Is it simply a matter of managerial competence? Interpreting Chinese executives' perceptions of crisis management

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ABSTRACT

Applying in-depth interviews with 22 Chinese executives, this study intends to interpret their perceptions of the four aspects of crises: causes, consequences, caution and coping. Findings suggest that the informants tend to blame external constituencies for frequent adverse events experienced by Chinese enterprises and equate crisis management with quick problem solving in which technical protection of corporate image via effective leadership is the top priority. Nonetheless, prescriptive lessons as presented in Western literature do occupy a position in the minds of Chinese executives. These lessons serve both as a counterpoint against which a desirable mode of crisis management in China is articulated and as a representation of personal aspiration that will remain an ambition as long as the Chinese economy has not passed certain hurdles in development. Based on the insights gained, we put forward an alternative way of thinking about crisis management, i.e., a manager's self-positioning within the larger socio-economic context rather than managerial competence defines what constitutes perceived meaningful forms and processes in which unfavourable circumstances are contained or handled.

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Top managers' perceptions of their own business, task environment, crisis and activities for preventing or coping with crisis situations profoundly affect their organisations' practice of crisis management (Hynes & Prasad, 1997; Pearson & Clair, 1998; Penrose, 2000). As research (Pauchant & Mitroff, 1992) shows, managerial views may be faulty, thus shackling an organisation's crisis management efforts. However, some important questions in this regard remain unanswered. One such question would be whether that a business leader's views are defective from an academic perspective is due to his/her limited knowledge of the advocacy efforts of academic researchers or whether this is a reflection of substantial differences between the thoughts of professionals and those of academics regarding how organisations achieve advantageous positions in the face of misfortune. If the latter is the case, then what are the contextual factors that have shaped the managerial mentality? In other words, on the side of management, what rationale provide justification for those beliefs, which are criticized as diverging from what prescriptions say about crisis prevention and resolution?

In this study, we intend to shed some light on the above questions by deciphering the perceptions of Chinese top managers on the topic of crisis management. Drawing on Shrivastava's (1993) "4Cs" framework, we focus on informants' thoughts on the four facets of crisis: cause, consequence, caution and coping. The central concern is to explicate why Chinese executives think in the manner that they do. With this departure from the traditional prescriptive approach to crisis management (Kovoor-Misra, Zammuto, & Mitroff, 2000), the spotlight is turned from an organisational function to the subjective world of

those individuals who play a key role in enacting the function. Based on the insights gained, we put forward an alternative way of thinking about crisis management, i.e., managers' self-positioning in the larger socio-economic context rather than managerial competence defines what constitutes perceived meaningful forms and processes in which adverse circumstances are contained or handled.

In the following presentation, we begin with a brief introduction of theoretical considerations that support a necessary examination of perceptual foundations for the practice of crisis management. We next describe the method of data collection followed by a presentation of the findings. In our discussion, we consider why normative approaches to crisis management seem to be admirable in the eyes of Chinese executives and yet fail to strike a chord when connected to the real battles on the ground in China. In our conclusion, we address the implications of our study and its limitations.

At the outset, it is useful to clarify the reason for the treatment of the concept of organisational crisis in this research. There are two broad types of organisational crisis identified in the literature. The first type consists of "a low-probability, high-impact event that threatens the viability of the organisation and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly" (Pearson & Clair, 1998, p. 60). Researchers (e.g., Coombs, 1999; Coombs & Holladay, 1996; Lerbinger, 1997; Pearson & Clair, 1998) further classify events that fit this definition into more specific smaller categories such as disasters, accidents and rumour, to name a few. While the exact number of categories varies, each categorisation reflects a similar focus on a sudden incident. The second type of crisis, termed "lingering crisis" by DeVries and Fitzpatrick (2006), refers to a series of events occurring over an extended timeframe causing substantial damage to an organisation through the loss of stakeholder support.

In this study, we did not commit to the examination of either of the two types of crisis prior to the field interviews. We also did not specify to the informants which category of unexpected events to address in the process of data collection. This decision was a necessary choice that fit with the exploratory nature of the study. The broad issue taken here is the perceptual ground of crisis management. The main concern is to reveal the underlying contextual factors at a socio-cultural level. To echo Adler and Adler (1998) and Altheide and Johnson (1998), given the scarcity of research on the focal phenomenon, it would be more appropriate to maintain an emergent perspective in order to generate insights on the nature of the phenomenon that is yet to be theorized. In the naturalistic tradition (Lincoln & Guba, 1985) that values the definition of the situation (Hammersley, 1992), a faithful account of the crisis categories evoked in informants by the general term of crisis management and the interpretation of how informants consider coping with such events may be more informative than findings on any single pre-determined crisis type.

1. Theoretical considerations

1.1. Crisis management from an organisational culture perspective

Crisis plans, crisis teams and communication guidelines have long been emphasized as key factors affecting whether an organisation hit by a threatening event would succeed in coping with a crisis situation. Recent research (King, 2002; Marra, 1998; Penrose, 2000; Ray, 1999; Wise, 2003) suggests that such technical preparations for crisis would be of limited use if they do not coincide with an organisation's culture. Although the research offers no particular definition of organisational culture, in using the term, researchers seem to refer to both organisational members' shared beliefs, assumptions and expectations and their collective behaviour patterns, which relate to crisis and crisis management. For instance, along the line of exploring the influence on crisis management by intangible factors, Penrose (2000) investigated how executives' perception of crisis as an opportunity or a threat affected their organisation's willingness to engage in crisis management initiatives. Wise (2003) examined how an organisation's open style of communication with internal stakeholders led to effective handling of a negative incident, and Marra (1998) studied how managers' treatment of crisis communication plans as a simple and singular solution contributed to failure in crisis management.

In the typology developed in organisational culture studies (Mohan, 1993; Schein, 1992), the focal concern in the above cultural approach to crisis management is the ideational foundation for an organisation's behaviours. One building block for this foundation is organisational members' assumptions and values (Liu, 2006). The former constitutes the tacit beliefs that organisational members hold about themselves, their relationship to others and the nature of their organisation. The latter is distinguishable by the goals and standards representative of the organisation's normative perceptions of the preferred means of solving problems within the organisation. Together, these beliefs and perceptions determine the more overt aspects of the organisation such as its policies, procedures, the implementation of its policies and procedures as well as other external oriented organisational behaviour (Schein, 1992).

From an organisational culture perspective, related assumptions and perceptions of its members deserve to be treated as a proper starting point to scrutinize the subtle and intangible forces behind either the success or failure of a 'crisis hit' organisation's effort to carry itself through difficult times. Due to the impact on organisational culture by the mindset of top managers (Bennis & Nanus, 1985; Martin, 2002; Schein, 1992), executive perceptions would be particularly worthy of in-depth examination. In order to bring into perspective the opinions of top management with regard to crisis management, our study poses the question: what is it about crisis management that executives perceive in one way or another that plagues or strengthens their organisation's management of threatening situations?