Toward an Understanding of When Executives See Crisis as Opportunity

Joel Brockner
Columbia University

Erika Hayes James
University of Virginia

Whereas it has long been noted that crises may be sources of opportunity for organizations and their constituents, relatively little is known about the conditions under which executives come to perceive crises as opportunity. The authors delineate some factors that affect the tendency of executives to adopt a "crisis as opportunity" mindset as well as the behavioral concomitants of their having done so. The analysis also includes a future research agenda, a consideration of some of the challenges in enacting that agenda, and a few suggested ways to overcome those challenges.

Keywords: *crisis management; leadership; learning; resilience; positive organizational psychology*

In 1993, a bacterial epidemic at a restaurant chain killed three toddlers, left 300 others with a severe case of food poisoning, contributed to the downgrading of the company's debt to junk bond status, and over the course of 2 years led to company losses in excess of $138 million. As a result, the Jack-in-the-Box chain of restaurants nearly collapsed. More than a decade later however, the Jack-in-the-Box chain is at the top of its industry, having developed new systems and technologies in response to its crises that created opportunity for them to operate differently and better. How did this organization not only survive but also thrive following this crisis?

Crises are defined in The American Heritage Dictionary (2000) as "unstable conditions, as in political, social, or economic affairs, involving impending abrupt or

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decisive changes." Management scholars also have articulated the main ingredients of crises. Specifically, an organizational crisis (a) is a highly ambiguous situation (Dutton, 1988), (b) has a low probability of occurring (Shrivastava, Mitroff, Miller, & Miglani, 1988), (c) offers little time to respond (Quarantelli, 1988), (d) often comes as a surprise to organizational members (Hermann, 1963), and (e) requires a decision or judgment intended to improve the organization (Aguilera, 1990). Thus, crises may be watershed events for organizations. They typically pose challenges in which much is at stake (economically, socially, and psychologically) for many constituencies (the organization, its members, and the parties who interact with the organization such as customers, suppliers, and communities) in both the short and long term. Furthermore, crisis management is extremely difficult. In the face of great uncertainty, and often with precious little time in which to respond, executives have to take action; doing nothing typically is not an option in crisis situations.

Given the stakes of crises and the challenges associated with their management, it is both theoretically and practically important to understand the conditions under which they are handled more versus less effectively. Whereas existing frameworks on crisis management have made some headway (Mitroff, Pauchant, & Shrivastava, 1988; Pearson & Clair, 1998; Shrivastava, 1993), they have had relatively little to say about when executives come to perceive crises as sources of opportunity. Accordingly, the present article is designed to redress this deficiency.

Our working assumption is that crises have the potential to be a catalyst for positive organizational change. That is, if handled appropriately, crises may leave the organization or its constituents better off than they were beforehand. Of course, we are hardly the first to observe that crises are sources of opportunity. For example, expressions such as "when life gives you lemons, make lemonade" are a common part of the English vernacular. Similarly, in the Chinese language the identical characters are used to refer to crisis and to opportunity. Whereas the notion that crises provide opportunity is not new, much less is known about the factors that lead executives to be more versus less likely to perceive crises as opportunities.[1]

From a scholarly perspective, the current article is squarely embedded in the burgeoning literature on positive organizational scholarship (POS), which is "based on the premise that understanding how to enable human excellence in organizations will unlock potential, reveal possibilities, and facilitate a more positive course of human and organizational welfare" (Cameron, Dutton, Quinn, & Spreitzer, 2006). One particularly important subarea of POS is positive organizational change, the very topic

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Joel Brockner is the Phillip Hettleman Professor of Business at Columbia Business School. His areas of interest include organizational justice, self-processes in organizations, and decision making.

Erika Hayes James is the Bank of America Associate Professor of Business Administration and the Associate Dean for Diversity at the University of Virginia Darden Business School. Her research interests include organizational crises and crisis management, workplace diversity and discrimination, organizational learning, and leadership.

of this issue. We are not suggesting that crises are a necessary precondition for positive organizational change. After all, positive organizational change may even be engendered in the face of a satisfactory status quo, in which executives proactively take steps to push their organizations to even greater heights. However, a well-handled crisis (e.g., in which executives perceive the opportunity it affords) may be one way to bring about positive organizational change. Thus, by delineating the factors that lead executives to perceive opportunity in crisis, we hope to contribute to a better understanding of one noteworthy form of positive organizational change.

The present analysis also builds on prior theory and research concerned with the framing and interpretation of strategic issues. Dutton and Jackson (1987) suggested that decision makers' cognitive processing of (and their organizations' responses to) strategic issues such as crises are affected by whether they frame them as threats or as opportunities. Taylor (1989) and Milliken (1990) found, for example, that when decision makers framed strategic issues as opportunities they felt more control and less uncertainty than when those same issues were framed as threats. The opportunity frame also led to an enhanced likelihood that executives would engage in strategic change initiatives, presumably because they felt more confident about the outcomes of their decisions (Milliken, 1987). In contrast, issues framed as threats resulted in actions associated with cost cutting, budget tightening, and other restrictive activities (Starbuck & Hedberg, 1977). Thomas, Clark, and Gioia (1993) also demonstrated that the framing of strategic issues influences organizational performance. In a study of sense-making processes within hospital settings, Thomas et al. found that when issues were framed positively, managers added products and services to their hospital's offerings, which in turn was associated with better hospital performance.

Whereas the aforementioned studies examined the consequences of executives' perceptions of strategic issues as threats or opportunities, there has been less emphasis on the factors that lead executives to perceive crises as threats or as opportunities. To be sure, Dutton and Jackson (1987) examined how characteristics of the issues influenced the likelihood of their being perceived as threats or as opportunities. Our analysis also considers the characteristics of crises as one type of antecedent, but they are not the only type that we consider. As suggested in the following, factors residing in the organizational context and factors residing within executives' dispositions also may influence their tendencies to perceive crises as sources of opportunity.

Moreover, our focus is on when executives make the transition from perceiving crises as threats to perceiving them also as opportunities. The word *also* in the previous sentence is noteworthy. We do not view the framing of crises as threats and opportunities to be mutually exclusive. The threats associated with crises are very real and need to be dealt with, and to imply otherwise would be quite misleading. Thus, our framework has a dynamic flavor to it, in that we suggest that executives are initially likely to focus on the threat(s) in crises; however, under certain conditions (elaborated on in the following), they may come to perceive crises as sources of opportunity.

Beneficiaries and Types of Opportunities

Individuals (e.g., those responsible for handling crises) and organizations may be the beneficiaries of the opportunities in crises. For the crisis handlers, opportunity may come in the form of an enhanced reputation and with that, greater power and influence (e.g., former New York City Mayor Rudolph Giuliani for his handling of the 9/11 tragedy). For organizations, opportunity may manifest itself in the form of new systems or technologies that may not have come to fruition as quickly, or at all, in the absence of the crisis. As Intel's Andy Grove put it, "There is at least one point in the history of any company when you have to change dramatically to rise to the next performance level. Miss the moment and you begin to decline. . . . Emotionally, it's easier to change when you are hemorrhaging" ("The Ambidextrous Organization," 1997, p. 44).

Events at the Denny's restaurant chain show how crises may lead to positive organizational change. Following allegations of racial discrimination and a high-profile class action lawsuit, Denny's revamped its customer and employee service models and in so doing made a number of cultural and structural changes. Subsequent to the implementation of these changes, Denny's has been ranked first in *Fortune*'s "Best Companies for Minorities." The Denny's example also shows how the same crisis may create opportunity for multiple beneficiaries, such as employees (who were subsequently treated more fairly), minority suppliers and vendors (who became more likely to be considered by the company), and the company as a whole (whose enhanced reputation led prospective employees to be more likely to select Denny's over its competitors for employment; James & Wooten, 2005).

Furthermore, opportunities emanating from crises fall into two broad types. On one hand, opportunity may be realized if organizations can reduce the frequency, likelihood, or impact of a negative occurrence, for example, if in managing the crisis leaders eliminate conditions that detract from their firm's ability to compete or if they make changes that make future crises less likely to recur. On the other hand, opportunity may be realized if organizations can enhance the frequency, likelihood, or impact of positive events. For example, as Grove's comments imply, in managing crises leaders may be able to introduce changes that have the effect of enhancing organizational performance.

An Overview of What Follows

Our analysis is based on the assumption that at the outset of crises executives perceive them as threats. Indeed, much of the prescriptive writing on crisis management has focused on how companies may best deal with crises in the short term, in the form of various "damage control" activities (Coombs, 2004; Coombs & Holladay, 2002; Fombrun, 1996). As important as these short-term, damage control activities may be however, they are not our primary concern. Rather, we focus on the factors that cause executives to ultimately perceive the opportunity associated with crises, thereby setting the stage for positive organizational change.

We suggest that whether executives make the transition from perceiving crisis as threat to perceiving it also as an opportunity is affected by two sets of variables. The first set pertains to whether executives exhibit a general tendency to engage in reflection and learning. These factors are general in the sense that they may influence learning in a variety of situations including but not limited to crises. For example, we expect that executives with a reflection/learning mindset also will have a better understanding of the factors responsible for their organization's successes, thereby enabling them to build even further upon successful organizational outcomes. Furthermore, we posit that executives' tendencies to reflect and learn are jointly determined by organizational and individual factors.

The second set pertains to factors that are more specifically tied to crisis situations. Here, we draw on expectancy theory to posit that executives' beliefs about the value and attainability of the potential opportunities in a given crisis situation affect the likelihood that those opportunities will be perceived. We also identify a host of antecedents of executives' beliefs about the value and attainability of the opportunity in crises. These include not only organizational and individual variables, as in the case of reflection and learning, but also factors related to the crises themselves. Note that our two sets of variables (those pertaining to a general tendency to reflect and learn and those pertaining specifically to crises) are consistent with well-established psychological conceptions that posit people's beliefs and behaviors are the result of both general and specific inputs into their motivation and ability (e.g., Spielberger, 1983).

Another important purpose of the present analysis is to delineate executives' behavioral manifestations of perceiving opportunity in crises. The perception of opportunity resides in executives' minds. For both theoretical and practical reasons we need to discern whether they are acting on those perceptions. Thus, by delineating the behavioral manifestations of executives perceiving opportunity in crises, we illustrate what positive organizational change entails, that is, what executives who perceive crisis as opportunity actually do. It should also be noted that whereas our analysis throughout is at the individual level, in that we examine the psychological and behavioral tendencies of executives who deal with crises, we consider how those tendencies may be affected by both individual- and organizational-level variables.

The remainder of the article consists of four sections. We begin by briefly reviewing previous research concerned with how people respond to threat, which is the overriding perception that managers maintain at the outset of a crisis. A common theme underlying the various reactions to threat is that they often (though not always) make executives unlikely to perceive the opportunity in crises. In the second section, we suggest that managers may make the transition from perceiving crises as threats to perceiving them also as opportunities, depending on both situational and dispositional factors. In the third section we attempt to answer the following question: How can it be determined whether executives have perceived a crisis as an opportunity? Here, we discuss some of the behavioral manifestations of organizational authorities adopting a crisis as opportunity mindset. Sprinkled throughout the first three sections are propositions and other observations that form the basis of a future research agenda. Lastly, we present some implications of our analysis, along with some of the methodological challenges that future researchers are likely to encounter, as well as a few suggested ways to meet those challenges.

RESPONSES TO THREAT: A BRIEF REVIEW

Emotional Reactions to Threat

Crises are initially likely to be perceived by business leaders as threats to organizations and their stakeholders. Therefore, it may be instructive to draw on the vast psychological literature on how people respond to threatening circumstances, crisis induced or otherwise. Although a comprehensive review of this research is beyond the scope of this article, several basic principles are relevant to our analysis. First, decision makers have a natural proclivity to conceptualize external stimuli in relatively negative or positive ways (Arnold, 1960; Cacioppo, 1999). In organizational settings for example, leaders generally frame stimuli as threats or as opportunities (Dutton & Jackson, 1987; Jackson & Dutton, 1988). Second, these stimuli elicit emotional and behavioral responses (Janis, 1958; Smith, Haynes, Lazarus, & Pope, 1993) such that stimuli that are appraised negatively (e.g., a crisis framed as a threat) elicit different reactions than events that are appraised more positively (e.g., a crisis perceived to be an opportunity). Third, the emotions elicited by negatively appraised events include anger, anxiety, guilt, and depression (Smith & Ellsworth, 1985), depending on the nature of the appraisal. For example, according to Smith and Ellsworth (1985), threats perceived to be caused by other people elicit the emotion of anger, which is the feeling that gripped many Americans in the aftermath of the tragedies of September 11, 2001. Alternatively, threats perceived to result from one's own behavior elicit guilt (Smith & Ellsworth, 1985). Finally, threats resulting from acts of nature (e.g., the tsunami that struck Asia in December 2004 or Hurricane Katrina that hit the Gulf Coast region of the United States in 2005) may elicit feelings of anxiety, hopelessness, and despair, as people contemplate the randomness of the event as well as the enormity (and perhaps the infeasibility) of the rebuilding effort.

Because the threat imposed by crises tends to be severe, the negative emotional reactions elicited by them also may be quite pronounced. Furthermore, whereas the negative emotions elicited by severe threats such as crises may differ, they may have the common consequence of making decision makers less apt to perceive opportunity in crises. For example, guilt may cause executives to become preoccupied with defending themselves or with protecting their self-esteem, whereas depression generally causes people to withdraw into themselves; both tendencies are hardly recipes for perceiving the opportunity in crises. Moreover, in a prominent multilevel formulation of responses to threat, Staw, Sandelands, and Dutton (1981) theorized about how organizations, and the people and groups that comprise them, react to the stress and anxiety elicited by the interpretation of strategic issues as threats. In their influential threat-rigidity model, Staw et al. posited that stress and anxiety give rise to a restriction in the amount of information that is processed and also to a restriction in how that information is processed. Thus, following a crisis, organizational decision makers become less open to information that differs from traditional ways of thinking about problems. In addition, stress and anxiety lead to a constriction in control such that individuals adopt well-learned or habitual behaviors. Given the salience of the perception of threat in crises (which elicits a preoccupation with doing damage control), executives may be unlikely to recognize crises as sources of opportunities.

Behavioral Responses to Threat

The impression management literature articulates how people try to affect the views that others have of them so as to be judged favorably (Goffman, 1959; Leary &

Kowalski, 1990; Rosenberg, 1979). Impression management tactics are particularly relevant when people experience threats to their image as a result of accidents, mistakes, or failures. Examples of some of the most common forms of impression management include defenses of innocence (Schlenker, 1980), denials (R. L. Higgins & Snyder, 1989), excuses (Schlenker, 1982), and apologies (Benoit, 1995; Goffman, 1971). Early impression management researchers focused on identifying and categorizing individual-level impression management tactics (see Schlenker & Weingold, 1992, for a review). Other scholars have theorized about organizational impression management tactics (e.g., Elsbach, 1994; Elsbach & Sutton, 1992; Sutton & Callahan, 1987), which represent tailored communications or other behaviors designed to respond to image-threatening events (Schlenker, 1980). Because crises pose a threat to the image (and hence to the effectiveness or even to the survival) of the organization as a whole, they lead to activity designed to minimize the negative effects of crises on how the organization and its members are seen by relevant audiences. To the extent that impression management tactics elicited by the perception of threat tend to be defensive in nature, they are also unlikely to foster in executives' minds the belief that crises provide opportunity. In short, prior theory and research on people's emotional and behavioral responses to threat suggest that executives often will be relatively unlikely to perceive opportunity in crises.

THE PSYCHOLOGY OF CRISIS RESPONSE: TRANSITIONING FROM PERCEPTION OF THREAT TO PERCEPTION OF OPPORTUNITY

Whereas executives often may fail to perceive opportunity in crises, this is not always the case. In this section we delineate the factors that affect whether executives make the transition from perceiving crises as threats to seeing them also as opportunities. A summary of our analysis is provided in Figure 1, in which we focus on factors intervening in between the onset of crises (the starting point of our analysis, as seen on the left hand side of the figure) and the realization of opportunities (the ending point of our analysis, as seen on the right hand side of the figure).

Note that decision makers' emotional and behavioral responses to crises set forth previously tend to be antithetical to those needed for learning and ensuing creativity to occur (Amabile, 1996). Put differently (and more optimistically), crises are more apt to be seen as sources of opportunity when organizational decision makers adopt a learning orientation (Wooten & James, 2004). Organizational learning is an adaptive process in which firms use prior experience to develop new routines or behaviors that create opportunities for enhanced performance (e.g., Glynn, Lant, & Milliken, 1994; Levinthal & March, 1988). Crises can serve as the kinds of experiences from which learning and the subsequent potential for opportunity are generated (Sitkin, 1992).

Whereas conventional wisdom suggests that failures (such as crises) are to be avoided, Sitkin (1992) posited that the absence of failures may present a number of challenges to organizations. Among these are complacency and the perpetuation of the status quo (Kahneman & Tversky, 1979; Sitkin & Pablo, 1992), along with homogeneity among organizational members, and rigidity in the routines and processes

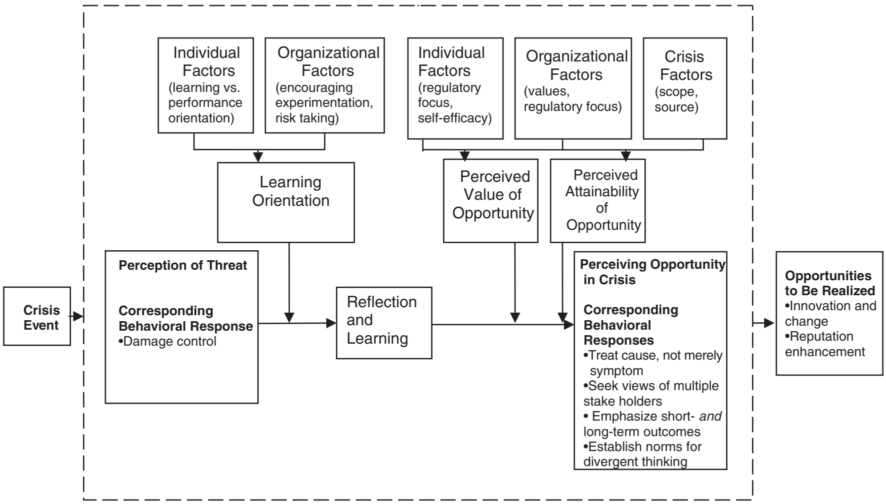

FIGURE 1: Framework of Executives' Perceptions of Crisis as Opportunity

through which organizations seek to achieve their goals. Inherent in these liabilities is a shortfall in organizational learning. Like Sitkin, we believe that executives' capacity to engage in reflection and learning is critical to an organization's growth and development. More specific to the present context, executives who engage in reflection and learning subsequent to their initial threat-induced reactions are more likely to perceive opportunity in crisis.

Beyond Damage Control:
Getting to Reflection and Learning

If the presence of a learning orientation affects whether organizational leaders make the transition from perceiving crisis as threat to perceiving it also as opportunity, then it is important to delineate the antecedents of their learning orientation. We suggest that both organizational characteristics (e.g., shared values and beliefs) and individual characteristics (e.g., dispositional factors) affect executives' learning orientation in the face of crises.

Organizational characteristics. Sitkin (1992) argued that under certain conditions organizational failures (including but not limited to crises) elicit a variety of learning-based benefits to organizations, such as increased resilience and a heightened understanding of the reasons for their poor performance. For example, he argued that "intelligent failures" are more likely to occur when organizations are outcome focused and process focused. Moreover, Sitkin suggested that learning is more likely to occur in organizations that legitimate organizational failure. Such organizations (a) encourage individuals to engage in thoughtful experimentation and risk taking and (b) publicize intelligent failure. Furthermore, Sitkin suggested that organizations' systems are a key component of their learning orientations. For example, Pham and Swierczek (2006) found that an organizational incentive system that provided rewards for employee engagement in learning and knowledge-related activities was positively related to an organization's learning climate.

Proposition 1: Executives will be more likely to make the transition from perceiving crises as threats to perceiving them also as opportunities when their organizational context supports reflection and learning.

Individual characteristics. In addition to organizational characteristics, executives' dispositions may influence their learning orientations. As Dweck and colleagues (Dweck, 1999; Dweck & Leggett, 1988) suggested, people differ in their orientation toward achievement. Those with a learning orientation strive to develop competence by acquiring new skills and mastering new situations (Dweck, 1990). They are motivated by the learning process and by the opportunities for growth and development that it provides. Alternatively, performance-oriented people are motivated to learn primarily to gain favorable judgments of their competence or to avoid unfavorable judgments (Diener & Dweck, 1978, 1980). Whether people are dispositionally inclined toward learning or performance has been found to predict differential patterns of emotional and behavioral responses to threats (Dweck, 1999). Cron, Slocum, VandeWalle, and Fu (2005) found that having a learning orientation elicited more adaptive responses to adverse conditions. For example, learning-oriented people were not easily discouraged by challenges, and setbacks and failure did not keep them from the pursuit of new knowledge. Such findings may be particularly relevant to whether leaders will engage in reflection and learning subsequent to the initial responses to crisis and thereby make the transition from perceiving crisis as threat to perceiving it also as an opportunity.

Proposition 2: Executives who are more dispositionally inclined to have a learning orientation are more likely to perceive crisis as opportunity, relative to their counterparts who are more dispositionally inclined to have a performance orientation.

Whereas Propositions 1 and 2 posit separate main effects of organizational and dispositional sources of learning orientation on executives' tendencies to perceive opportunity in crises, we also believe that it would be worthwhile to examine the interactive relationship between organizational and dispositional sources of learning. Theory and research have shown that people are more energized and engaged when their work environments support problem-solving orientations that are congruent rather than incongruent with their own (e.g., E. T. Higgins, 2000). Whereas the problem-solving orientation examined by E. T. Higgins (2000) was based on people's regulatory focus (a construct to be defined in the following), it is entirely possible that conceptually analogous findings may emerge for people's learning orientations.

Proposition 3: The hypothesized positive relationship between an organizational context that supports learning and executives' tendencies to perceive opportunity in crises set forth in Proposition 1 should be stronger among executives with more of a dispositional orientation towards learning.

The Jack-in-the-Box case provides an example of how the learning process (whether situationally or dispositionally produced) may manifest itself in response to crisis. After the deaths and illnesses at Jack-in-the-Box, the company called in an outside expert (a microbiologist) to specify every point in its workflow in which bacterial contamination could occur. The analysis began with the company's suppliers. If a supplier's products were contaminated on more than one occasion, the supplier was dropped. Furthermore, daily tests were conducted on cooking systems and on cooking sample products. They even went as far as checking every cooked patty before removing it from the cooking grill. As the microbiologist put it, "Laws do not make food safe. Companies make it happen with extra focus and effort" (Entine, 1999). The company buttressed its hard-nosed analysis of its workflows with a symbolic gesture indicating a radical change in its corporate culture, in advertisements in which "Jack" was shown blowing up the company headquarters. The company could have merely adopted a damage control stance by, for example, implementing a public relations strategy to convince prospective customers of its food safety. Instead, company leaders adopted a learning orientation that resulted in technological innovations in food handling.

Perceiving the Opportunity in Crises: A Multifactor Approach

Whereas having a learning orientation generally makes leaders more likely to perceive opportunity in crises, other factors more specifically related to crises also will affect their likelihood of doing so. Drawing on motivation theory that posits that beliefs and behaviors are a function of what people value and what they expect (e.g., Vroom, 1964), we hypothesize that perceiving the opportunity in crises is a function of decision makers' perceptions of the value of the opportunity in crises as well as their expectations for success (i.e., the perceived likelihood that the opportunity will be attained). The greater the perceived value and the greater the expectations for success, the more likely are executives to perceive the opportunity in crises.[2]

The value assigned to the opportunity in crises and the expectations about being able to realize the opportunity in turn may be influenced by a host of factors, some pertaining to characteristics of the executives, some pertaining to properties of the crises, and others pertaining to the organizational context in which the crises occur. For example, properties of the crises and of the organizational context (in conjunction with one another, as we will argue in the following) may affect the value that leaders assign to a particular opportunity. Recall that the opportunities in crises fall into two distinct categories. In some instances the opportunity is to reduce the likelihood, frequency, or severity of events that may affect organizations negatively. For example, in responding to allegations of widespread racial discrimination, Texaco implemented a series of measures to prevent subsequent charges, including implementing a diversity supplier program and working with prominent consultants and diversity advocates to make changes in their human resources and compensation practices (James & Wooten, 2006).

In other instances the opportunity is to increase the likelihood or impact of events that affect organizations positively. Hence, a crisis may be used by executives as an impetus for creativity and innovation. Presumably, creativity and innovation should be ongoing organizational practices and outcomes. However, without the sense of urgency elicited by a crisis, organization members may not be sufficiently motivated to think and act creatively. In this instance, the changes made by the organization do more than reduce the likelihood of negative outcomes. They may actually enable the organization to reap additional benefits, such as enhancing its reputation, increasing the profitability of its existing lines of business, or gaining traction in hitherto untapped markets and customers. The positive organizational changes that can result from crises are akin to episodic changes as described by Weick and Quinn (1999). In fact, according to these authors, episodic organizational changes routinely occur in the context of some form of event that threatens the organization (e.g., crises).

Perhaps no organization embodies the notion of having seized the positive form of opportunity from crisis more than Johnson & Johnson (J&J). Following two incidences of product tampering in 1982 and 1986, in which an unknown number of individuals consumed Tylenol capsules laced with cyanide, resulting in eight deaths, J&J voluntarily recalled the product. In so doing, they took a $100 million charge against earnings. The crisis was a risk not only to J&J's financial standing but also to its reputation. However, due to extraordinary crisis handling, the company was able to reintroduce Tylenol in the form of caplets and to pioneer tamper-resistant packaging. Subsequently, J&J became the market leader in the sale of analgesics and has consistently won awards such as "Most Admired Pharmaceutical Company" and "Best Corporate Reputation."

Whereas executives are more likely to perceive opportunities having greater perceived value, how much they covet a particular opportunity may also depend on their own or their organization's values. Recent motivation theory suggests that people engage in self-regulation (the process of trying to match behaviors and self-conceptions with appropriate goals and standards) in two very distinct ways: with a promotion focus or with a prevention focus (E. T. Higgins, 1998). Promotion and prevention foci differ along three dimensions: (a) the needs that people are seeking to satisfy, (b) the nature of the goal or standard that people are trying to achieve or match, and (c) the type of outcome that is salient or meaningful to them. When promotion-focused, people's growth and development needs motivate them to try to bring themselves into alignment with their ideal selves (hopes, wishes, and aspirations), thereby heightening the salience of positive outcomes (to be attained). When prevention-focused, people's security needs drive them to attempt to bring themselves into alignment with their ought selves (felt duties, obligations, and responsibilities), thereby increasing the salience of negative outcomes (to be avoided). Put differently, promotion focus induces a self-regulatory process characterized by "playing to win," whereas prevention focus elicits a self-regulatory process described as "playing to not lose." E. T. Higgins (1998) convincingly demonstrated that promotion and prevention foci are stable individual difference variables and that they also are influenced by situational factors. Therefore, dispositional differences between executives as well as factors residing within organizations may influence the extent to which executives value promotion and prevention.

Brockner and Higgins (2001) considered how organizations differ in the extent to which they value promotion versus prevention. Some organizations have more of a promotion-focused mission (e.g., entrepreneurial start-ups, which often reflect the vision, dreams, and ideals of their founders), whereas others have more of a prevention-focused purpose (e.g., utility companies whose goal is to "keep the meters running" by preventing power outages). Whether organizational decision makers value promotion or prevention lends greater specificity to the hypothesized relationship between the value of the opportunity associated with a crisis and executives' tendencies to perceive the opportunity.

Proposition 4a: When the type of opportunity in a crisis is congruent with the type of regulatory focus (that is, promotion or prevention) favored by executives within the organization, executives are likely to assign greater value to the opportunity, which in turn will make them more likely to perceive the opportunity.

Proposition 4b: When the opportunity type entails decreasing the likelihood or impact of events that affect organizations negatively, the opportunity is more likely to be perceived by executives who are dispositionally or situationally inclined to be prevention focused.

Proposition 4c: When the opportunity type entails increasing the likelihood or impact of events that affect organizations positively, the opportunity is more likely to be perceived by executives who are dispositionally or situationally inclined to be promotion focused.

Perceived attainability. Leaders' tendencies to perceive opportunity in crises also depend on their beliefs about the attainability of the opportunity. At the individual level, a variety of constructs have been shown to influence people's expectations for success at their endeavors, including self-efficacy (Bandura, 1997), attributional style and optimism (Seligman, 1990), and outcome expectancy (Scheier & Carver, 1985). For example, self-efficacy (which refers to people's beliefs about their capabilities to perform needed behaviors) determines how people feel, think, and motivate themselves (Bandura, 1994). People with a strong sense of self-efficacy are more confident of their abilities to handle difficult situations and tend to view these situations as challenges to be overcome rather than as threats to be avoided. In this way, self-efficacy may play an important role in whether leaders believe they can attain the opportunity inherent to a crisis.

Beliefs about attainability also may be affected by attributes of the crisis and by the organizational context in which the crisis occurs. Certain crises have such a wide scope that it is difficult to see the potential for opportunity, let alone work toward trying to achieve it. For example, the likelihood of successfully building a new infrastructure in tsunami-ravaged Asia seems remote given the amount of territory and the number of people who were devastated by it. Likewise, organizations in the Gulf Coast region of the United States have encountered difficulty in the task of business continuity or rebuilding in light of the devastation caused by Hurricane Katrina. In contrast, the rebuilding effort at Jack-in-the-Box, although heroic in its own way, was far more attainable given the more limited scope of the crisis.

Executives' beliefs that they can attain opportunity from crisis may also be affected by the source of the crisis, that is, whether the organization was responsible for the crisis or whether the organization was the victim of unfortunate events. Coombs and colleagues (Coombs & Holladay, 2002; Coombs & Schmidt, 2000) found that the more the organization was seen as responsible for a crisis situation, the more damage was done to its reputation. Similarly, research shows that organizations with a history of related crises elicit more negative perceptions of their reputations (Coombs, 2004; James & Wooten, 2005). The more organizations are seen as responsible for their crises, the less likely are executives to perceive a possibility of attaining opportunity from crisis.

Finally, beliefs about the attainability of opportunity also may depend on the organization's culture (i.e., its shared values or beliefs). Organizational cultures differ along efficacy dimensions in much the same sense that individuals differ. For example, Bandura (1997) defined collective efficacy as "a group's shared belief in its conjoint capabilities to organize and execute the courses of action required to produce given levels of attainments" (p. 477). Just as individual self-efficacy may influence people's beliefs about the attainability of difficult challenges (e.g., perceiving the opportunity in crises), so too may the collective efficacy residing within the culture of the group or organization.

Proposition 5a: The greater the perceived attainability of the opportunity in crises, the more likely are executives to perceive the opportunity.

Proposition 5b: The greater the executives' self-efficacy, the more likely they are to perceive the opportunity in crises as attainable.

Proposition 5c: The narrower the scope of the crisis (e.g., crises that are less severe or less public), the more likely are executives to perceive the opportunity as attainable.

Proposition 5d: The less an organization is perceived to be responsible for a crisis, the more likely are executives to perceive the opportunity in crises as attainable.

Proposition 5e: The more that the organization's belief system fosters an optimistic ("can-do") attitude on the part of its employees, the more likely are executives to perceive the opportunity in crises as attainable.

BEHAVIORAL MANIFESTATIONS OF PERCEIVING CRISIS AS OPPORTUNITY

Whereas we previously considered factors that make executives more versus less likely to perceive the opportunity in crises, here we consider the behaviors reflective of leaders having adopted such a mindset. Delineating the behavioral manifestations of a crisis-as-opportunity mindset is theoretically important. Whereas prior models of crisis management have theorized about the importance of learning from crisis (e.g., Pearson & Clair, 1998), they have not identified exactly what executives do when they perceive opportunity in crisis. Specifying the behavioral manifestations of perceiving opportunity is a matter of practical importance, too. If executives (or those advising them) wish to evaluate the extent to which the executives are perceiving opportunity in crises, it would be useful to have a set of criteria against which to compare the executives' behavior. The present section offers one such set of criteria.

Treat Causes, Not Merely Symptoms

One behavioral manifestation of perceiving opportunity in crisis is a willingness to "drill down" to the root cause(s) of the crisis. Informed root cause analyses may help organizations seize opportunity by reducing the recurrence of crises. Heath, Larrick, and Klayman (1998) provided an example of a clever root cause analysis employed by the utility company, Florida Power and Light (FP&L):

> Florida Power and Light often had to deal with power outages that occurred when a tree fell on a power line and severed it. . . . FP&L organized a unit to trim all the trees in sites where damage had occurred, and thus prevent future outages. However, . . . the procedure . . . prevented problems only in areas that had already experienced a crisis. They searched for a solution at a deeper level, and asked managers a number of questions about . . . forestry! What kinds of trees grow in the region? Do palms grow faster or slower than oaks? Managers at FP&L realized that they did not know the answers to these questions, and that they had not searched deeply enough to solve their problems. . . . FP&L managers consulted with foresters and developed a regular maintenance procedure to trim trees based on their growth rates and [did so] across the entire region, not just in areas where trees had previously severed lines. (p. 9)

Thus, one indicator of whether organizational authorities have perceived the opportunity in crises is the extent to which they engage in information search that provides a solid understanding of why the crises occurred. Moreover, to do so organizations may need to draw on sources of expertise that reside external to the organization. It could be argued that the FP&L example refers less to an organizational crisis and more to a (simpler) threat to their day-to-day operations. Nevertheless, the principle of seeking expertise from nonobvious sources, including those residing outside of the organization, would seem to be highly applicable to crises as well. Thus, Jack-in-the-Box consulted with microbiologists and Texaco contracted with prominent diversity experts in the public and private sector to help them diagnose and resolve their respective crises. The fact that crises elicit threat, which in turn engenders rigidity (Staw et al., 1981), may help to explain why such "outside-the-box" thinking in crisis situations is relatively unusual.

Seek the Views of Multiple and Diverse Stakeholders

One manifestation of the threat-induced, damage control activities engendered by crises is that its handlers focus on the needs of a small number of stakeholders (James & Wooten, 2005), for example, those that have power over the organization or those that have been severely harmed by the crisis. Taking a multiple stakeholder perspective however will expose leaders to an array of internal and external constituents with differing perspectives of the organization. These stakeholders may offer a range of solutions, which could broaden executives' views on how best to manage the crisis. Even if the multiple stakeholders do not make suggestions, the fact that executives are taking a multiple stakeholder perspective may enable them to generate more robust solutions to the problems introduced by the crises. For example, when the views of multiple stakeholders are considered, leaders may be more open-minded about the potential ways in which various parts of the organization can learn from each other. Such was the case with the J&J product tampering crisis. Although the cyanide-laced Tylenol was primarily a marketing and sales concern, it provided the opportunity for the research and development unit to design a new and safer packaging system that has subsequently been adopted throughout the industry.

Emphasize Short- and Long-Term Outcomes, Not Merely Short-Term Outcomes

Many of the opportunities in crises are likely to materialize over the long term rather than in the short term. Thus, an additional way to determine whether organizational authorities are positioned to bring about the opportunity in crises is by evaluating the relative emphasis they place on short-term versus long-term outcomes. Our hunch is that when organizational authorities predominantly focus on short-term results, they and their firms will be less likely to come to see the opportunity in crises, relative to when authorities try to strike a balance between short- and long-term results. To test this reasoning, it may be useful to examine various indicators of the timeframe of senior managers' thinking, such as information appearing in annual reports, internal memos, and public speeches. Another indicator of timeframe may be how much the firm invests in research and development (with greater investments reflecting more of a long-term orientation). Hiring practices may also be reflective of senior management's thinking. If one or a small number of key executives resign as "sacrificial lambs" and no other changes are made, it may indicate more of a short-term orientation. If, however, the organization is willing to revamp its hiring practices or other human resource policies (as in the case of Denny's), it is likely to reflect more of a long-term orientation. Finally, another way to evaluate senior managers' time horizons is by asking various organizational constituents who are familiar with how senior managers think, such as employees, customers, and suppliers. The more that these various indicators suggest that senior managers care about short- and long-term outcomes, the more likely are they and their firms to be positioned to seize opportunity in crises.

Establish Norms for Divergent Thinking

Related to the notions of treating cause not merely symptoms, seeking the views of multiple and diverse stakeholders, and emphasizing short- and long-term outcomes is the need to elicit divergent thinking among employees. Divergent thinking, or the ability to generate a variety of differing ideas, opinions, or arguments, is an integral part of the creative problem-solving process for individuals and teams (Janis, 1982; Williams, 2004). Moreover, the link between divergent thinking and creativity has been demonstrated in a variety of contexts (Eisenberger, Armeli, & Pretz, 1998; McCrae, 1987; McGlynn, McGurck, Effland, Johll, & Harding, 2004). A reasonable inference from prior research is that organizations with norms for divergent thinking are more likely to inspire creativity in employees and in turn develop fruitful ways to transform crisis into opportunity than those organizations that emphasize more uniform perspectives and approaches to decision making. Specifically, to the extent that multiple and differing views can be represented in decision-making processes (which include diagnosing root causes, identifying the relevant stakeholders, and prioritizing short- and long-term outcomes), higher quality decisions and more creative problem solving are likely to ensue, which may better enable executives to bring about the opportunity in crises. Without divergent thinking, employees may be less able to generate different or unique solutions to crises or to think about crises in different or unique ways. Unfortunately, leaders all too often feel threatened by crises (Staw et al., 1981) and become rigid in their response to them. This rigidity is reflected in the restriction of information flow, the centralization of authority and decision making, and the reliance on standardized procedures, all of which inhibit divergent thinking.

To counteract these tendencies, Janis's (1972, 1982) prescriptions for avoiding groupthink may be helpful. For example, once the acute stage of the crisis has passed and leaders are in a position to adopt more of a long-term perspective, they may be well served to refrain from making their preferences known at the outset of a discussion about the possible opportunity in crises. Allowing others to voice their opinions first may reduce the likelihood of anchoring them to the leader's position, with which they may feel uncomfortable disagreeing. Breaking the leadership or crisis management team into smaller subgroups before reconvening as one, calling in outside experts to offer advice (as seen in the Texaco, Jack-in-the-Box, and Florida Power & Light examples), and assigning someone to play the role of devil's advocate, whose job it is to be skeptical about any emerging plans on how to transform crisis into opportunity, are other ways of encouraging divergent thinking. Brainstorming techniques may also be indicative of divergent thinking. After all, how to identify and how to seize the opportunity in crises are complex problems, which are much more likely to be solved when approached from diverging points of view.

In sum, we hypothesize that executives are more likely to be perceiving opportunity in crisis to the extent that they: (a) treat causes not merely symptoms, (b) seek the views of multiple and diverse stakeholders, (c) emphasize short- and long-term outcomes, and (d) establish norms for divergent thinking. In addition to testing these fairly straightforward matters, it is worth examining some more nuanced questions, such as whether all of these behavioral tendencies are equally important manifestations of perceiving opportunity in crises or whether some are more discriminating than are others. Relatedly, are all four of them necessary, or might it be the case that a smaller number of any of them (two or three) is sufficient evidence that executives have perceived the opportunity in crises? These are important questions for future research.

More Than Marketing Savvy

Previous approaches to crisis management as "damage control" place heavy emphasis on marketing savvy, in which the organization tries to present itself in the most favorable or least unfavorable light, vis-à-vis the crisis. Although marketing savvy may play an important role in doing damage control, it falls well short of the considerable work required to reach the point in which crises may be perceived as opportunities. The changes at Denny's provide a case in point. Although Denny's initial response to wide-scale allegations of discrimination may have been a skilled effort in public relations, the extensive changes made to its hiring and customer services practices over a sustained period of time suggest that a fundamental organizational transformation rather than mere marketing savvy was responsible for its turnaround. As Wooten and James (2004) suggested, when crisis management focuses on redressing the organizational systems that are the root causes of the problem, executives are more likely to be in learning mode and as a result perceive opportunity in crises. The fact that more than a decade after the discrimination allegations, Denny's is still considered a top employer and continues to receive accolades for its diversity and employment practices suggests that its positive organizational change was not merely the result of a high-quality marketing effort.

This is not to say that marketing savvy is irrelevant to the processes set forth in this article. To the extent that executives come to perceive opportunity in crises, engage in the behavioral manifestations of having done so, and also artfully publicize the positive changes they were able to bring about, they and their organizations are likely to reap reputational benefits. However, marketing savvy alone is highly unlikely to lead to the positive organizational changes that have been the focus of our analysis.

FUTURE CHALLENGES AND CONCLUDING COMMENTS

We have offered a series of testable propositions in the course of specifying factors expected to affect whether executives come to perceive opportunity in crises. Moreover, an empirical examination of the propositions embedded in Figure 1 is likely to require a longitudinal research design. In addition to the inherent difficulties of studying people and organizations over time, there are related challenges with which future researchers must contend. Because crises are rare and often unforeseen, it may be difficult to capture the psychological mindset and behavioral responses of organizational leaders at various stages in the process. Moreover, assessing some of the constructs in our model (e.g., executives' learning orientation and self-efficacy) may be no easy matter. For example, it is hard to imagine executives completing a self-report instrument or taking part in an interview when they are in the midst of dealing with crises, especially during the relatively early stages. Perhaps even more difficult to overcome may be executives' unwillingness to talk about issues that are potentially sensitive, have legal ramifications, and threaten their firms' reputations.

Nevertheless, there may be ways to overcome these challenges. Whereas researchers may be unlikely to procure firsthand information from executives dealing with crises, it may be possible to obtain documentation, such as written minutes or audio recordings from meetings and memos or other communiqués to and from employees and other stakeholders (e.g., the wording in annual reports or other official statements of strategies and goals). Through content analysis, these forms of information may be quite revealing of many variables in our model. Evidence from customer and employee surveys may also be informative. Moreover, after the acute stage of the crisis has passed it may be more feasible to measure the relatively stable attributes of the executives involved as well as those of the organization (e.g., their respective learning orientations) in that stable dimensions measured after the fact are likely to be reasonably good proxies for what was true before. Furthermore, some of the patterns and hypothesized linkages between variables suggested by data gathered in the field may be subjected to closer scrutiny with carefully constructed laboratory experiments.

In conclusion, we join with other scholars (e.g., Chattopadhyay, Glick, & Huber, 2001; Dutton & Jackson, 1987; Mitroff, 1994; Pearson & Mitroff, 1993) who have suggested that in addition to experiencing crises as threats, executives may view them through the lens of opportunity. A key question is when executives may be more versus less likely to do so. The present analysis has provided an organizing framework to address this question. Jackson and Dutton (1988) provided evidence that decision makers are more biased to perceive the threats rather than the opportunities associated with strategic issues. More generally, there is evidence that people more easily perceive and are more affected by negative stimuli than by positive stimuli in the same domain (e.g., Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001; Ybarra, Chan, Park, Burnstein, & Monin, 2008). The present analysis may help to elucidate why, when it comes to crises, this is the case. As our model suggests, conditions may have to be "just right" for executives to see the opportunity (i.e., the positive) in crises. As Figure 1 reveals, there are many intervening variables, several of which are outside executives' control, that influence whether executives will make the transition from perceiving the crisis as threat to perceiving it also as opportunity.

Moreover, it is possible that the variables set forth in our framework will combine interactively (and not simply additively) such that each of the events in the chain may need to occur for executives to perceive crisis as opportunity. In other words, in the absence of any one of these events, perceiving crisis as opportunity may be unlikely to happen. For example, even if executives are contextually and dispositionally inclined to engage in reflection and learning and even if they believe that there is high pay-off in perceiving opportunity in crises, they may be unlikely to do so if the perceived attainability of the opportunity is low. The expectancy-valence framework underlying part of our analysis is a multiplicative model (Vroom, 1964), which posits that the lack of either high valence or high expectancies is sufficient to prevent certain actions from happening (in this case, for executives to perceive the opportunity in crises). We share this realization not to be pessimistic per se but rather to help explain why it may be so challenging for executives to perceive opportunity in crisis. Given the potential benefits for both theory and practice served by better understanding the factors that lead executives to perceive opportunity in crises however, it is our hope that the present analysis stimulates future research on this vitally important matter.

NOTES

1. Somewhat related to our analysis is Elsbach's (1994, 1996) work on how threats to a firm's image motivate organizations and their members to maintain positive perceptions of their organizations and their own social identities. However, our analysis differs from that of Elsbach in at least two respects. First, our focus is on crisis situations rather than on situations that merely threaten an organization's image. In other

words, whereas crises obviously threaten an organization's image, not all threats to organization image reach crisis proportions. Second, our focus is on the determinants of executives' perceiving crises as opportunities and the behavioral manifestations of their having done so. In contrast, Elsbach drew on impression management theory to describe how organizational members reframe image-threatening events in ways that preserve positive identities. That is, we explore what factors induce executives to perceive opportunity in crises whereas Elsbach delineates how (or the ways in which) executives reconceptualize threat in a positive way.

2. Whereas we discuss the more general learning orientation factors prior to considering the more specific expectancy theory–based factors of valence and likelihood, we are not implying that these two sets of factors exert influence on executives in the same order in the real world. Thus, future research should examine not only whether the factors we identify influence executives' perceptions of opportunity in crises but also whether certain factors may be more versus less likely to do so at different points in time.

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