is context-specific. A mining crew challenging predictive maintenance schedules needs different emotional resources than a nurse delivering an AI-assisted diagnosis.

Table 1 below illustrates how emotional demands vary by sector — from *empathy* in healthcare to *discomfort* in mining, *attentiveness* in finance, and *optimism* in retail. What is common across contexts is that AI alters not just the tasks employees perform but also **how they feel about their work, their value, and their future**.

Capability development and measurement frameworks must therefore be tailored. Sectoral strategies should track the emotional capabilities most critical to each AI use case, making training relevant and adoption smoother.

AI will permanently alter the emotional contract between workers and the meaning they attach to work. Leaders who ignore this shift will face resistance, while those who shape it will unlock resilience and trust.



Table 1 Examples of specific shifts in emotional demand

Sector	AI Integration Example	Emotional Shifts	Key HCS Capabilities
Healthcare	AI-assisted diagnostics, patient triage	Greater need for confidence under pressure; heightened empathy when communicating AI-based results	Empathy, Ethics, Communication, Leadership
Mining & Resources	Predictive maintenance, safety monitoring	Increased constructive discomfort to question AI outputs; curiosity to explore system anomalies	Critical Thinking, Adaptive Mindset, Collaboration
Financial Services	Credit scoring, fraud detection	Attentive to guard against bias; confidence to explain AI decisions to clients	Ethics, Problem Solving, Communication
Retail/Utilities	Chatbots, agent-assist tools	Optimism to frame AI as supportive; empathy to repair relationships after bot failures	Empathy, Engagement & Culture, Communication
Public Sector	Automated case routing, document summarisation	Open-mindedness to reassess AI classifications; confidence in citizen interactions	Communication, Leadership, Cultural Awareness
Education	Personalised learning plans, grading support	Curiosity to explore AI recommendations; empathy to ensure feedback builds confidence	Empathy, Adaptive Mindset, Communication



4. Why Emotions Matter More in the Age of AI

4.1 The Strategic Value of Emotions

In the Age of AI, emotions are no longer peripheral “soft skills” but strategic assets that determine whether technology enhances or erodes human capability.

Neuroscience shows that emotions guide attention, frame risk perception, and shape reasoning itself (Damasio, 1994). Organisational studies demonstrate that emotions underpin trust, collaboration, and ethical judgement — the very dynamics AI cannot replicate (Menges, 2016).

While machines can process information faster and detect patterns invisible to humans, they cannot provide the nuanced emotional understanding required for trust and ethical oversight. This elevates emotional capabilities — empathy, self-awareness, regulation — to strategic levers of competitive advantage (Goleman, 1995; Bowles, 2022).

4.2 Emotions as Drivers of Adaptability and Resilience

Adaptive mindset research highlights that individuals and teams who recognise and manage emotions are better able to respond to disruption (Bowles, 2022). Positive emotions such as curiosity, optimism, and enthusiasm broaden cognitive resources, increasing creativity and openness to change (Fredrickson, 2001). By contrast, unaddressed emotions like anxiety or distrust drive resistance, disengagement, and turnover (Barsade, 2002).

In this sense, resilience in the AI era rests less on technical training and more on emotional capability. Leaders who cultivate it prepare their organisations to navigate volatility without brittleness or fatigue.

4.3 Emotional Culture and Human–AI Collaboration

The decisive factor in AI-enabled workplaces is not whether humans can use machines, but whether they can still trust one another. Supportive emotional cultures, which normalise empathy, dialogue, and constructive feedback, help employees navigate the stress of AI adoption. They also create the conditions for trust in both human colleagues and in the responsible use of AI in high-stakes contexts (Susskind & Susskind, 2015).

Working alongside AI systems often provokes uncertainty — about job security, fairness of decisions, or the value of human contribution. These reactions are shaped by an organisation’s emotional culture: the norms that dictate how people feel and express emotion at work (Barsade & O’Neill, 2016). Without cultures that make room for authentic and diverse emotional responses, human–AI collaboration risks becoming brittle, mistrustful, and ethically fragile.

4.4 Leadership and Emotional Signalling

Leaders do not just manage AI implementation; they set the emotional tempo that determines whether adoption inspires trust or provokes fear. Research shows that leader emotional expressions — when authentic and well-timed — can elevate team motivation, signal vigilance, and sustain psychological safety (Levitt et al., 2024). Early optimism can mobilise energy during implementation, while later expressions of concern can focus attention on vigilance and ethical oversight.



This signalling is most powerful when it aligns with the Human Capability Standards, particularly empathy, ethics, and communication (Bowles, 2022). Leaders who integrate emotional intelligence with strategy create a bridge between technical efficiency and human values, ensuring that AI strengthens rather than undermines culture. Timing guidance must be anchored in authenticity. Over-orchestration erodes trust; leaders should match tone to facts and invite dissent.

4.5 Emotions, Capabilities and the Behaviours that drive AI success

The behaviours that make AI succeed are written in emotions, not algorithms. Research confirms that emotions are gateways to behaviour: they spread across groups to influence cooperation and decision quality (Barsade, 2002), and when there is a gap between the emotions employees feel and those they wish to feel, engagement, retention, and performance suffer (Menges, 2016). The Human Capability Standards reinforce this by positioning empathy, ethics, adaptive mindset, communication, and collaboration as enduring levers of employability and leadership (Bowles, 2022).

For this paper, six emotions are highlighted because of their direct and observable links to the behaviours most critical for AI adoption:

- **Curiosity** fuels systems thinking and experimentation, preventing legacy assumptions from dominating new contexts.
- **Empathy** frames algorithmic outputs in human terms, sustaining trust with customers and colleagues.
- **Optimism** maintains resilience during disruption, helping teams persist through setbacks.
- **Attentiveness** ensures AI outputs are reviewed for bias or error, reducing blind reliance.
- **Confidence** empowers employees to challenge machine recommendations and sustain ethical oversight.
- **Discomfort** signals when fairness, inclusion, or wellbeing are at risk, prompting reflection and corrective action.

The six emotions used in this paper are illustrative. Selection should be tailored by role, risk profile, and sector. Reliability-critical contexts may weight calm and vigilance; creative contexts may include playfulness or absorption. Together, these emotions sustain tacit knowing and relational capital — the intangible flows of human capability that underpin culture, trust, and adaptive capacity (O'Hanlon & Bowles, 2025). When embedded into daily practice, they generate what can be called the Human Dividend: a compounding return created when emotions consistently reinforce the capabilities and behaviours that technology alone cannot deliver. Neglecting them leaves organisations efficient but brittle; cultivating them turns AI adoption into a durable source of competitive advantage. AI will not fail because of bad code; it will fail when people stop questioning it.



5. The Risks of Neglecting Emotional Capability

AI initiatives rarely fail because the algorithms themselves are lacking. More often, they falter when the emotional culture fails to nurture the essential human behaviours—like those previously described—that build trust, resilience, and accountability within an organisation. Sceptics argue that capability building should focus solely on upskilling for tools and processes. Evidence in Sections 4 and 6 indicates this is insufficient because it neglects the social conditions that make adoption stick.

5.1 Reduced Organisational Resilience

Resilience in AI adoption depends not on technical skill alone but on the emotional capacity to stay adaptive under pressure, to learn from mistakes, and to create or see new opportunities.

Without emotional capability, organisations risk workforces that are technically competent but emotionally unprepared for disruption. Employees lacking an adaptive mindset respond to change with resistance rather than exploration, slowing adoption and eroding trust (Bowles, 2022). In crises such as system failures or ethical dilemmas, poor emotional regulation leads to reactive rather than considered decisions, heightening reputational and operational risk (Miao, Humphrey & Qian, 2018).

5.2 Loss of Competitive Advantage

AI may make processes faster, but without emotional capability organisations lose the human distinctiveness that sustains competitive advantage.

Emotional culture is a direct driver of innovation, creativity, and discretionary effort. Research links positive emotional climates to collaboration and performance gains (Barsade, 2002; Fredrickson, 2001). Without optimism, teams lapse into cynicism; without empathy, customer trust erodes; without attentiveness, bias and errors persist unchecked. In customer-facing industries, this erosion is particularly costly, since AI may streamline service but only humans can restore confidence and loyalty (Schwab, 2016).

5.3 Ethical Blind Spots and Loss of Trust

Neglecting emotional capability is not just a cultural weakness — it is an ethical liability that can, and will, affect brand and employee engagement.

AI introduces complex ethical challenges, from algorithmic bias to opaque decision-making (Susskind & Susskind, 2015). Without confidence, employees defer to flawed outputs; without discomfort, leaders overlook subtle signals of unfairness. A lack of empathy or cultural awareness compounds the risk of decisions that may comply procedurally but cause social harm, undermining both internal trust and external legitimacy (Bowles, 2022; Barsade & O'Neill, 2016).



5.4 Psychological Safety Erosion

Psychological safety — the shared belief that it is safe to speak up — is critical for learning and error detection (Edmondson, 1999). In AI-enabled workplaces, employees must feel able to challenge both machine and human outputs. Without emotional capability, silence replaces curiosity and compliance replaces confidence, allowing small errors to escalate into systemic crises (Levitt et al., 2024).

When emotion is silenced, so too are the feedback loops that AI transformation depend on.

5.5 The risks of overemphasising positive emotional culture

An effective emotional culture is not about “good vibes only” but about the full range of emotions being expressed authentically and used productively.

Table 2 Risks of overemphasising positive emotional culture

Risk	How it can show up	Mitigation Strategies
Suppression of dissent	Team members feel pressured to remain upbeat, even when raising legitimate concerns about AI ethics, bias, or errors	Normalise feeling discomfort as part of healthy emotional culture (see Table X)
Inauthentic displays	Leaders “put on” optimism or empathy in ways that feel scripted, eroding trust	Train for emotional authenticity, including when and how to express concern or doubt
Bias towards “positive” personalities	Recruitment and promotion favour those who display certain emotions, reducing diversity of thought and style	Use HCS-aligned assessment tools that value a range of emotional strengths
Underestimating the value of negative emotions	Frustration or discomfort, which can drive innovation, is avoided or dismissed	Integrate both positive and negative emotions into culture frameworks — different emotions serve different roles in change
Emotional burnout	Continuous expectation to display high energy and enthusiasm leads to fatigue	Rotate emotional demands where possible; balance high-energy initiatives with periods of calm tone

The opposite risk is equally real: cultures that enforce constant positivity. Suppressing discomfort or dissent creates the appearance of alignment but stifles authenticity and diversity of thought. Employees pressured to “stay upbeat” disengage, leaders performing scripted optimism lose credibility, and valuable signals of frustration or ethical concern are ignored (Menges, 2016).

These risks are not abstract. Technology rarely fails on its own; culture and capability often do. By overlooking emotional capability, organisations create AI systems that may be technically sound yet insensitive to human consequences — efficient, but ethically fragile.



6. Building Emotional Capability in AI-Enabled Workplaces

If emotions are strategic assets, they must be developed, measured, and embedded with the same discipline as technical skills. Building emotional capability is not about softening AI adoption; it is about creating the human infrastructure that allows it to succeed.

This section connects the six selected emotions — curiosity, empathy, optimism, attentiveness, confidence, and discomfort — to the Human Capability Standards, organisational processes, and measurable outcomes. Together these elements provide a clear pathway for converting AI from a technical rollout into a cultural transformation.

6.1 Strategy and governance

AI adoption succeeds when emotional culture is treated as core strategy, not aftercare.

Position emotions as a strategic capability that protects ethics, trust, and innovation. Embed a policy statement that commits to human-centred outcomes, psychological safety, and measurable culture. Align this with an organisation-wide capability model so leaders and teams know which behaviours matter. The Human Capability Standards (HCS) provide a transferable base that endures across roles and industries, highlighting empathy, ethics, adaptive mindset, collaboration, communication, and critical thinking (Bowles, 2022; Bowles, 2024).

Create shared accountability through a cross-functional working group — People and Culture, Technology, Risk, and Operations — mandated to set capability targets, review AI use cases for ethical impacts, and track emotional culture indicators (Barsade & O'Neill, 2016). To reinforce accountability tie decisions to evidence: measure emotional culture consistently with surveys, interviews, and field observations, linking results to engagement, safety reporting, and performance.

6.2 Capability development pathways

Emotional capability can be deliberately built, not left to chance.

The HCS prioritise enduring capabilities — adaptive mindset, empathy, ethics, collaboration, communication, and critical thinking (Bowles, 2022; Bowles & Wilson, 2025). The six emotions highlighted here map directly to these: curiosity drives experimentation, empathy sustains trust, optimism fuels resilience, attentiveness safeguards ethics, confidence empowers challenge, and discomfort signals risks.



Figure 1 From emotion to measurable outcomes

While capability models describe *what* to develop, organisations also need clarity on *how* these capabilities appear in real work and how they connect to outcomes. The following visual shows the progression **Emotion**



through to **Measurable Outcome**, providing a simple, repeatable logic for linking emotional capability to tangible organisational value.

Table 3 links these emotions to observable behaviours, aligned HCS capabilities, AI-enabled workplace scenarios, and measurable outcomes. Selection of emotions should follow a short discovery step using interviews, incident reviews, and baseline data.

Example: An HR manager shows attentiveness by questioning bias in an AI shortlist, drawing on prior experience (metacognitive awareness), ethics, and problem-solving capabilities. The measurable outcomes are reduced compliance risk and improved diversity.

Table 3 Emotions and Observable Behaviours

Emotion	Observable Behaviours in Workplace	Linked HCS Capability	AI-Enabled Scenario	Potential Measurable Outcomes
Curiosity	Asks “why” and “what if” questions about AI outputs; experiments with new tools; challenges default settings constructively	Adaptive Mindset, Critical Thinking, Creativity	Analyst uses AI dashboard to explore alternative interpretations of data instead of accepting first output	Increased innovation submissions; faster problem resolution; reduced decision errors
Empathy	Anticipates and responds to emotional needs of colleagues/customers; adjusts language to audience	Empathy, Cultural Awareness, Communication	Customer service agent de-escalates an emotionally charged complaint after AI chatbot fails to resolve issue	Higher customer satisfaction (CSAT); improved retention; reduced complaint escalation
Optimistic	Frames AI change as opportunity; reframes setbacks as learning; encourages peers	Initiative & Drive, Engagement & Culture	Project leader motivates team after AI implementation delays, highlighting long-term benefits	Higher adoption rate of new system; reduced turnover during change period
Attentiveness	Raises questions about fairness, privacy, or bias in AI recommendations; initiates ethical review discussions	Ethics, Problem Solving, Leadership	HR manager halts AI-assisted recruitment shortlist due to suspected bias in algorithm	Reduced legal/compliance risk; improved diversity metrics
Confidence	Maintains steady tone during high-stakes AI-related incidents; reassures team	Leadership, Communication, Agility	Operations lead guides team through AI system outage without panic	Faster recovery time; lower incident-related absenteeism; improved team trust scores
Discomfort	Voices concerns about AI process design; initiates constructive conflict for improvement	Critical Thinking, Collaboration, Engagement & Culture	Product team challenges AI-generated marketing copy for cultural insensitivity	Avoided brand damage; increased quality of outputs; positive media sentiment

Practical development requires more than theory. Blend short labs, coached simulations, and reflective practice, anchored to real AI use cases: empathy labs to handle sensitive customer issues, ethics roundtables on algorithmic bias, adaptive sprints to trial and debrief AI workflow changes.



6.3 Leadership practice and emotional signalling

Leaders set the emotional tempo of AI adoption.

Emotions expressed by leaders act as powerful social signals, shaping respect, motivation, and resilience (Levitt et al., 2024). Early credible optimism mobilises energy; mid-course concern sharpens vigilance; acknowledgment of tension sustains psychological safety (Edmondson, 2019).

Leaders model emotional culture daily through micro-behaviours — how they listen, question, and respond to errors. Coaching in the flow of work helps leaders recognise cues, label emotions accurately, and respond in ways that reinforce status and trust (Goleman, 1995; Miao, Humphrey & Qian, 2018).

6.4 Measurement and insight

What gets measured gets managed — and emotions must be measured with rigour.

Observation-based surveys that track displayed emotions, combined with interviews and artefact reviews, reveal the lived emotional climate (Barsade & O'Neill, 2016). These should be repeated over time to monitor shifts and identify where interventions succeed.

Measurement must protect people. Use informed consent, anonymised aggregation, and clear governance. Do not use emotion data for punitive evaluation. Validate instruments for cultural and role differences

Link emotional data to outcomes: innovation submissions, error reporting, service complaints, retention.

Different emotions drive different outcomes — optimism may accelerate adoption, discomfort may prevent reputational harm. Research suggests the ROI is substantial: every \$1 invested in emotional intelligence yields an average return of \$4 in performance and productivity (Cherniss, 2021).

Monitor contagion: map where anxiety clusters and intervene quickly; harness positive contagion in project kick-offs to build momentum (Barsade, 2002).

Finally, embed emotional culture into Environmental, Social, and Governance (ESG) reporting. ESG frameworks are now central to how organisations demonstrate sustainable, responsible, and ethical practice. Traditional “S” measures (diversity ratios, turnover, community spend) miss lived experience. Emotional culture provides a leading indicator of inclusion, trust, and ethical behaviour (Eccles, Ioannou & Serafeim, 2014; Menges, 2016).

Emotional culture provides a critical addition to ESG reporting by offering a leading indicator of social sustainability. Observable signal whether people feel psychologically safe, included, and able to challenge systems fairly. While, emotional culture complements, not replaces, existing Social indicators, deployment does require safeguards for reliability, sampling, and privacy. These emotions link directly to outcomes such as retention, innovation, and ethical decision-making (Barsade, 2002; Barsade and O'Neill, 2016; Menges, 2016). By integrating emotional culture into ESG, organisations can report not only on what demographics look like, but also on how people feel and behave in response to technology and change. For boards and regulators, this reframes the “S” as measurable, predictive, and aligned with human values.



6.5 Human-AI design and operations

AI workflows must be designed around human emotion, not despite it.

Co-design processes with users to surface frictions — uncertainty, fear of error, perceived loss of autonomy — and adjust interfaces, thresholds, and decision rights to preserve agency (Susskind & Susskind, 2015).

Make accountability visible: publish who is responsible for AI-influenced decisions, with clear escalation paths and protections for speaking up (Edmondson, 1999). Reinforce culture through operating rituals: brief check-ins for emotion and risk, after-action reviews that include “what we noticed in the room,” and closing loops so employees see their input shape the system.

6.6 A phased implementation roadmap

Capability building is most effective when staged, not improvised.

- **Phase 1 – Baseline and guardrails:** Agree target emotions and capabilities; baseline culture; publish AI ethics principles; train leaders in authentic signalling (Levitt et al., 2024).
- **Phase 2 – Build where AI touches customers and risk first:** Run empathy and ethics labs in customer-facing and high-risk teams; co-design touchpoints; launch adaptive sprints; review emotional culture quarterly (Bowles, 2022; Menges, 2016).
- **Phase 3 – Scale and embed:** Integrate HCS into hiring, promotion, and performance; expand leader coaching; publish outcomes linking emotional culture to service, innovation, and safety metrics.

6.7 Alternate way to use the HCS to identify Mindsets, Behaviours and Habits that Matter

Framing Human Capability Standards in the Age of AI

The Human Capability Standards (HCS) provide a scaffold for linking emotions to the mindsets, behaviours, and habits that matter in the Age of AI. Unlike narrow, short-lived skills taxonomies, the HCS defines durable capabilities that integrate cognition, emotion, and behaviour, developing in scope and influence over time (Bowles & Wilson, 2025; Working Futures, 2025a).

Grouped into the domains of **HEAD, HEART, HANDS, and LEAD**, the HCS highlights that while cognition and technical execution remain important, it is the emotion- and value-rich domains — HEART and LEAD — that determine whether AI adoption is resilient, ethical, and human-centred. Ethics, empathy, and collaboration, for example, cannot be enacted without accountability, compassion, and trust. These behaviours safeguard against work becoming transactional and dehumanised as automation expands.

Synthesising across domains, twelve emotion-dependent behaviours consistently emerge as most critical for human-centred AI: accountability, honesty, resilience, curiosity, collaboration, care, optimism, trustworthiness, open-mindedness, respect, courage, and inclusion. Together, they operationalise the HEART domain, demonstrating how emotions underpin fairness, cultural cohesion, and adaptive leadership.



Table 4 Example of emotional capability

Sector	AI Use-Case	Selected Emotions	Key Behaviours	Linked HCS Capabilities	Interventions	Illustrative Outcomes
Healthcare – Emergency triage	Clinical decision support flags high-risk presentations	Confidence, Empathy	De-escalate anxious patients; query AI flags without defensiveness; speak up when something feels off	Empathy, Ethics, Communication, Leadership	Simulation runs with false-positive/negative cases; micro-coaching on language/tone at bedside	Waiting-room escalations ↓23%; time to first decision ↓12%; near-miss reporting ↑18%
Mining & Resources – Fixed plant	Predictive maintenance forecasts component failures	Discomfort Curious	Challenge maintenance windows; run safe experiments; share learnings across crews	Critical Thinking, Collaboration, Adaptive Mindset	Adaptive sprints with after-action reviews including emotional reflection	Unplanned downtime ↓15%; AI workbench adoption to 90% in 8 weeks; near-miss reporting ↑22%
Retail/Utilities Contact Centre	Bot handles basics; agent-assist suggests next action	Empathy, Optimistic	Acknowledge frustration; reframe when bot misses context; repair relationship	Communication, Empathy, Engagement & Culture	Empathy labs using difficult calls where bot was tone-deaf	CSAT +9 pts; average handle time ↓14%; agent attrition ↓10% YoY
Financial Services – Credit risk	ML model proposes approve/decline banding	Attentiveness	Ask “fair for whom?”; escalate explainability gaps; insist on human oversight	Ethics, Problem Solving, Leadership	Ethics roundtables; red-team bias reviews; visible accountability chains	Disparate impact gap reduced ~40%; audit exceptions to zero; decision time ↓8%
Public Sector – Case triage	AI summarises citizen submissions for routing	Open-mindedness, Confidence	Raise concerns; clarify with citizens when summaries miss nuance	Communication, Leadership, Engagement & Culture	Daily “emotion + risk” check-ins; speak-up protections for AI decisions	Backlog ↓20%; wellbeing index +7 pts; speak-up events ↑30%
Education – Personalised learning	AI recommends pathways; drafts feedback	Curiosity, Empathy	Adjust tone to student; sense when AI feedback may discourage; co-design goals with families	Empathy, Communication, Adaptive Mindset	Peer observation on feedback tone; reflection journals on student cues	Student engagement +12%; teacher admin –2 hrs/week; equity gap narrowed

As indicated in Table 4, the practical value of embedding these behaviours is shown through sectoral examples where emotions link directly to HCS capabilities, AI-enabled scenarios, and measurable outcomes.

The examples presented in Table 4 clearly demonstrate that emotional capability is far from theoretical. It can be identified, cultivated, and assessed—and it leads to real, measurable benefits for both organisations and society.



6.8 Embedding emotional capability into organisational systems

Emotional capability cannot remain a training initiative; it must be woven into organisational systems and governance. When integrated into recruitment, onboarding, performance management, and leadership pipelines, emotions shift from being “intangibles” to measurable drivers of outcomes (Barsade & O’Neill, 2016; Edmondson, 1999).

Table 5 Integration points to embed emotions in the talent/ HR lifecycle

Business or HR Process	Integration Opportunity	Example
Recruitment & Selection	Assess for selected emotions and linked HCS capabilities in AI-relevant roles	Structured interview questions on handling AI outputs that conflict with human judgement
Onboarding	Introduce organisational emotional culture expectations alongside AI systems orientation	New hires practise empathy and curiosity in AI-assisted customer scenarios
Performance Management	Include emotional capability indicators in KPIs for AI-heavy roles	Customer satisfaction, bias-flagging rates, peer feedback on collaboration
Leadership Development	Embed emotional signalling and AI ethics decision-making into leadership programs	Leaders practise “timing + tone” scenarios when announcing AI-driven change
Succession Planning	Track readiness on selected emotional capabilities for future leaders	Use capability assessments from Section 7.5 to inform leadership pipelines
Policy & Governance	Align AI ethics, data use, and emotional culture policies	Accountability chains include explicit reference to emotional capability and psychological safety
Continuous Improvement	Link emotional culture data to process reviews and AI model updates	Customer service AI retraining triggers review of emotional impact alongside accuracy metrics

Embedding emotions into systems makes them visible, measurable, and tied to organisational performance. It also creates shared accountability across People & Culture, Operations, and Technology.

This section verifies that emotional capability is the infrastructure that determines whether AI adoption produces resilience, innovation, and trust — or amplifies fragility, cynicism, and disengagement. By linking emotions to HCS capabilities, validating them through sectoral examples, and embedding them into everyday systems, organisations turn emotions into measurable assets that compound into competitive advantage in the Age of AI.



7. Future Directions and Research Gaps

The evidence presented so far makes a strong case that emotional capability is central to AI adoption. Yet for policymakers and organisations to act with confidence, more research is needed to broaden, deepen, and measure this relationship. Most AI strategies remain dominated by technical infrastructure. Without robust evidence on the human dimension, leaders risk underestimating the dangers of neglecting emotional culture or investing in the wrong behavioural levers.

7.1 Deepening the Evidence Base

While emotional intelligence has been extensively studied in leadership and team performance (Goleman, 1995; Miao, Humphrey & Qian, 2018), there is little empirical evidence connecting emotional capability directly to ethical AI outcomes. Future research should examine how specific emotions — particularly empathy, discomfort, and cultural awareness — influence ethical decision-making in diverse, global workforces (Susskind & Susskind, 2015).

Equally, most studies capture emotional culture at a single point in time (Barsade & O'Neill, 2016). Longitudinal studies are needed to track how emotions evolve through successive AI deployments, organisational restructures, or leadership changes, and whether positive shifts endure without deliberate reinforcement.

Finally, cross-industry comparisons would illuminate the varied emotional demands of AI adoption. Healthcare and retail rely on empathy and optimism to maintain trust and engagement, while mining and finance depend more on attentiveness and discomfort to safeguard safety and fairness (Menges, 2016). Comparative data could provide leaders with sector-specific strategies for embedding emotional capability.

7.2 Emotional Signalling in AI-Enabled Work

Levitt et al. (2024) demonstrate that the timing and authenticity of leader emotional expression strongly shape team outcomes. Yet most research assumes co-located teams. In hybrid and remote environments, where AI often mediates communication, the dynamics of emotional contagion and interpretation shift. New approaches are needed to detect, interpret, and convey emotion through digital channels, and to ensure psychological safety when face-to-face interaction is limited. This is especially important as AI tools become routine intermediaries in team collaboration and customer engagement.

7.3 Developing Integrated Measurement Frameworks

Although frameworks like the HCS provide durable benchmarks (Bowles, 2022; Bowles & Wilson, 2025), integrated tools that measure both **capability proficiency** and **emotional culture outcomes** are still underdeveloped. The mappings in this paper (see Tables 2 and 3) offer a foundation for such tools by linking emotions to observable behaviours, HCS capabilities, AI-enabled scenarios, and measurable outcomes.



Table 6 Example of Empathy as a selected emotion

HCS Proficiency Level	Behavioural Indicators – Empathy in AI Context	Example in AI-Enabled Workplace
Foundational	Recognises own emotional responses; acknowledges others' feelings when prompted	Reads AI chatbot transcript before call, notes customer frustration but follows script
Intermediate	Proactively notices emotional cues; adapts tone or approach accordingly	Adjusts conversation when customer voice tone indicates confusion about AI-generated advice
Proficient	Anticipates emotional impact of decisions; balances task and relationship needs	Reframes AI output in plain language and empathetic tone to reduce anxiety in service context
Advanced	Integrates empathy consistently into decision-making; mentors others on emotional awareness	Coaches team on interpreting AI-assisted recommendations in ways that build customer trust
Expert	Shapes organisational emotional culture; influences AI system design to account for human emotional needs	Works with tech team to adjust AI interface based on emotional friction points reported by customers

A balanced framework should:

- Track both **positive emotions** (curiosity, optimism, empathy) and **productive negative emotions** (discomfort, frustration).
- Assess whether employees feel safe to challenge AI outputs without fear of repercussions.
- Correlate changes in emotional capability with outcomes such as customer satisfaction, error escalation, ethical reporting, innovation, and retention.

Such tools would allow organisations to baseline emotional capability, track its development over time, and connect improvements directly to ROI, resilience, and trust.

7.4 Future Directions

Strengthening this evidence base will advance academic understanding while giving leaders confidence that investments in emotional capability target the behaviours that matter most. For organisations, the message is already clear: emotional culture is not optional. It is the decisive factor that determines whether AI adoption becomes a source of resilience, innovation, and trust — or collapses under resistance, ethical lapses, and disengagement. As this paper has argued, you cannot claim to manage what you refuse to measure — and in the Age of AI, emotions remain the missing metric.

Evidence cited here is largely correlational. While associations between emotions, capability, and outcomes are strong, causal mechanisms require further testing through longitudinal and experimental designs. We encourage organisations to run local pre-post pilots with comparison groups, publish methods, and report both effect sizes and null results



8. Conclusion

AI will continue to expand across industries, but it will not determine organisational distinctiveness on its own. Platforms, tools, and data models can be purchased, copied, or replicated. What cannot be commoditised are the emotional foundations of human capability — the habits of trust, honesty, care, and resilience that shape how technology is used, not merely what it does.

This is why attention to emotions matters. Unlike technical skills, emotional capabilities cannot be standardised or “sheep-dipped” into a workforce. They emerge through culture, relationships, and lived experience. They provide the texture of competitive advantage that AI alone cannot replicate. Organisations that deliberately cultivate curiosity, empathy, optimism, attentiveness, confidence, and constructive discomfort secure more than efficiency. They gain resilience in uncertainty, collaboration across difference, and ethical clarity in high-stakes decisions.

By contrast, AI adoption without emotional capability creates workplaces that are technically sound but ethically fragile, efficient yet brittle, and innovative in process but hollow in purpose. Embedding emotional capability into strategy and governance ensures technology strengthens rather than erodes human connection.

The financial case reinforces the argument. Studies suggest that every \$1 invested in emotional intelligence yields a \$4 return (Cherniss, 2021). Emotional capability is therefore not only about wellbeing or ethics but a direct driver of measurable business outcomes. At the same time, emotional culture strengthens the “S” in ESG by providing a leading indicator of whether workplaces are inclusive, ethical, and resilient. This gives investors, regulators, and employees confidence that AI strategies are not just technically effective but also socially sustainable.

Ultimately, emotional culture delivers bottom-line value by generating a compounding return — the *Human Dividend* — realised when emotions consistently reinforce the capabilities and behaviours that sustain both culture and long-term performance. Competitive advantage in the Age of AI will not be determined by smarter machines, but by more human-centred ways of working. The organisations that succeed will be those that treat emotions not as distractions, but as strategic assets that make AI adoption resilient, ethical, and transformative.

Machines scale output. Emotions scale trust.



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Appendix

Selected Emotions

1. Curiosity - Why it matters:

Curiosity drives learning agility — the ability to explore, question, and adapt in the face of AI-driven change. Research on adaptive mindsets shows that curiosity fuels the search for new solutions and helps employees engage constructively with emerging technologies rather than resisting them (Bowles, 2022; Fredrickson, 2001).

Link to human capability:

Directly supports *Innovative Thinking*, *Adaptive Mindset*, and *Lifelong Learning* from the Human Capability Standards.

AI context example:

Curiosity employees are more likely to explore AI tools' potential, uncover unintended consequences early, and spot opportunities others miss.

2. Empathy - Why it matters:

Empathy is the anchor for trust, ethical decision-making, and customer connection — all of which become more critical when AI mediates human interactions. Menges (2016) notes that employees tailor emotional expressions to context; empathy ensures those expressions meet real needs.

Link to human capability:

Aligns with *Empathy*, *Cultural Awareness*, and *Ethics* from the HCS.

AI context example:

When an AI output is technically correct but emotionally tone-deaf, an empathetic employee can reframe it in a way that preserves trust and dignity.

3. Optimistic - Why it matters:

Optimism increases resilience during transformation and helps teams persist through setbacks. Fredrickson's broaden-and-build theory shows that positive emotions broaden cognitive resources, enabling more creative problem-solving (Fredrickson, 2001).

Link to human capability:

Supports Adaptive Mindset, Initiative and Drive, and Collaboration.

AI context example:

In a high-change AI rollout, optimism helps counteract fear of redundancy and promotes collective belief that the change can lead to better outcomes.



4. Attentiveness - Why it matters:

Attentiveness underpins accuracy, safety, and early detection of risks — especially important where AI decisions carry legal or ethical implications. Barsade (2002) shows that emotional contagion can shift group focus; attentiveness from leaders' cascades into more focused teams.

Link to human capability:

Reinforces Communication, Problem Solving, and Collaboration.

AI context example:

In AI-assisted medical diagnostics, attentiveness means catching anomalies that the algorithm may have overlooked or misclassified.

5. Confidence - Why it matters:

Confidence enables individuals to question AI recommendations, speak up about concerns, and take ownership of human oversight. Levitt et al. (2024) found that leader emotional expression can shape perceptions of social worth; confidence from leaders encourages the same in teams.

Link to human capability:

Connects with Leadership, Ethics, and Communication.

AI context example:

A confident analyst challenges a flawed AI-generated risk report and escalates it appropriately, preventing costly errors.

6. Discomfort - Why it matters:

Although often seen as negative, discomfort signals that something needs attention — it is the catalyst for growth, innovation, and ethical reflection. Menges (2016) warns against “blanket happiness” programs that suppress necessary emotions; controlled discomfort can push teams to address gaps and challenge assumptions.

Link to human capability:

Stimulates Critical Thinking, Problem Solving, and Adaptive Mindset.

AI context example:

Feeling discomfort about the bias in AI recruitment algorithms prompts investigation and redesign, improving fairness.

