TOWARD A NEW UNDERSTANDING OF CRISSES: DEFINING ORGANIZATIONAL CRISSES THROUGH A PHENOMENOLOGICAL APPROACH

By
Johan Jacobsen
PhD Student
&
Daniel Simonsen
PhD Student

Centre for Corporate Communication, Department of Business Communication, School of Business and Social Sciences, Aarhus University

COMMUNICATING CRISIS IN AN AGE OF COMPLEXITY
Conference Paper for the Second International Conference in Crisis Communication at the Beginning of the 21st Century
Aarhus, Denmark October 6-8th 2011

1 Both authors contributed equally to the paper and the order of names is only an expression of alphabetical order
Abstract

This paper develops a new definition of organizational crisis that differs from the organization-centered and stakeholder-focused understanding of crisis in existing literature. Through a discussion of how the subject’s perception and sensemaking process is rooted in the subject’s intentionality, the paper develops an understanding of how individuals despite differences in subjectivity can co-create an inter-subjective understanding of phenomena such as an organizational crisis. Through the individual and collective level it becomes possible to develop an understanding of how crisis perceptions and sensemaking takes place in organizations. In this way a phenomenological understanding of the organizational crisis is developed.

Keywords: Organizational crisis, crisis definition, crisis perception, phenomenology, sensemaking, subjectivity, inter-subjectivity.

1. Introduction

In this conceptual paper the authors intend to develop a new, or rather, different perspective on the way organizational crises are defined and understood by crisis researchers. This change marks a break with the objectivistic philosophy of natural science, such as behaviorism, functionalism and positivism. Instead the paper argues that the philosophy of social science should be founded within the subjectivistic paradigm first established by Emmanuel Kant (Clark & Fast 2008: 55ff). By developing insights from the phenomenological philosophy of science into an organizational crisis context, this paper proposes a new understanding of crises and crisis research, and in doing so also a new definition of organizational crises. The phenomenological approach in this paper is inspired by different strains of phenomenology, as proposed in the later work of Edmund Husserl (Zahavi 2007, 2011), Alfred Schutz (2005), and Robert Sokolowski (2008). This approach implies a strong focus on the life world aspect of subjectivity.
When developing a new approach to defining crises at a philosophical level, which is freed from empirical research, it seems highly relevant to take a look at some of the crisis definitions that have been stated over the years, and to analyze how these definitions have shaped the crisis research of their time. However, conducting a fully exhaustive review of crisis definitions until the present moment seems beside the point of this paper, which is why a few definitions of organizational crisis have been selected, which have inspired further work and become central to the development of the field of crisis research. This implies that we analyze the crisis definitions, but do not necessarily include the complete body of theorizing in the publications in which they appear, or the later development in the research of the cited authors. The definitions are included in a chronological manner, and this paper uses these definitions as examples of the understanding of crisis in their time (see also Millar & Heath 2004, Johansen & Frandsen 2007). The paper develops in a progression, which includes discussions of cited crisis definitions, as well as phenomenological contemplations, which drives the paper towards a new crisis definition.

2. The organization-centered approach

Although crisis research is often considered a rather young research area, it seems appropriate to recognize the work of Charles F. Hermann (1963). Hermann defined crisis in an organizational setting in these words: "An organizational crisis (1) threatens high-priority values of the organization, (2) presents a restricted amount of time in which a response can be made, and (3) is unexpected or unanticipated by the organization" (Hermann 1963: 64). This early-days crisis definition by Hermann establishes what this paper characterizes as the organization-centered approach, which is also known as the strategic tradition (Johansen & Frandsen 2010: 427). The organization-centered approach to organizational crises focuses on the threat a crisis poses to the organization, the possibilities of response, and what is a central point in this connection this approach also views a crisis as an unanticipated event, which strikes the organization. Being
struck by a crisis, much like being struck by a snowball on a cold winters day, is obviously unfortunate and something that has to be either avoided or handled. And getting prepared to handle this object, this crisis, and thereby protecting the values and equity of the organization, is the central point of the further research and definition in the organization-centered approach. This approach also includes Steven Fink (1986) and his thoughts on the crisis as a turning point for the organization, as well as Thierry C. Pauchant and Ian I. Mitroff’s crisis definition (1992): "A crisis is a disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core" (Pauchant & Mitroff 1992: 12).

Almost thirty years after Hermann’s initial definition, the Pauchant and Mitroff definition centers on the threat an organizational crisis poses, and defines crisis as a disruption that physically threatens the system, and thereby, the further existence of the organization. This proposes a rather functionalistic understanding of crises and could condition the possibilities of dealing with crisis as a simple matter of protecting what basic assumptions and sense of self is at the "existential core". Another feature of the organization-centered approach is that crisis is often defined by the use of terms that act as synonyms for crisis, such as occurrence, event or disruption as proposed by Kathleen Fearn-Banks (1996): “A crisis is a major occurrence with a potentially negative outcome affecting an organization, company, industry, as well as its publics, products, services, or good name” (Fearn-Banks 1996: 1). Or by Laurence Barton (1993): “A major, unpredictable event that may produce negative outcomes including substantial damage to an organization and its employees” (Barton 1993: 2).

What is striking in the definitions listed above, is that crisis is approached as a disruptive event in the organization’s existence, but the definitions do not reflect how the crisis comes into existence, or in terms of the snowball analogy, who is throwing this “object” at the organization. These reflections are at the center of the next approach in crisis research.
3. The stakeholder-focused approach

One of the central crisis researchers in the stakeholder-focused approach is W. Timothy Coombs (1999), whose crisis definition seems to follow the somewhat functionalistic notion of crisis from the organization-centered approach: "A crisis is an event that is an unpredictable major threat that can have a negative impact on the organization, industry or stakeholders if handled improperly" (Coombs 1999: 2).

However, while Coombs’ first contribution to this selection of crisis definitions does not fundamentally break with the functionalistic understanding of the organizational crisis, it develops the possibility to further the understanding of the stakeholder in crisis definitions. Through the use of contingency theory, and especially attribution theory, Coombs thus makes a shift in perspectives in the crisis field. Although the quote beneath is not a crisis definition, this important point marks that change: "If stakeholders believe an organization is in a crisis, a crisis does exist, and the stakeholders will react to the organization as if it is in a crisis" (Coombs 2007: 3).

Assuming that stakeholders are to perceive whether an organization is experiencing a crisis or not, shifts the focus significantly and opens up to the perspectives of who throws the snowball, and more interestingly, where and how this snowball is created. So from the initial functionalist approach described above, we have an approach to crisis definitions, which includes stakeholders as central to the perception and attribution of importance and meaning to a crisis. This approach suggests a shift away from the focus on how the organization can handle the crisis as a response, to the focus of how the organization best participates in meaningful communication with stakeholders throughout events, which might be perceived by stakeholders as a crisis for an organization: "A crisis is the perception of an unpredictable event that threatens important
expectancies of stakeholders and can seriously impact an organization’s performance and generate negative outcomes” (Coombs 2012: 2).

It is worth noting that in the definitions above, crisis is defined as an event that can have a “negative impact”, or “generates negative outcomes”, which is an aspect shared by both the organization centered and the stakeholder-focused approach, whereas other crisis researchers such as Robert R. Ulmer, Timonthy L. Sellnow & Matthew W. Seeger (2007) and Keith Michael Hearit (2006) also focus on the opportunities and learning potential presented by organizational crises.

Now the question might be, whether crisis communication and crisis management has established itself as an autonomous field of study (Coombs & Holladay 2010: xxvii). The sophistication and amount of research literature published on organizational crisis through the last two decades might suggest that crisis management and communication has arrived as a defined paradigm that has been successful in answering the questions and challenges first indicated by Charles F. Hermann in 1963. The authors of this paper are of the opinion that the answer to this question is no, and that crisis research has barely broken into the central aspects of organizational crisis.

The organization-centered approach has an inside-out view of crisis, and the stakeholder-focused approach has an outside-in view of crisis. This paper proposes an approach, which combines these two perspectives by addressing the central question of how the stakeholder (which can be internal and external to the organization) perceives a crisis subjectively, and how this perception is shared with other subjects in order to make sense of the phenomenon perceived. These are the areas of focus in this paper, and an understanding of these aspects lie at the heart of the crisis definition established later in this paper.
4. A need for a phenomenological crisis approach

Understanding organizational crisis through a phenomenological approach is not an entirely new endeavor. Karl Weick has been inspired by phenomenology in his interest in organizational crisis as an aspect of his theory of sensemaking and organizing (1988). However, Weick has not been very generous with crisis definitions, which is why we include how he defined organization crisis in his 1988 article: “Crises are characterized by low probability/high consequence events that threaten the most fundamental goals of an organization. Because of their low probability, these events defy interpretations and impose severe demands on sensemaking” (Weick 1988: 305).

Looking past the rather functionalist “low probability/high consequence” terminology used in the first half, the severe demands which a crisis imposes on sensemaking is where the Subject-Subject or Subject-Object relation comes into play (see more in the phenomenological crisis approach section). In sensemaking terminology, a crisis of sensemaking is also known as a cosmology episode: “A cosmology episode occurs when people suddenly and deeply feel that the universe is no longer a rational, orderly system. What makes such an episode so shattering is that both the sense of what is occurring and the means to rebuild that sense collapse together” (Weick 1993: 663).

This definition makes an important contribution to the further exploration in this paper, because it suggests that the universe might not always be perceived as being as orderly or rational as it seems in the definitions presented in the earlier sections of this paper. This insight presents the challenge to develop a crisis definition that can include the more irrational and subjective aspects of an organizational crisis. The Weick (1993) definition of crisis, which is the last definition cited from other authors in this paper, serves as the point of departure for the further work on understanding and defining organizational crises through a phenomenological approach.
5. Defining crisis through a phenomenological approach

The idea of a phenomenological definition of a crisis is to use the methods to create scientific knowledge, which epistemology of phenomenology provides us. The individual as a subject is in this respect crucial. The phenomenological ambition is to investigate the phenomenon as it presents itself. However, this must not lead to a misconception that the subject stands in the way of what in reality is scientifically interesting and that behind the immediate appearance of the phenomenon for the subject exists an objective and natural phenomenon (Clark & Fast 2008). In contrary, the argument is that reality as it appears for the subject is the only reality.

Allow us to introduce the subjective individual, who may be an employee of an organization, a leader, a vendor, or a stakeholder. Despite the variance in title there are some common features that characterize the subject and which are essential to the way the researcher creates knowledge about crises. It is an implicit understanding in the terminology, that the subject is unique. This uniqueness is rooted in recognition that the subject in its interaction with the world continuously interprets and ascribes meaning to other individuals and objects in a life world context. The subject is constitutive of phenomena in the life world, and life world is constitutive of the subject (Zahavi 2007). Thus we arrive at the argument, that the subject and the object are inseparable and mutually define each other. Set in the context of crisis, the following statement can be proposed.

Preliminary definition:

"A crisis is manifested when the subject ascribes it meaning and in virtue of this meaning perceives itself or others as being in a crisis."
The term subjectivity is to be understood as such that the individual by definition is different from another because two individuals can never be completely identical in nature, ability or condition. Subjectivity is not a universal concept that merely describes a characteristic or property of the individual, which can be understood objectively, or be universally explained. Hence the phenomenology breaks with the behaviorist belief that e.g. deficits on the organization's accounts, will resulting in an overall organizational view that the business is in trouble - as in a stimulus/response relationship. This is because the sensemaking process is embedded in the unique biographically determined situation and in the intentionality of the subject, which explains how the subjective perception and sensemaking will always have directedness towards something in the life world (Zahavi 2007). In the words of philosopher and sociologist Alfred Schutz: “Man finds himself at any moment of his daily life in a biographically determined situation, that is, in a physical and social cultural environment as defined by him, within which he has his position, not merely his position in terms of physical space and outer time or of his status and role within the social system but also his moral and ideological position” (Schutz 2005: 30).

Thus it makes no sense to make the context of the phenomenon into the object field of research when a crisis is to be understood, because the context is dynamic and it exists in the subject itself through its directedness towards something. This does not mean that phenomenology does not recognize the physical nature of the world; the argument is simply that it’s meaning cannot exist independently of the subject (Zahavi 2007), as described in Weicks theorizing on enacted sensemaking (Weick 1988). This has an impact on the previous statements in the sense that, in principle, there exist as many crises in an organization as individuals who, because of their unique subjective intentionality, ascribes meaning to the organization. This allows the previous statement to be further elaborated with the subjective intentionality, which gives us a second statement.
Revised definition:

"A crisis is manifested when the individual based on its subjective intentionality ascribes it meaning and in virtue of this meaning perceives itself or others as being in a crisis."

In extension of this statement, skeptics may potentially question, whether such a crisis understanding only results in a relativistic contribution to the field of research. Nevertheless, such a criticism is not to be justified, since phenomenology is not a science about the just subjective, but a science that uncovers complex multidimensional phenomena (Zahavi 2007). Based on the different perceptions that the appearance of a phenomenon can create in different individuals, the complexity of the phenomenon is increased and thus the possibility to create new scientific knowledge.

Now we have established a statement that defines crisis as a phenomenon that is manifested when the individual ascribes meaning to a situation. This subjective level explains the crisis constitution and is in this context a significant contribution in relation to research of for example crisis perception and crisis preparedness. Nevertheless, it can be said that a phenomenological definition, in order to find applicability within the research field, must necessarily be made effective at an organizational level. In this context it is essential that the individual's subjective understanding of a crisis is acknowledged inter-subjectively in a community of practice with relation to the organization, before it can be said to be in a crisis.

The subject typifies objects, actions and events in a life-world context. These typicalities make every day social life possible and explain how I, as a subject may ask someone to pass me the newspaper and not just expect to get the newspaper delivered, but also to be understood. As formulated about typicality and common-sense-experience by Schutz: “Still dealing with common-
sense experience we may just take for granted that man can understand his fellow man and his actions and that he can communicate with others because he assumes they understand his actions; -also, that this mutual understanding has certain limits but is sufficient for many practical purposes” (Schutz 2005:38).

The phenomenological concept of inter-subjectivity thus describes how different individuals despite their subjectivity, can build a common-sense-knowledge where the motives’ reciprocity is taken for granted and considered as common knowledge in a community of practice (Schutz 2005). The inter-subjective understanding must therefore not be understood as a transfer of knowledge between individuals, as in a simple transmission model, but a corrected subjective knowledge which is the result of a continuous interaction with different other individuals and objects in a life-world context. As formulated by Schutz: “Taken my body as the center point for the coordinates which map my world, I may say that the position of my body constitutes my Here in relationship to which the body of a fellow man is There. I find that it is possible to alter my position and move from Here to There. Having moved, the There becomes a Here. But the body of my fellow man remains There for me as it remains still a Here for him” (Schutz in Clark & Fast 2008: 199).

The inter-subjective dimension and common-sense-understanding, thus explains how the subjective level is integrated and acknowledged collectively via typifications, which is a central point of the social constructivist tradition that has contributed significantly to the understanding of inter-subjectivity in the life world (cf. Berger & Luckmann 2003). This collective integration can take place at several levels; this could be within an organization or among stakeholders at a community level. It may thus be questioned when we are working with the concept of organization versus a socially accepted phenomenon, such as the global financial crisis. This paper may in this context look toward the multitude of organizational definitions which management literature has already provided. However, these definitions are often based on a functionalist tradition, where the
organization is objectified into parts that can be analyzed and understood independently of the whole. After this exercise, rational actions based on full objective information can be made (Scott & Davis 2007). Such an understanding of organizations is reductionist in the sense that it ignores the fact that the organization is socially constructed and constituted by the subjects who have their daily lives within the organization. Without subjective individuals there would only be empty facilities with some kind of machinery inside them.

Using the global financial crisis as an example, the crisis is in fact almost accepted as a reality in the global community. The importance and the understanding of the financial crisis conferred by the individual is significantly differentiated depending on the individual's biographically determined situation. It can be said that the global financial crisis is rightly given a different meaning for the engineer whose company has gone bankrupt, than the manager who has had to make budget cuts. It would be a methodological fallacy to regard one crisis perception and sensemaking, as true in order to reject the other. Both perception and meanings ascribed contribute to the understanding of a complex global phenomenon of which an inter-subjective understanding exists - the financial crisis.

In an organizational context, the degree of inter-subjective understanding is to be more concrete, since the subjects who constitute the organization have a greater ability to correct the common-sense-knowledge in a dialectical process, based on the individuals' respective biographically determined situations which include the organization. An organization can be understood as the conceptualization of the phenomenon, which occurs when more subjects through an inter-subjective sensemaking institutionalized collective behavior in relation to a crisis. Based on the previous discussion concerning inter-subjectivity, a reassessed statement can thus be formulated.
Proposed definition:

"A crisis is manifested when the individual based on its subjective intentionality ascribes it meaning and this meaning is acknowledged inter-subjectively in the organization that in consequence, institutionalizes a certain behavior because of it."

A new understanding of a crisis in an organization, as illustrated in the statement above, centers around three elements. First, a process of sensemaking in relation to a situation, action or similar as being a crisis, then the crisis can be said to exist on the subjective individual level. Secondly, before an organizational crisis can exist, the subjective individual level of the crisis must be acknowledged collectively in the organization. This collective acknowledgement is conditional on the existence of an inter-subjective understanding among more individuals. In other words acknowledgement in this context means that there must be other individuals who could somewhat agree with the immediate meaning of the perceiver. Thirdly, the inter-subjective understanding that the organization is in crisis will result in some form of action. This may be in the form of a change of procedure; it can be a launching of the organization's crisis response, or even something else.

6. Implications and future perspectives

A phenomenological crisis definition can help create new knowledge about a complex multidimensional phenomenon as a crisis. This knowledge will never be able to fulfill the objectivistic ideals of validity and reliability, but this does not mean that subjectivist research does not hold these ideals; it is simply in another form. A qualitative research methodology will initially be based in one or more cases, which will help to clarify a complex phenomenon. The complexity of each phenomenon, combined with the fact that case data is context dependent, make it difficult to repeat the research with the same outcome (De Vaus 2001). It is understandable, even expected, that subjective individuals' experience, knowledge and sensemaking develop over time
in a dynamic and complex life world. The validity of the researcher is created by focusing on these issues, and thereby creating as much transparency in research methodology and empirical data as possible.

The circumstances of reliability and validity have an influence on the character of the knowledge created. Phenomenology is not the most useful theoretical lens, if the ambition is to produce universal models on which generalization can be based. Nevertheless, the phenomenological research has some other qualities that universalistic models and theories have to compromise to achieve generalization. The central quality being that the phenomenological approach preserves the complexity of the research field.

In statement three we arrived at a phenomenological understanding of organizational crisis, and proposed a definition of organizational crisis which takes into consideration how a crisis becomes manifest to the subject, how the intentionality of the subject impacts this, and how the intersubjective nature of organizations all are central aspects of our definition of an organizational crisis.

Organizational crisis definition:

"A crisis is manifested when the individual based on its subjective intentionality ascribes it meaning and this meaning is acknowledged inter-subjectively in the organization that in consequence, institutionalizes a certain behavior because of it."

As important as it certainly is, in a conceptual paper like this, to consider organizational crisis in a philosophical manner, it is relevant to consider the implications this phenomenological approach has for research in organizational crises. While this section does not dive into the depths of methodological detail, it is important to consider how our crisis definition increases the level of
complexity, which must be applied in the effort to understand a crisis. An organizational crisis is a phenomenon with multiple dimensions (subjective, inter-subjective, and organizational) and possibilities for sensemaking (Weick 1988). The complexity of a crisis can never be fully perceived by individual members of an organization, which is why our further work with the phenomenological approach will seek insights from Weick’s theory of sensemaking and organizing (Weick 1988, 1993). At the heart of our future research in organizational crises is the interest in how inter-subjectivity offers the subject possibilities to make sense of a crisis, and the aspects of it that lie outside of the perceptions of the individual, as well as an opportunity to restate the perceived order of the universe.

This research in organizational crises is at least two-fold. One aspect is to focus on understanding how a crisis is perceived by organizational members and how these perceptions may impact, and may be impacted by, the crisis-preparedness of organizations, and how this insight may offer opportunities to understand the possibilities of working with crisis-preparedness in a phenomenological approach. The other aspect will be to focus on how a phenomenological approach, with an increased complexity in its crisis understanding, can help build crisis resilience in organizations, as this might help organizations to overcome blind spots, such as when High Reliability Organizations prevent and prepare for crises (Weick & Sutcliff 2007). This future research is not intended to just prepare the organization to avoid or handle a crisis, as was the objective of the organization-centered approach. Nor is it limited to better understand the stakeholder dynamic of a crisis, which is the interest of the stakeholder-focused approach. It is an endeavor to understand the complexity of the organizational crisis, and the complexity of the subject, which perceives it and co-creates the sense of it inter-subjectively. To return to our initial analogy, the quest is not to avoid being struck by a snowball, nor is it to handle its makers of it. Instead the quest is to develop a sense of snow.
References


