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Antecedents of creative decision making in organizational crisis: A team-based simulation ☆

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Abstract

Although it has been claimed that the devastation and complexities that characterize an organizational crisis may be addressed most effectively with creative solutions, theoretical and empirical research examining this challenge is scarce. We developed a theoretical model concerning creative decision making during organizational crisis for crisis management teams. To test this theory, we collected data from 191 individuals in 37 teams who participated in multi-hour, multi-phased organizational crisis simulations in the United States and Canada. Using regression analysis, we found that crisis management teams generated a creative decision when they were familiar with solutions, trusted their team members, and had creative intentions. This study supports organizational efforts to leverage education, training and accountability to reinforce creativity in crisis decision making.
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Decision-making in times of organizational crisis is a matter of compelling public interest. Whether organizational crises arise from terrorist activity, executive malfeasance, environmental contamination or other triggers, ineffective decisions can exacerbate the impact of crises. Some recent crises include the 9/11 terrorist attacks, Hewlett-Packard's executive involvement in pretexting to spy on reporters and board

members, *E. coli* contamination in spinach from California, and the recall of Sony batteries for laptops. For three decades crisis management experts have called for creativity to improve crisis decision making [1–5], but theoretical development and empirical testing are scarce.

Conventional decision-making no longer suffices when an organizational crisis occurs. By "organizational crisis" (which we will use interchangeably with "crisis"), we mean a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect and means of resolution [1]. We know that decision makers face extraordinary challenges when their organization is in crisis: (1) information flows rapidly and sporadically [3,6]; (2) diverse stakeholders become involved [5]; (3) time is limited [7,8]; (4) crises may be a surprise or they could be anticipated [9–11], and (5) although timeliness is essential, decision quality cannot be sacrificed for the sake of speed [1,3]. Each of these challenges complicates decision-making.

We know some things about creativity that are germane to crisis management. Creativity has been shown to contribute substantially to organizational survival and effectiveness [12], which is extremely important in an organizational crisis. Creativity in one context does not necessarily generalize to another context, since creativity is socially constructed and context specific (e.g., [13,14]). Theory development and testing of creativity in crisis management teams is virtually nonexistent, and our study is exploring this important area.

In advance of an actual crisis, some organizations attempt to enhance their decision-making capabilities by engaging in crisis management (CM), a systematic attempt to avert crises or to effectively manage those that do occur [1]. Some organizations simulate crisis conditions [7]. Some create organizational crisis management teams (CMT) comprised of those who have the authority and responsibility to make decisions during an actual crisis. Through simulations and other CMT activities, members become mindful of the decision process as they develop strategies to overcome potential crisis pressures [2,6].

Organizational CMTs often proceed in a fashion similar to that of the creative approach to problem solving: they identify the problem, gather resources and information, generate ideas and solutions, and assess, modify and communicate their ideas and solutions [15,16]. However, how does the dynamic process of team interaction contribute to creativity [17]? Is the content of team interaction in crisis strongly related to the decision outcome (e.g., [18])? A crisis is a special type of problem for creativity [19]. When a crisis occurs, organizations must find a solution with actions that are acceptable to the decision makers. A creative solution must be generated by the CMT when pre-existing solutions do not meet the needs of the important, time urgent and uncertain situation. In short, those facing a crisis typically struggle to integrate originality and appropriateness.

Our purpose here is to examine factors that might influence creative decision-making within the pressing context of organizational crisis. To begin, we review literature from two areas of research: organizational crisis decision-making and creativity in decision-making. Then we propose and test hypotheses via an organizational crisis simulation involving CMTs.

1. Literature Review

1.1. Organizational crisis decision making

In pursuit of effective CM, organizations establish strategies and processes to enhance the rationality of decision-making during actual incidents [7]. A key variable in decision making is the level of trust among