

Organisationale Reaktionen auf Krisen – Eine Analyse der Wirkungszusammenhänge aus Legitimitätsperspektive

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Dritter Fachartikel:

Organizational Crises and Reactions from a Legitimacy Perspective – Results from Two Multiple-case Studies (Schumpeter Discussion Papers 2009-007)

Organisationale Reaktionen auf Krisen – Eine Analyse der Wirkungszusammenhänge aus Legitimitätsperspektive

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Einführung: Drei Fälle von Organisationskrisen

Krisen sind in gewisser Hinsicht ein paradoxes Phänomen. Auf einer gesamtwirtschaftlichen – oder gar globalen – Betrachtungsebene ist beinahe alltäglich von Organisationen zu hören oder zu lesen, die herausgefordert sind, auf kritische Situationen zu reagieren. Dies ist nicht zuletzt auf die Entwicklung immer komplexerer Technologien zurückzuführen (Perrow 1984a), welche zugleich immer höheren Anforderungen bezüglich ihrer Verlässlichkeit unterliegen (Roberts 1990; Weick/Sutcliffe/Obstfeld 1999). Insgesamt scheinen Organisationskrisen nahezu unvermeidlich (Smart/Vertinsky 1977) und gerade deshalb eine intensivere Betrachtung wert zu sein (Hermann 1963). Auf der Ebene der individuellen Organisation ist eine Krise ein sehr selten auftretendes, aber wirkungsvolles Ereignis, dessen Ursachen schwer zu bestimmen sind (Hermann, 1963; Pearson and Clair, 1998). Diese Eigenschaften haben eine Vielzahl von Fallstudien über verschiedenste Organisationskrisen ermöglicht (bspw. Shrivastava 1992; Vaughan 1990; Weick 1990, 1993). Als Ausgangspunkt dieser Arbeit sowie zur Veranschaulichung des Themengebiets sollen drei exemplarische Fälle von Organisationskrisen dienen, welche im Folgenden kurz beschrieben werden.

Am 24. März 1989 lief der Öltanker *Exxon Valdez* vor der Küste des US-Bundesstaats Alaska auf Grund. Infolge der Havarie traten etwa 40 Millionen Liter Rohöl aus und richteten schwere Umweltschäden an, insbesondere hinsichtlich der Wildtierbestände. Der Vorfall gilt bis heute als eines der schwersten – und vermutlich bekanntesten – Tankerunglücke aller Zeiten (McLane/Bratic/Berstin 1999). Die Firma Exxon, damals das weltgrößte Unternehmen der Energiebranche, verhielt sich zunächst sehr zurückhaltend. So verging eine volle Woche, bis sich der Chief Executive Officer (CEO) des Unternehmens zu dem Unfall äußerte. Zudem wurde eine Zeitungsannonce geschaltet, die zwar eine Entschuldigung, aber kein Schuldeingeständnis enthielt (McLane et al. 1999). Vielmehr versuchte Exxon die Schuld an der

Havarie abzuwälzen, indem der Kapitän des Schiffs sowie die zuständigen Behörden in Alaska als Verantwortliche dargestellt wurden (Pfarrer/DeCelles/Smith/Taylor 2008). Darüber hinaus war Exxon bestrebt, die durch die Ölpest entstehenden Schäden systematisch herunterzuspielen (Benoit 1995). Die Folgen für das Unternehmen waren erheblich. Abgesehen von hohen Geldstrafen und Schadenersatzzahlungen wurde die Reaktion auf das Unglück als völlig unangemessen und hilflos eingestuft. Tausende Kunden gaben aus Protest ihre Kreditkarten zurück. Mehrere Aktivistengruppen bereiteten Boykottkampagnen vor. Der CEO war anlässlich der Hauptversammlung scharfer Kritik vonseiten enttäuschter Aktionäre ausgesetzt (Benoit 1995). Im Unternehmensranking der Zeitschrift Fortune fiel Exxon innerhalb eines Jahres von Rang sechs auf Rang 110. Zudem wurde Exxon zu einem populären Ziel der Verhöhnung im US-amerikanischen Fernsehen (McLane et al. 1999). Obwohl die Krise in finanzieller Hinsicht gut bewältigt werden konnte, ist die Reaktion Exxons aus Sicht der Organisationsforschung als Fehlschlag zu bezeichnen (Pearson/Clair 1998).

Eine ähnliche Bilanz lässt sich für den Fall *Firestone* ziehen. Am 9. August 2000 gab das Unternehmen einen Produktrückruf von insgesamt sechseinhalb Millionen Autoreifen bekannt. Bereits seit dem Jahr 1992 gab es Hinweise darauf, dass sich die Reifen der betroffenen Typen bei hohen Temperaturen auflösen könnten. Als sich die Informationen über Produktsicherheitsprobleme immer weiter verdichteten, wurden offizielle Ermittlungen eingeleitet, auf welche Firestone mit der Rückrufaktion reagierte. Die Ermittlungen ergaben, dass eine große Zahl von Verkehrsunfällen mit insgesamt 271 Todesopfern auf fehlerhafte Reifen zurückzuführen war. Wie sich zeigte, hatte das Unternehmen in den Jahren zuvor versucht, die bestehenden Probleme zu verschleiern. Auch nach Bekanntwerden der Sicherheitsmängel wurde deren Existenz geleugnet. Zudem wurde versucht die Schuld der Firma Ford, deren Fahrzeuge in die meisten Unfälle verwickelt waren, zuzuweisen – trotz einer beinahe hundertjährigen Geschäftsbeziehung. Verstärkt wurde die hierdurch ausgelöste öffentliche Empörung durch die Tatsache, dass die Rückrufaktion zunächst in mehreren anderen Ländern und erst mit Verzögerung in den USA umgesetzt wurde. Zwar wurden auch Maßnahmen zur zukünftigen Vermeidung solcher Probleme getroffen, etwa durch Einrichtung neuer Qualitätskontrollen, jedoch hatte die Mehrheit der US-amerikanischen Bevölkerung noch Monate später ein negatives Bild vom Gebaren Firestones (Blaney/Benoit/Brazeal 2002).

Eine wesentlich effektivere Krisenbewältigung zeigt der Fall *Texaco*. Im November 1996 wurde bekannt, dass ein Gerichtsverfahren wegen Diskriminierung gegen Texaco anhängig war. Es waren geheime Tonbandaufzeichnungen aufgetaucht, auf denen sich hochrangige

Führungskräfte beleidigend über dunkelhäutige Angestellte des Unternehmens äußerten. Die resultierende Medienberichterstattung war ausgiebig und überwiegend negativ geprägt (Brinson/Benoit 1999). Zahlreiche Kunden kündigten an, keine Produkte des Unternehmens mehr zu kaufen oder beteiligten sich an Demonstrationen vor Texaco-Tankstellen. Auch Investoren übten scharfe Kritik; der Kurs der Texaco-Aktie verlor deutlich an Wert. Die Reaktion der Unternehmensführung auf diese Krise unterschied sich jedoch deutlich von den oben beschriebenen Fällen. Der CEO von Texaco hörte sich persönlich das Tonband an und veröffentlichte sofort eine Entschuldigung, beurlaubte zwei der beteiligten Führungskräfte und kürzte die Sozialleistungen zweier weiterer. Zudem bereisten hochrangige Manager alle Standorte des Unternehmens und entschuldigten sich dort für die Vorkommnisse. Darüber hinaus wurden Förderprogramme für die Integration von Minderheiten, etwa durch mehr Beförderungen oder bevorzugte Auftragsvergabe, aufgelegt. Im Rahmen des gerichtlichen Vergleichs wurden den dunkelhäutigen Mitarbeitern außerdem Lohn- und Gehaltserhöhungen sowie Entschädigungen in Millionenhöhe zuteil. Die Reaktion Texacos wurde in der Öffentlichkeit als zügig und entschieden wahrgenommen und die Berichterstattung über den Vorfall verebbte rasch. Auch aus Sicht der Organisationsforschung wird die Vorgehensweise als Erfolg gewertet (Brinson/Benoit 1999; McLane et al. 1999; Coombs/Schmitt 2000; Pfarrer et al. 2008).

Problemstellung

Die drei skizzierten Fälle zeigen zum Einen das breite Spektrum an möglichen Reaktionen auf Organisationskrisen. So finden sich beispielsweise Schweigen, Verschleierung, Leugnung, Schuldabwälzung, Entschuldigung, Entschädigung, Trennung und Restrukturierung. Neben diesen qualitativ unterschiedlichen Ausprägungen war auch das „Timing“ der Reaktionen sehr verschieden. Während vor allem bei Firestone sehr zögerliche Reaktionen zu beobachten waren, reagierte Texaco eher schnell. Zu Anderen unterscheiden sich die Fälle stark bezüglich des Erfolges in der Krisenbewältigung. Während Exxon und Firestone sich nur schwer von der mit den jeweiligen Vorfällen verbundenen Rufschädigung erholen konnten, gelang es Texaco relativ schnell die Krise hinter sich zu lassen und ungeschadet zum Alltagsgeschäft überzugehen. Diese Unterschiede bilden den Ausgangspunkt der vorliegenden Arbeit sowie den Ansatzpunkt für deren Zielsetzung. Die leitende Forschungsfrage ist dabei, inwiefern sich systematische Zusammenhänge identifizieren lassen, welche erklären, ob bestimmte Reaktio-

nen auf Krisen effektiver sind als andere und worauf dies zurückzuführen ist. Es bietet sich an, zur Beantwortung zunächst die Literatur zu Organisationskrisen zu betrachten.

Die bisherige Forschung zu Organisationskrisen lässt sich grob in zwei Strömungen gliedern. Die eine widmet sich vor allem der Ursachenforschung und wird methodisch durch Fallstudien dominiert. Dabei werden ausführlich die Entstehung und der Verlauf von Krisen – zu meist Unfällen – analysiert, wobei üblicherweise die Aspekte Wahrnehmung (Weick 1988, 1993), Informationsverarbeitung (Rudolph/Repenning 2002) oder soziale Kontrolle (Vaughan 1990) im Vordergrund stehen. Beispiele sind die Studien des Flugzeugunglücks von Teneriffa (Weick 1990), des Industrieunfalls von Bhopal (Shrivastava 1992), der Explosion des Space-shuttles Challenger (Vaughan 1990) oder des Störfalls im Atomkraftwerk Three Mile Island (Perrow 1984b). Die zweite Strömung ist eher präskriptiv ausgerichtet und fokussiert Möglichkeiten der Vermeidung solcher Vorfälle. Es werden Empfehlungen zur Gestaltung von organisationalen Strukturen und Prozessen abgegeben, welche die eskalierenden Faktoren der Krisenentstehung eindämmen sollen (bspw. Hedberg/Nystrom/Starbuck 1976; Turner 1976; Smart/Vertinsky 1977). Einige Autoren konzentrieren sich dabei auf Branchen, welche aufgrund der dort eingesetzten riskanten Technologien und eng gekoppelten Systemen als besonders anfällig für Krisen identifiziert wurden (bspw. Perrow 1984a; Mitroff/Pauchant/Finney/Pearson 1989; Pauchant/Mitroff 1988, 1992). Deutlich weniger Beachtung findet die Frage wie Organisationen mit Krisen umgehen können, wenn sie trotz aller Prävention dennoch auftreten, mit Ausnahme einiger weniger Arbeiten (bspw. Pearson/Clair 1998; Pfarrer et al. 2008). Ein anderer Aspekt, welcher wesentlich stärkere Berücksichtigung verdient, ist die soziale Dimension der Krisenbewältigung.

Organisationskrisen aus Legitimitätsperspektive

Organisationen existieren und handeln nicht völlig unabhängig, sondern sind in ein soziales System eingebettet. Eine wichtige Rolle spielen dabei verschiedene Anspruchsgruppen – oder Stakeholder – die mit der jeweiligen Organisation in Austausch stehen oder anderweitig involviert sind (Freeman 1984; Donaldson/Preston 1995; Frooman 1999). Beispiele hierfür sind Kunden, Mitarbeiter, Lieferanten, Kapitalgeber, aber auch Behörden oder Nichtregierungsorganisationen. Diese Gruppen sind oft Betroffene von Organisationskrisen, wobei in einigen Fällen die Gruppe erst durch die Krise entsteht, etwa Opfer von Industrieunfällen (Shrivastava/Mitroff/Miller/Miglani 1988; Marcus/Goodman 1991). In wiederum anderen Fällen können Krisen durch unzufriedene Anspruchsgruppen, z.B. Kunden, Aktivisten oder Regierungsbehörden ausgelöst werden (Meyer 1982; Milburn/Schuler/Watman 1983). Darüber hin-

aus kann die Wahrnehmung der Krise durch Stakeholder die Ausbreitung von Krisen auf andere Organisationen beeinflussen und somit ganze Branchen verändern (Yu/Sengul/Lester 2008).

In diesem Zusammenhang ist von großer Bedeutung, dass Stakeholder die jeweilige Organisation bezüglich ihrer Eigenschaften und Handlungen evaluieren und dementsprechend Entscheidungen treffen: Mitarbeiter passen ihre Loyalität an, Investoren verteilen finanzielle Ressourcen und andere Anspruchsgruppen entscheiden über Transaktionen mit der Organisation (Carroll/Hannan 2000; Yu et al. 2008). In Abhängigkeit von ihrer Stellung gegenüber der Organisation greifen Stakeholder dabei auf Berichterstattung in den Medien zurück (Pollock/Rindova 2003; Pfarrer et al. 2008), wobei Krisen in der Regel mit einer gesteigerten Aufmerksamkeit verbunden sind (James/Wooten 2006). Überdies stellen Krisen eine Bedrohung für die positive Evaluation durch Stakeholder dar, indem sie mit einem Verlust gemeinsamer Werte und geteilter Annahmen einhergehen und dadurch die Organisation und ihre Leitung einer genaueren Überprüfung aussetzen (Turner 1976; Ginzler/Kramer/Sutton 1993; Pearson/Clair 1998). Hinzu kommt, dass Akteure in organisationalen Feldern soziale Normen nutzen um Unsicherheit zu reduzieren. Stakeholder können Krisen als einen Bruch solcher Normen auffassen (Milburn/Schuler/Watman 1983; Carroll/Hannan 2000; Yu/Sengul/Lester 2008), welcher durch die Beendigung von Transaktionen, Arbeitsverhältnissen oder finanzieller Unterstützung bestraft wird (Yu/Sengul/Lester 2008). In der Folge einer Krise wird deshalb die Angemessenheit der Reaktion einer Organisation durch Interaktion in Form von Handlungen der Organisation und Feedback der Stakeholder bestimmt (Pfarrer et al. 2008). Dieses Wechselspiel ist essentiell für die Wiederherstellung normaler Beziehungen und die Rückkehr zu einem geregelten Austausch, durch welchen letztlich der Bestand der Organisation gesichert wird (Shrivastava et al. 1988; Pearson/Clair 1998; Yu et al. 2008).

Diese Zusammenhänge lassen sich gut durch das Konstrukt der organisationalen Legitimität (bspw. Dowling/Pfeffer 1975; Meyer/Scott 1983; Ashforth/Gibbs 1990; Suchman 1995) abbilden. Gemäß der wohl meistzitierten Definition von Suchman (1995) wird eine Organisation als legitim angesehen, wenn ihre Handlungen als wünschenswert, richtig oder angemessen bezüglich eines sozial konstruierten Systems von Normen, Werten, Vorstellungen und Definitionen sind. Diese Abgrenzung ist kongruent mit der obigen Charakterisierung von Organisationskrisen, welche eine plötzliche Bedrohung der Legitimität darstellen, indem sie mit einem Bruch sozialer Normen einhergehen. Mit anderen Worten: Krisen zeichnen sich durch einen unerwarteten Verlust von Legitimität aus. Gewissermaßen stellt eine negative Evaluation

durch Stakeholder sogar den Kern organisationaler Krisen dar. Andere mit Krisen verbundene Probleme, wie zum Beispiel finanzielle Engpässe, sind lediglich Folgen dieser Evaluation. Ausnahmen hiervon bilden etwa Verluste von Menschenleben oder Vermögensgegenständen, die mit dem Krisenauslösenden Ereignis, beispielsweise einem Unfall, verbunden sind. Dabei kann sich die Einschätzung solcher Verluste durch verschiedene Stakeholder durchaus unterscheiden (Billings/Milburn/Schaalman 1980). Welche Rolle organisationale Legitimität im Krisenkontext konkret einnehmen könnte, soll im Folgenden erläutert werden.

Vorgehensweise

Bezogen auf die Frage, ob bestimmte Krisenreaktionen effektiver sind als andere, wird im Rahmen dieser Arbeit organisationale Legitimität als zentrale Variable zur Erklärung herangezogen. Dies soll in Abbildung 1 grafisch verdeutlicht werden. Bislang wurde – wenn der Frage überhaupt nachgegangen wurde – unterstellt, dass bestimmte Reaktionen für bestimmte Krisenarten zu einer größeren Akzeptanz unter Stakeholdern führen (Marcus/Goodman 1991). Dies ist in Abbildung 1 durch gestrichelte Pfeile gekennzeichnet. Bei Vorliegen einer solchen Passung leistet die Reaktion einen Beitrag zur Bewältigung der Krise (gepunkteter Pfeil). Im Rahmen dieser Arbeit wird nun vorgeschlagen, dass dieser Zusammenhang über das Konstrukt der Legitimität zustande kommt. Eine Krisenreaktion wird dann akzeptiert, wenn sie zur Wiederherstellung der durch die Krise verringerten Legitimität geeignet ist (durchgezogene Pfeile). Die Rückgewinnung von Legitimität geht einher mit der Bewältigung der Krise.

Um dieses Konzept umzusetzen, kann auf die eingangs geschilderten Krisenfälle zurückgegriffen werden. Wie erwähnt fallen dabei zwei Ansatzpunkte für eine weitergehende Untersuchung auf. Zum Einen könnte – im Einklang mit der vorgeschlagenen Legitimitätsperspektive – die wahrgenommene Angemessenheit der Reaktion seitens des Unternehmens eine Rolle spielen. Bei Exxon und Firestone war eine große Enttäuschung verschiedener Anspruchsgruppen mit der Handhabung der Vorfälle zu beobachten. Bei Texaco hingegen zeigten sich etwa Bürgerrechtsorganisationen zufrieden mit der Reaktion auf den Rassismusskandal. Zum Anderen bestehen Hinweise auf eine gewisse Bedeutung des Timings von Krisenreaktionen. Das anfängliche Schweigen seitens Exxon sowie die langjährige Vertuschung und die schleppend verlaufenden Rückrufaktionen bei Firestone waren deutlich weniger erfolgreich als die sofortige Reaktion bei Texaco. Eine genauere Beleuchtung dieser ersten Anhaltspunkte wurde im Rahmen der drei Fachartikel, welche den Hauptteil dieser Arbeit bilden, vorgenommen. Im Folgenden werden diese zusammengefasst.

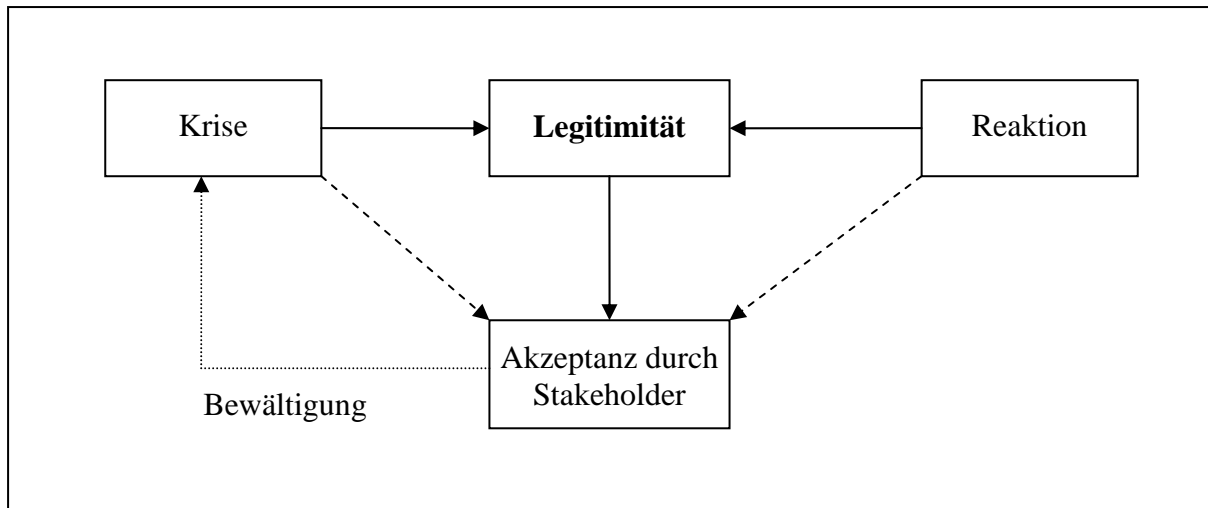


Abbildung 1: Legitimität als zentrales Konstrukt in Organisationskrisen

Zusammenfassung der drei Fachartikel

Die drei Fachartikel, hier in chronologischer Reihenfolge dargestellt, bauen aufeinander auf und verfolgen gleichzeitig unterschiedliche Vorgehensweisen, so dass sowohl eine stetige Vertiefung und Ausdifferenzierung des Wissensstandes als auch eine gewisse Stützung der gewonnenen Erkenntnisse erzielt werden konnte. Im ersten Fachartikel werden die beiden aus Fallstudien identifizierten Ansatzpunkte Angemessenheit und Timing von Krisenreaktionen näher untersucht. Dazu wurde ein Simulationsmodell konstruiert und angewendet. Die wichtigste Limitation der Simulationsstudie war Ausgangspunkt des zweiten Fachartikels. Darin wird eine umfassende konzeptionelle Grundlage für die Untersuchung von Krisenreaktionen aus Legitimitätsperspektive geschaffen. Um die dort deduktiv hergeleiteten Aussagen durch empirische Erkenntnisse zu ergänzen, wurde außerdem eine empirische Doppelstudie durchgeführt, welche im dritten Fachartikel dokumentiert ist. Darin wurden unter Einsatz qualitativer Methoden multiple Fallstudien zu Effekten von Krisen auf organisationale Legitimität bzw. zur Wirksamkeit verschiedener Krisenreaktionen durchgeführt. In den folgenden Zusammenfassungen werden jeweils Ziel, Vorgehensweise und Ergebnisse vorgestellt sowie ggf. zum nächsten – darauf aufbauenden – Artikel übergeleitet.

Erster Fachartikel: „Exploring Organizational Crises from a Legitimation Perspective – Results from a Computer Simulation and Illustrative Cases” (Breitsohl 2008)

Zur Untersuchung der identifizierten Ansatzpunkte Angemessenheit und Timing wurde eine explorative Vorgehensweise mithilfe von Computersimulation gewählt. Ziel war es, einen Erklärungsansatz für die in den drei Fällen beobachteten Unterschiede zu finden. Grundlage

hierfür waren die Möglichkeiten, welche Simulationsmethoden im Rahmen der Theoriebildung bieten (Davis/Eisenhardt/Bingham 2007; Harrison/Lin/Carroll/Carley 2007). Beispielhaft sind hier die Steigerung interner Validität und Vertiefung des Verständnisses im Zuge der Modellformulierung sowie der Einsatz von Simulationsmodellen als „virtuelles Labor“ zu nennen. Der Gang der Untersuchung erfolgte anhand des Schemas von Davis et al. (2007). Als Simulationsverfahren wurde System Dynamics (Forrester 1961; Sterman 2000) gewählt. Dieser Ansatz ist besonders für die Abbildung von komplexen Kausalbeziehungen – und damit von sozialen Systemen – geeignet. In diesem Fall wurden aus der Literatur zur Legitimationsforschung, teilweise ergänzt durch angrenzende Forschungsströmungen, die essentiellen Zusammenhänge bezüglich der Zuschreibung von Legitimität isoliert und zu einem System Dynamics-Modell zusammengesetzt. Diese Zusammenhänge sind schematisch vereinfacht in Abbildung 2 wiedergegeben und werden im Folgenden kurz beschrieben.

Zunächst lässt sich das Modell in drei Bereiche unterteilen, nämlich die Reaktion der Organisation auf die Krise (obere Hälfte), die Wahrnehmung der Stakeholder hinsichtlich der Krisenreaktion sowie der Organisation im Allgemeinen (untere Hälfte) und schließlich der Bereich außerhalb des eigentlichen Modells, dem die als exogen angenommene Krise entspringt. Die Krise verringert plötzlich die bestehende, anfänglich hoch ausgeprägte Legitimität der Organisation. Darauf reagiert die Organisation mit einer gewissen Verzögerung aufgrund begrenzter Informationsverarbeitungskapazität und fehlender passender Routinen. Die Reaktion selbst wird im Modell durch ihre Heftigkeit operationalisiert, welche sowohl mit dem akuten Verlust an Legitimität (Verlust-Effekt) als auch mit deren zuvor bestehender Knappheit (Niveau-Effekt) zunimmt. Die Stakeholder stehen dieser Reaktion umso skeptischer gegenüber, je weniger legitim die Organisation wahrgenommen wird, was die Wirkung der Reaktion moderiert. Zusätzlich wird die Krisenreaktion von den Stakeholdern in ihrer Angemessenheit beurteilt, was bei einer als unangemessen wahrgenommenen Reaktion zu einem weiteren Verlust an Legitimität führen kann.

Im Rahmen der mit dem Modell durchgeführten Simulationsläufe wurden die Schwere der Krise sowie die Verzögerung der Reaktion variiert. Dabei zeigte sich, dass bezüglich der Krisenschwere eine kritische Schwelle („tipping point“) besteht. Unterhalb dieser Schwelle liegt ein nichtlinearer Effekt auf die benötigte Zeit zur Rückgewinnung von Legitimität vor: je schwerer die Krise, desto überproportional länger dauert die Wiederherstellung des früheren Status der Organisation. Oberhalb der kritischen Schwelle gewinnt die Angemessenheit der

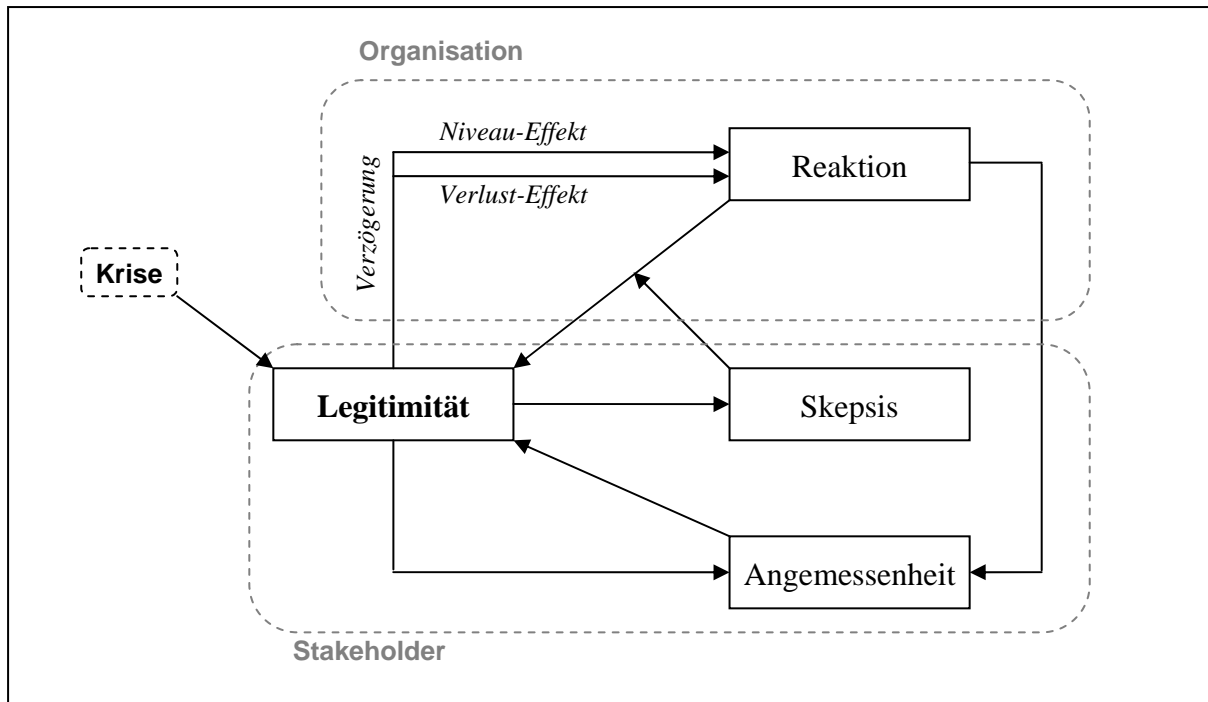


Abbildung 2: Simulationsmodell in vereinfachter schematischer Darstellung

Krisenreaktion stark an Bedeutung. Wird bei einer schweren Krise die Reaktion als unangemessen – also Überreaktion – wahrgenommen, so „bestrafen“ die Stakeholder die Organisation mit weiterem Legitimitätsentzug und werden zusätzlich misstrauischer. Dies führt seitens der Organisation zu noch stärkeren Rettungsversuchen, wodurch ein Teufelskreis aus Überreaktion, Skepsis und wahrgenommener Unangemessenheit ausgelöst wird. Dieser verhindert nicht nur eine Wiederherstellung, sondern bewirkt einen völligen Verlust an Legitimität. Auch hinsichtlich des Timings der Reaktion zeigte sich ein nichtlinearer Effekt. Je später die Reaktion auf die Krise erfolgt, desto überproportional länger dauert insgesamt die Wiederherstellung von Legitimität. Hinzu kommt, dass die verbliebene Legitimität weiter verfällt, je länger eine Reaktion ausbleibt, was eine Rückgewinnung weiter erschwert.

Insgesamt liefern die Ergebnisse dieser explorativen Studie wertvolle Hinweise auf die Kausalzusammenhänge hinter den sehr unterschiedlichen Krisenverläufen, welche in empirischen Fallstudien dokumentiert sind und als Ausgangspunkt der Untersuchung dienen. Sowohl die Angemessenheit als auch das Timing der Krisenreaktion könnten eine bedeutende Rolle bei der Bewältigung spielen. Insbesondere die gefundenen Hinweise auf nichtlineare Effekte und die damit zusammenhängende kritische Schwelle können die Forschung zur Krisenwahrnehmung bereichern. Unter Rückbezug auf die drei eingangs vorgestellten Fälle lässt sich feststellen, dass im Fall Texaco eine wesentlich schnellere Reaktion vorlag als bei Exxon und Firestone, so dass kaum weitere Legitimitätsverluste durch Verzögerung auftreten konnten. Zudem wurde die Reaktion als wesentlich angemessener eingestuft, was eine Bewältigung der

Krise weiter vereinfachte, so dass Texaco den Skandal weitestgehend unbeschadet überstehen konnte.

Gleichzeitig ist festzuhalten, dass die Simulationsstudie gewissen Limitationen unterliegt. Dies betrifft primär die Eindimensionalität der Variablen des Modells. So wurde im Modell von einer einzigen Art von Legitimität ausgegangen, wohingegen die Literatur zwischen mehreren Dimensionen des Konstrukts unterscheidet. Die Krise wurde, ebenfalls der Sparsamkeit halber, als eindimensional abgebildet, während sowohl theoretisch als auch empirisch verschiedene Arten von Organisationskrisen diskutiert werden. Auch bei der Krisenreaktion wurde lediglich die Stärke modelliert. In der Realität könnten jedoch qualitative Unterschiede von Bedeutung sein. In einem nächsten Schritt sollte deshalb diese Eindimensionalität überwunden werden. Dies bildet den Gegenstand des zweiten Fachartikels.

Zweiter Fachartikel: „Linking Organizational Crises and Reactive Strategies via Dimensions of Legitimacy” (Breitsohl 2009a)

Um der Differenziertheit der zentralen Aspekte von Organisationskrisen, aufbauend auf einer vorläufigen Bestätigung der Legitimitätsperspektive durch die Simulationsstudie, besser Rechnung zu tragen, bestand die Zielsetzung nun in der „Auffächerung“ der Hauptbestandteile des Grundkonzepts der Arbeit. Dies ist schematisch in Abbildung 3 dargestellt. Es sollte nun jeweils zwischen verschiedenen Arten von Krisen, Legitimität und Reaktionen unterschieden werden. Der Erklärungsansatz wurde also dahingehend modifiziert, dass sowohl unterschiedliche Krisentypen als auch Reaktionsklassen auf verschiedene Legitimitätsdimensionen wirken. Dieses Zusammenspiel über die Dimensionen des Legitimitätskonstrukts soll die Effektivität von Reaktionen im Kontext von verschiedenen Krisen erklären. Um eine solche Erklärung zu fundieren, musste zu jeder der drei Komponenten die relevante Literatur gesichtet, kondensiert und systematisiert werden, wobei anzumerken ist, dass sich die jeweiligen Wissensbestände nur teilweise überschneiden. Ergebnis der Literaturarbeit sind drei Typologien, die zwischen vier Legitimitätsdimensionen, drei Krisentypen und vier Reaktionsklassen unterscheiden. Im Rahmen des Fachartikels werden diese ausführlich hergeleitet und vorgestellt. Hier sollen sie nun kurz zusammengefasst werden.

Die Literatur zur organisationalen Legitimität enthält mehrere Klassifikationen, die sich sowohl in ihrem Differenzierungsgrad als auch in ihrer inhaltlichen Abgrenzung unterscheiden. Aldrich und Fiol (1994) unterscheiden zwischen zwei Dimensionen, welche später auf drei ausdifferenziert wurden (Aldrich/Ruef 2006). Bei Scott (1995) finden sich drei ähnlich

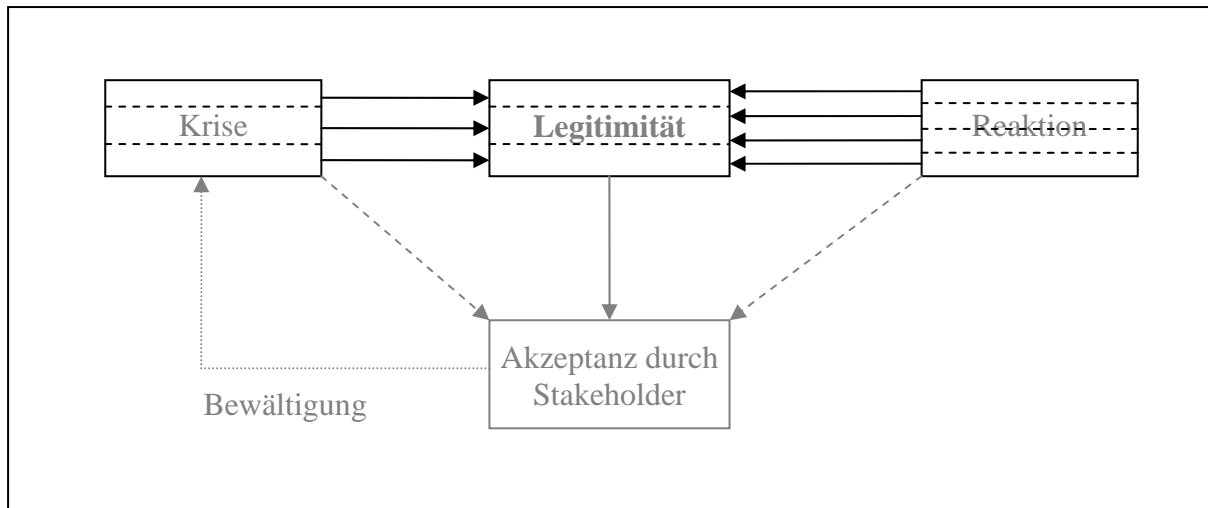


Abbildung 3: „Auffächern“ der Hauptelemente der Arbeit

abgegrenzte Dimensionen. Suchman (1995) wiederum präsentiert ein dreigliedriges Modell, das jedoch in der Aufteilung von den anderen beiden abweicht. Insgesamt konnten dennoch vier relevante Aspekte von Legitimität isoliert werden, welche mit den Attributen regulativ, pragmatisch, moralisch/normativ und kognitiv bezeichnet werden. Dabei entspricht *regulative Legitimität* der Wahrnehmung, dass die fokale Organisation sich an geltende Gesetze und kodifizierte Normen (bspw. DIN) hält. *Pragmatische Legitimität* wird zugeschrieben, wenn die Organisation als guter Austausch- und Kooperationspartner wahrgenommen wird. *Moralische oder normative Legitimität* ist mit der Einhaltung gesellschaftlicher Wertvorstellungen verknüpft, während *kognitive Legitimität* die Verständlichkeit und Selbstverständlichkeit des Zwecks und Handelns der Organisation umfasst.

Hinsichtlich der Literatur zu Organisationskrisen ist eine nicht geringere Vielfalt an Systematisierungsansätzen zu finden. Einige Autoren haben dabei Auflistungen von Krisen präsentiert (bspw. Pauchant/Mitroff 1992; Pearson/Clair 1998). Die wenigen vorhandenen Typologien (Marcus/Goodman 1991; Milburn et al. 1983; Pauchant/Mitroff 1992; Shrivastava et al. 1988) unterscheiden sich deutlich in Bezug auf ihre Abgrenzung, Dimensionalität, Detaillierungsgrad und Fokus. Deshalb wurde eine neue Typologie entwickelt, die Elemente der genannten Modelle kombiniert und so eine umfassende Klassifizierung von Organisationstypen unter Berücksichtigung der Stakeholderperspektive erlaubt. Unterschieden wird zwischen drei Klassen von Krisen, nämlich Unfällen, Skandalen sowie Produktsicherheits- und Gesundheitsvorfällen. Diese werden anhand zweier Dimensionen, nämlich der Beeinflussbarkeit durch die Organisation (groß vs. gering) und der primären Ursache (technisch vs. human/sozial), charakterisiert. *Skandale* sind aufgrund ihres Ursprungs im Kreis der Organisationsmitglieder eher leicht zu beeinflussen und haben humane und soziale Ursachen. *Unfälle* entstehen häufig

aus technologischer Komplexität und sind, nicht zuletzt deshalb, eher schwer zu beeinflussen. *Produktsicherheits- und Gesundheitsvorfälle* liegen jeweils zwischen diesen beiden Polen. Sie unterliegen sowohl technischen als auch humanen und sozialen Einflüssen. Gleichzeitig sind sie weniger leicht vermeidbar als Skandale, aber nicht so unvorhersehbar wie Unfälle.

Der vielfältigste und umfangreichste Literaturbestand fand sich zur dritten Komponente des in dieser Arbeit verwendeten Ansatzes – den Krisenreaktionen. So existieren zahlreiche Typologien, die sich jedoch in Breite, Tiefe und Abgrenzung der Typen unterscheiden und teilweise widersprechen. Deshalb wurde auch hier eine neue Typologie entwickelt, welche praktisch alle bekannten Reaktionstypen abdeckt und nach eindeutigen Kriterien klassifiziert. Diese Kriterien wurden dem Aufsatz von Marcus und Goodman (1991) entlehnt und grenzen ab, ob eine betroffene Organisation erstens die Existenz eines Problems anerkennt, zweitens die Verantwortung für das Problem übernimmt und drittens aktiv zu seiner Lösung beiträgt. Hierdurch ergeben sich vier Klassen von Reaktionen, welche mit den Bezeichnungen *ausweichend* (z.B. Verschleierung), *abwehrend* (z.B. Ausreden), *aner kennend* (z.B. Entschuldigung) bzw. *entgegenkommend* (z.B. Entschädigung) überschrieben sind. Weitere Beispiele werden im Fachartikel erläutert.

Basierend auf diesen drei Typologien und der dahinter stehenden Literatur wurden insgesamt sieben Propositionen hergeleitet, welche die in Abbildung 3 dargestellten Zusammenhänge widerspiegeln. Zur Veranschaulichung sollen hier beispielhaft nur zwei davon aufgeführt werden. So besagt Proposition 1 dass Skandale eher auf regulative und moralisch/normative Legitimität wirken als auf pragmatische oder kognitive Legitimität. Dies ist darauf zurückzuführen, dass Skandale häufig mit Wirtschaftskriminalität in Verbindung stehen und zudem oft durch individuelle Bereicherung auf Kosten der Stakeholder motiviert sind. Die Kernaufgaben der Organisation als Austauschpartner und Produkt- oder Dienstleistungsanbieter rücken dabei eher in den Hintergrund. Proposition 7 besagt, dass regulative Legitimität primär von ausweichenden und eher ausgeprägten abwehrenden und entgegenkommenden Reaktionen beeinflusst wird. Dies lässt sich dadurch erklären, dass abwehrende Taktiken sowie Distanzierung den Eindruck erwecken sollen, die Organisation halte sich weiterhin an geltende Regelungen. Entgegenkommende Reaktionen wiederum signalisieren eine Abkehr von problematischen Praktiken – oder Personen – und Neuorientierung hin zu stärkerer Konformität mit den Erwartungen der Stakeholder.

Empirisch untersucht wurden diese Zusammenhänge bislang kaum. Die wenigen verfügbaren Studien stützen die deduktiv aufgestellten Propositionen teilweise. Insgesamt leistet der Fach-

artikel dennoch einen wichtigen Beitrag zum Verständnis von Organisationskrisen und möglichen Reaktionen. Dies wird durch eine umfassende Analyse und Integration dreier relativ unabhängiger Literaturströmungen erreicht. Das Ergebnis ist nicht nur ein kompakter Überblick über diese Wissensbestände, sondern neue umfassende Typologien, die eine klarere Diskussion ermöglichen. Allgemeiner betrachtet bietet die Legitimitätsperspektive einen vielversprechenden Ansatz zum Verständnis des Verlaufs organisationaler Krisen. Um die zuvor explorativ bzw. deduktiv gewonnenen Erkenntnisse mit zusätzlichen empirischen Daten zu ergänzen, wurde eine Doppelstudie multipler Fälle von Krisen durchgeführt, welche die Grundlage des dritten Fachartikels bildet.

Dritter Fachartikel: “Organizational Crises and Reactions from a Legitimacy Perspective – Results from Two Multiple-case Studies” (Breitsohl 2009b)

Ausgangspunkt des dritten Fachartikels war die Frage, inwiefern sich die zuvor hergeleiteten Zusammenhänge in tatsächlichen Krisen wiederfinden. Um diesbezüglich Hinweise zu erhalten, wurden zwei Studien durchgeführt, wobei auf das in der Krisenmanagementforschung übliche Design der Fallstudie (Eisenhardt 1989; Eisenhardt/Graebner 2007) zurückgegriffen wurde. Eine größerzahlige quantitative Untersuchung wäre aufgrund der Seltenheit von Krisen sowie des Aufwandes der Datenanalyse nur sehr schwer durchführbar gewesen. Wie die Ergebnisse der beiden Studien sowie deren Limitationen zeigten, war dies die richtige Entscheidung. Die Studien unterschieden sich teilweise in der Vorgehensweise bei der Fallauswahl, wie noch zu erläutern sein wird.

Gemeinsam war den beiden Studien, dass Medienberichte über Organisationskrisen die jeweilige Datengrundlage bildeten. Diese wurde einer qualitativen Inhaltsanalyse unterzogen, wobei relevante Fundstellen bestimmten theoretisch fundierten Kategorien zugeordnet wurden (Miles/Huberman 1994). Ähnliche Ansätze wurden im Rahmen anderer Forschungsfragen bereits erfolgreich verfolgt (bspw. Deephouse 1996; Hybels et al. 1994). So können Medienberichte als Indikator für Legitimität angesehen werden (Deephouse/Suchman 2008), da Stakeholder bei ihren Entscheidungen auf sie zurückgreifen (Fombrun/Shanley 1990; Pollock/Rindova 2003). Auch für den Verlauf von Krisen spielen Medienberichte eine Rolle, indem sie als Filter für die öffentlich verfügbaren Informationen über eine Krise wirken (Nelkin 1988). Insofern erschien dieser Ansatz als gut geeignet.

Studie 1: Krisenarten und Legitimitätsdimensionen

Für Studie 1 stand die Frage im Vordergrund, inwiefern verschiedene Arten von Krisen unterschiedlich im Hinblick auf organisationale Legitimität wahrgenommen werden. Es galt also, sich dem Gegenstand der Propositionen 1 bis 4 aus dem oben vorgestellten zweiten Fachartikel (Breitsohl 2009a) empirisch zu nähern. Genauer sollten robuste Hinweise auf Zusammenhänge zwischen Krisenarten – Unfällen, Skandalen und Produktsicherheitsvorfällen – einerseits und Legitimitätsdimensionen – moralisch, kognitiv, regulativ und pragmatisch – andererseits gefunden werden. Zu diesem Zweck wurden komparative Fallstudien durchgeführt, die dem “most different systems”-Prinzip (Przeworski/Teune 1970) folgten. Demgemäß sind Eigenschaften, anhand derer sich Fälle unterscheiden, irrelevant, wenn die zu erklärende Variable, hier die betroffene(n) Legitimitätsdimension(en), für alle Fälle gleich ausgeprägt ist. Deshalb wurden für jede Krisenart drei Fälle ausgewählt, welche sich in ihren Eigenschaften möglichst stark unterschieden, etwa hinsichtlich der betroffenen Branche. Zu jedem dieser neun Fälle wurden Medienberichte in Bezug auf Aussagen über die Legitimität des jeweiligen Unternehmens ausgewertet.

Die untersuchten Fälle werden im Fachartikel ausführlicher beschrieben, weshalb sie hier lediglich aufgezählt werden sollen, wobei jeweils das involvierte Unternehmen angegeben ist. So umfassten die Unfälle das Zugunglück von Eschede (Deutsche Bahn), die Explosion einer Feuerwerksfabrik im niederländischen Enschede (S.E. Fireworks) sowie den Untergang des Öltankers Prestige vor der spanischen Küste (Mare Shipping). Die analysierten Skandale waren die Affäre um die Bspitzelung von Angestellten und Kunden beim Einzelhandelskonzern Lidl, die Unterschlagungen, welche zur Insolvenz des Geldtransportunternehmens Heros führten sowie der sogenannte „Lustreisen“-Skandal bei Volkswagen. Die betrachteten Produktsicherheits- und Gesundheitsvorfälle betrafen bleiverseuchtes Spielzeug der Firma Mattel, schädliche Säuglingsnahrung von Humana sowie das Medikament Lipobay von Bayer.

Die Ergebnisse von Studie 1 brachten deutliche Hinweise darauf, dass Krisen mit einem Verlust an Legitimität einhergehen. Insgesamt waren kognitive und regulative Legitimität am häufigsten betroffen, moralische Legitimität immerhin noch in über der Hälfte der Fälle. Kein Fall war ohne Legitimitätsverlust, wobei nur sehr wenige Meldungen einen Rückschluss auf pragmatische Legitimität zuließen. Zudem bestehen Unterschiede hinsichtlich der betroffenen Legitimitätsdimensionen in Abhängigkeit von der jeweiligen Krisenart. Skandale zeigten, wie im zweiten Fachartikel hergeleitet, vor allem Verluste an moralischer und regulativer, teilweise auch kognitiver Legitimität. Unfälle beeinflussten primär moralische Legitimität. Dieses

Ergebnis ist nicht deckungsgleich mit der vorangegangenen theoretischen Diskussion, könnte aber durch die Fallauswahl zu erklären sein. So zeigte sich, dass zwei der drei Unfälle auch Eigenschaften von Skandalen aufwiesen. Dies deutet auch auf die Schwierigkeit der Einordnung realer Fälle in Krisentypen sowie die Limitationen der dahinter stehenden konzeptionellen Abgrenzung hin. Für Produktsicherheits- und Gesundheitsvorfälle konnten keine eindeutigen Zusammenhänge ermittelt werden. Dies stützt zumindest die Einordnung dieser Krisenart zwischen den beiden anderen. Außerdem zeigte sich anhand einiger weniger Medienberichte, dass Krisenreaktionen sowohl positive als auch negative Wirkungen auf organisationale Legitimität haben könnten. Dies motivierte zusätzlich die Durchführung von Studie 2, welche sich dezidiert mit diesem Aspekt befassen sollte.

Studie 2: Wirksamkeit von Krisenreaktionen

Im Unterschied zur obigen Studie sollten nun nicht Gemeinsamkeit zwischen unterschiedlichen Fällen identifiziert werden. Vielmehr hatte Studie 2 zum Ziel, Unterschiede in den Reaktionen verschiedener Unternehmen zu entdecken, welche mit ähnlichen Krisen konfrontiert waren. Dadurch sollten Aussagen hinsichtlich der Wirksamkeit von Reaktionsklassen in Abhängigkeit von Krisenarten ermöglicht werden, wie sie im zweiten Fachartikel diskutiert wurden (Breitsohl 2009a). Diese Vorgehensweise entspricht dem "most similar systems"-Prinzip (Przeworski/Teune 1970). Demnach werden möglichst ähnliche Fälle verglichen, damit Unterschiede in der zu erklärenden Variable auf eine möglichst kleine Anzahl von Ursachen zurückgeführt werden können. Deshalb wurde für jede Krisenart ein Fallpaar gesucht, welches sich in Bezug auf die genaue Krisenart, die Branche sowie die geografische Region möglichst wenig unterschied und gleichzeitig stark abweichende Ergebnisse hinsichtlich der Krisenbewältigung aufwies. Dies schränkte die Anzahl der infrage kommenden – naturgemäß ohnehin seltenen – Krisen stark ein. Die gewählten Fälle wurden, analog zu Studie 1, einer qualitativen Inhaltsanalyse von Medienberichten unterzogen, wobei relevante Fundstellen den vier theoretisch hergeleiteten Reaktionsklassen zugeordnet wurden. Bei den Unfällen handelte es sich um je einen Flugzeugabsturz bei indonesischen Linienfluggesellschaften. Die Skandale betrafen die Bspitzelungsaffären bei Lidl und der Deutschen Telekom. Die Produktsicherheits- und Gesundheitsvorfälle hatten vergiftetes Milchpulver zweier großer chinesischer Hersteller zum Gegenstand.

Die Ergebnisse zeigten teils große Unterschiede in den Krisenreaktionen der jeweiligen Unternehmen. Dabei traten Reaktionsarten jeweils umso häufiger auf, je entgegenkommender sie waren, wobei in keinem Fall Hinweise auf ausweichendes Verhalten gefunden wurden. Bei

Betrachtung der einzelnen Krisenarten lässt sich sagen, dass sich kaum Unterschiede zwischen den beiden Skandalen ausmachen ließen. Dies erschwerte zwar einen aussagekräftigen Vergleich, zumindest stützte aber die vorwiegende Verwendung anerkennender, entgegenkommender und einiger verteidigender Reaktionen die vorangegangene Diskussion (Breitsohl 2009a). Zusätzliche Belege fanden sich bei den Produktsicherheitsvorfällen, wobei sich gewisse Einschränkungen aus der Tatsache ergaben, dass beide Unternehmen von derselben Krise betroffen waren. Hinsichtlich der Unfälle erwiesen sich entgegenkommende Taktiken als erfolgreicher, was früheren Erkenntnissen entspricht (Marcus/Goodman 1991). Interessant waren auch zwei Muster, welche sich im zeitlichen Ablauf der Krisenreaktionen zeigten. So fanden die meisten Reaktionen unmittelbar nach Eintritt der Krisen sowie im Abstand von etwa einer Woche statt. Zwischen diesen Zeitpunkten sowie danach zeigten die Unternehmen deutlich weniger Aktivität. Dies kann als Beleg für Konzeptualisierung von Krisen als Interaktion in Form von organisationaler Handlung und Feedback durch Stakeholder (Pfarrer et al. 2008) angesehen werden. Zudem wurden die Reaktionen im Verlauf der Krisen immer entgegenkommender, wobei vor allem die abwehrenden Taktiken sehr schnell verschwanden. In Anknüpfung an die Simulationsstudie (Breitsohl 2008) lässt sich darüber hinaus berichten, dass zügige Reaktionen erfolgreicher waren als langsame.

Gesamtergebnis

Insgesamt unterstreichen die Ergebnisse der Studien aus dem dritten Fachartikel die Bedeutung, welche sowohl den zentralen Konstrukt Legitimität als auch der organisationalen Krisenreaktion zukommt. Studie 1 zeigte, dass drei von vier Legitimitätsdimensionen durch Krisen negativ betroffen waren, wobei die vierte möglicherweise Verzerrungen unterlag. Außerdem fanden sich Belege für die vorgeschlagenen Zusammenhänge aus dem zweiten Fachartikel. Die Resultate von Studie 2 können im Großen und Ganzen ebenfalls als Belege für frühere Arbeiten (Breitsohl 2008, 2009a) angesehen werden. So wurde nochmals die entscheidende Rolle des Timings von Krisenreaktionen aufgezeigt. Außerdem folgten Skandale und Produktsicherheitsvorfälle den vermuteten Zusammenhängen.

Es zeigten sich aber auch gewisse Limitationen, welche vorwiegend der Verwendung von Medienberichten als Datenquelle sowie dem Design der komparativen Fallstudien zuzuordnen sind. So könnte zum Einen die geringe Anzahl an Fundstellen pragmatischer Legitimität darauf zurückzuführen sein, dass solche Aspekte aus journalistischer Perspektive weniger relevant sind als andere Legitimitätsdimensionen. Zum Anderen waren die Fälle trotz aufwändiger Auswahl von zahlreichen Eigenarten geprägt, welche die Vergleiche erschwerten. Trotz

der wichtigen Beiträge, welche durch Fallstudien von Krisen (bspw. Vaughan 1990; Weick 1990, 1993) geleistet wurden, scheint noch Raum für andere methodische Ansätze zu bestehen, wie bereits durch die Simulationsstudie gezeigt werden konnte.

Schlussbetrachtung

Ausgangspunkt der vorliegenden Arbeit war die Beobachtung, dass Unternehmen sich in ihren Reaktionen auf Krisen stark unterscheiden, sowohl hinsichtlich qualitativer Eigenschaften der Reaktionen als auch in Bezug auf den Erfolg der getroffenen Maßnahmen. Anhand dreier in der Krisenmanagementforschung dokumentierter Fälle wurden das Timing sowie die wahrgenommene Angemessenheit der Reaktion als Ansatzpunkte für eine Erklärung der unterschiedlichen Ergebnisse der Krisen identifiziert. Eine Sichtung der organisationswissenschaftlichen Literatur ergab, dass bislang vor allem die sozialen und technischen Ursachen von Unternehmenskrisen sowie Möglichkeiten zur Krisenprävention diskutiert wurden. Nur einige wenige Studien haben sich bislang mit Krisenreaktionen befasst. Diese bieten zwar gewisse Hinweise auf die Wirksamkeit von Taktiken des Krisenmanagements, beleuchten jedoch nicht die Ursachen der Erfolgsunterschiede verschiedener Maßnahmen. Gleichzeitig war festzustellen, dass die Rolle des sozialen Systems, in welchem sich Organisationen befinden, bislang im Krisenkontext nur wenig Beachtung gefunden hat.

Ausgehend von dieser Bestandsaufnahme wurde eine Betrachtung von Organisationskrisen aus Legitimitätsperspektive vorgeschlagen. Genauer ist die Grundannahme dieser Arbeit, dass Krisen durch einen Verlust an Legitimität der betroffenen Organisation in den Augen ihrer Stakeholder gekennzeichnet sind. Legitimität bildet das zentrale Konstrukt, welches die Entwicklung und Bewältigung von Krisen prägt. So ist eine Krisenreaktion dann erfolgreich, wenn sie geeignet ist, die verringerte Legitimität der Organisation wiederherzustellen. Ziel der Arbeit war somit, durch Einführung und Ausarbeitung der Legitimitätsperspektive einen Beitrag zur Erklärung der Wirksamkeit von Krisenmanagementstrategien zu liefern. Dazu wurden insgesamt drei Fachartikel verfasst, welche sich dem Ziel auf unterschiedliche Weise nähern. Gleichzeitig bauen diese Artikel aufeinander auf und ergänzen sich.

Der erste Fachartikel (Breitsohl 2008) knüpft dabei direkt an die Ansatzpunkte Timing und Angemessenheit von Krisenreaktionen an und untersucht, wie sich die Kausalzusammenhänge der Interaktion zwischen Organisation und Stakeholdern im Zeitablauf auswirken. Dabei konnte die Bedeutung von Timing und Angemessenheit insofern bestätigt werden, als dass für

beide Aspekte nichtlineare Effekte auf die Krisenbewältigung identifiziert wurden. Die Wirkungsweise dieser Effekte liefert außerdem einen Beitrag zum Verständnis der Interaktion zwischen Organisation und Stakeholdern sowie einen vielversprechenden Erklärungsansatz für die unterschiedlichen Verläufe der drei eingangs diskutierten Fallstudien. Der dritte Fachartikel (Breitsohl 2009b) konnte hier teilweise anknüpfen. So zeigte die dort präsentierte zweite Fallstudie, dass schnelle Reaktionen mit größerem Erfolg einhergingen als eine eher abwartende Haltung.

Neben diesen Erkenntnissen zeigte die Simulationsstudie, dass eine eindimensionale Modellierung von Legitimität, Krisen und Reaktionen zwar wertvolle Einblicke ermöglicht, aber hinter der Komplexität der interaktiven Natur von Organisationskrisen zurückbleibt. Deshalb bestand die Notwendigkeit, eine stärker ausdifferenzierte theoretische Basis für die Betrachtung von Krisen aus Legitimitätsperspektive zu schaffen. Zu diesem Zweck wurde von einer formal modellierenden – und damit zwangsläufig reduzierenden – zu einer konzeptionellen Vorgehensweise übergegangen. Im zweiten Fachartikel (Breitsohl 2009a) wurden drei relativ unabhängige Forschungsströmungen – Krisenmanagement, Legitimation und „impression management“ – zusammengeführt. Die hierfür erforderliche intensive Literaturarbeit ergab für jedes der drei Teilgebiete einen umfassenden und detaillierten Überblick. Darauf basierend wurde jeweils eine neue Typologie entwickelt, welche bereits bekannte Ansätze einbezieht und einige bisherige Schwachpunkte beseitigt. So ermöglicht der Artikel ein tieferes Verständnis der wichtigsten Elemente einer Legitimitätsperspektive auf Krisen(-reaktionen). Darüber hinaus konnte diese Perspektive wesentlich weiterentwickelt werden, indem Propositionen über präzisere Zusammenhänge der Typen bzw. Dimensionen der enthaltenen Konzepte aufgestellt wurden. Erst durch diese Ausdifferenzierung wurde eine intensivere empirische Untersuchung möglich, wie sie anschließend erfolgte.

Um dem deduktiv geprägten zweiten Fachartikel zusätzliche empirisch fundierte Erkenntnisse zur Seite zu stellen, wurden vor dem Hintergrund der verbesserten Theoriebasis zwei qualitative Studien durchgeführt. Dabei wurde auf das in der Krisenmanagementforschung bewährte Fallstudiendesign zurückgegriffen, welches nicht zuletzt durch den Seltenheitscharakter von Krisen bedingt ist. Um Aussagen jenseits einer der Beschreibung eines Einzelereignisses zu ermöglichen, wurden strenge Maßstäbe an die Auswahl der zu analysierenden Fälle angelegt. Für die erste Studie wurde eine starke Generalisierbarkeit der Zusammenhänge zwischen Krisenarten und Legitimitätsdimensionen angestrebt, weshalb sehr unterschiedliche Fälle ausgewählt wurden. Anhand der ausgewerteten Medienberichte konnte gezeigt werden, dass Aus-

sagen über organisationale Legitimität im Krisenkontext eine bedeutende Rolle spielen. Zudem entsprachen die Ergebnisse teilweise den im zweiten Fachartikel hergeleiteten Propositionen. Bei der zweiten Studie stand die Wirksamkeit von Krisenreaktionen im Zentrum der Betrachtung. Um diese – gegeben die Stärken und Schwächen qualitativer Forschung - möglichst verlässlich beurteilen zu können, wurden im Unterschied zur ersten Studie möglichst ähnliche Fälle ausgewählt. Hier fand sich wieder teilweise Unterstützung der theoretischen Diskussion, wobei insbesondere durch die Bedeutung des Reaktionstimings an die Erkenntnisse aus der Simulationsstudie angeknüpft werden konnte. Es zeigten sich allerdings gewisse Limitationen qualitativer Fallstudienforschung.

Insgesamt kann über die drei Fachartikel ein erheblicher Erkenntnisgewinn festgestellt werden. So leistet im Allgemeinen die Legitimitätsperspektive einen wertvollen Beitrag zum Verständnis der sozialen Komponente von Organisationskrisen, welche bislang häufig zu wenig Beachtung fand. Auch die Bewältigung von Krisen, bzw. die Kausalzusammenhänge die ein erfolgreiches Krisenmanagement ermöglichen, können durch Einnehmen der Legitimitätsperspektive besser erklärt werden. Im Besonderen schafft die vorliegende Arbeit hierfür wichtige konzeptionelle Grundlagen und Systematiken, indem die relevanten Literaturbereiche geordnet und zueinander in Beziehung gebracht werden. Auch bietet sie, insbesondere hinsichtlich der Rolle des Timings von Krisenreaktionen sowie des Zusammenspiels von Eigenschaften von Krisen und Reaktionen, konkretere Hinweise auf generalisierbare Zusammenhänge. Hier zeigen sich auch Ansatzpunkte für weitere Untersuchungen.

Zukünftige Studien zum Management von Organisationskrisen unter Berücksichtigung der Legitimitätsperspektive könnten das Ziel verfolgen, eine noch stärkere Verallgemeinerung der hier vorgeschlagenen Zusammenhänge zu erreichen. Damit einhergehen würde eine Überwindung der Restriktionen der traditionellen fallbasierten Krisenforschung, hin zu statistisch prüfenden Untersuchungsdesigns. Zur Erfassung der Zuschreibung von Legitimität könnte die Verwendung direkterer Maße ohne den „Umweg“ über Medienberichte sinnvoll sein. Diese Ansatzpunkte implizieren eine stärker psychologisch fundierte Untersuchung, wobei sich ein experimentelles Design (bspw. Shadish/Cook/Campbell 2002) anbieten würde. So könnten zukünftige Studien direkt erheben, wie unterschiedliche Krisen sowie verschiedene Reaktionen durch (potentielle) Stakeholder beurteilt werden und wie sich organisationale Legitimität dadurch verändert. Dies würde nicht nur zur immer wieder geforderten stärkeren Mikrofundierung der Organisationsforschung (Felin/Foss 2005; Gambardella/Zollo 2009) beitragen,

sondern auch das Verständnis sozialer Prozess im Krisenkontext wesentlich vertiefen und so letztlich eine effektivere Handhabung solch kritischer Ereignisse ermöglichen.

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SCHUMPETER DISCUSSION PAPERS

Exploring Organizational Crises from a Legitimation Perspective – Results from a Computer Simulation and Illustrative Cases

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Exploring Organizational Crises from a Legitimation Perspective – Results from a Computer Simulation and Illustrative Cases

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ABSTRACT

Organizational crises are rare, yet they fundamentally influence the evolution of organizations. An aspect of crises deserving more attention is the interaction of organizations and their stakeholders during a crisis from a legitimation perspective. This paper presents a simulation model mapping causal relationships behind this interaction. Results suggest that the nature and timing of organizational response to crises has considerable effect on the success and duration of attempts of regaining organizational legitimacy after a threatening event. Illustrative case studies demonstrate how several organizations have been (un-)successful in overcoming individual crises with respect to these influences.

INTRODUCTION

Organizational crises are a somewhat paradoxical phenomenon. From the perspective of the individual organization, they can bring about fundamental change, but occur relatively rarely, while the roots of those changes often remain unclear. More precisely, they are low-probability, high-impact events that threaten the organization's viability while being causally ambiguous (Hermann, 1963; Pearson and Clair, 1998). Thus, crises usually take organizations by surprise and leave a limited amount of time for the affected organization to react (Hermann, 1963; Billings, Milburn, and Schaalman, 1980; Meyer, 1982). From a societal perspective, the evolution of increasingly complex technologies (Perrow, 1984), and what has become known as high-reliability organizations (Roberts, 1990; Weick, Sutcliffe, and Obstfeld, 1999) have made organizational crises, such as accidents, scandals, or product

safety incidents (Marcus and Goodman, 1991) an almost daily phenomenon. Indeed, some scholars have argued that a world of discontinuities makes crises inevitable (Smart and Vertinsky, 1977). Such ubiquity, combined with the potential impact on the fate of an organization, makes organizational crises a topic not only allowing, but warranting scholarly investigation (Hermann, 1963).

Research on organizational crises has tended to focus on two questions: How do organizational crises arise, and how can they be prevented in the future? There is a rich body of literature presenting case studies of crises and analyzing with great precision the development of catastrophic events. Examples are the Tenerife air disaster (Weick, 1990), the loss of the space shuttle Challenger (Vaughan, 1990), the industrial accident at Bhopal (Shrivastava, 1992), or the Mann Gulch fire (Weick, 1993). The contributing factors to such events which are typically discussed in these studies include organizational sensemaking (Weick, 1988, 1993), intraorganizational regulatory relationships and social control (Vaughan, 1990), and information processing (Rudolph and Repenning, 2002). The causes identified in these studies have prompted other authors to provide prescriptions for organizational design in order to prevent crises or minimize their effects (e.g., Hedberg, Nystrom, and Starbuck, 1976; Turner, 1976; Smart and Vertinsky, 1977). Some scholars have focused their research on industries identified as particularly 'crisis prone' due to their use of risky technologies and tightly coupled systems (Perrow, 1984; Mitroff et al., 1989; Pauchant and Mitroff, 1988, 1992).

An aspect of organizational crises deserving more attention is the interaction between the affected organization and its stakeholders. In the wake of a threatening event, the appropriateness of the organization's attempts of coping with the crisis is determined through discourse consisting of organizational action and stakeholder feedback (Pfarrer et al., 2008). This interplay is crucial in reestablishing a sense of normalcy and moving back to a more stable mode of operation since stakeholders are part of the environment the organization relies on in order to survive (Shrivastava et al., 1988; Pearson and Clair, 1998; Yu, Sengul, and Lester, 2008).

Interestingly, research on organizational crises has produced numerous examples of how widely paths of crisis resolution between the actors involved can differ. For instance, after the Tylenol poisonings in 1982, Johnson & Johnson was able to quickly reestablish its stance as a reliable producer of pharmaceuticals, in spite of another death related to poisoned capsules a few years later (Shrivastava et al., 1988). In fact, the Tylenol case is considered exemplary in terms of how the organization reacted to a severe product safety incident (Pauchant and Mitroff, 1992). Conversely, one factor contributing to the demise of Pan American Airlines was

the inappropriate withholding of information from passengers after the loss of Flight 103 over Lockerbie, as perceived by the public (Sipika and Smith, 1993). Similarly, Bridgestone required a prolonged period of time to regain trust among American stakeholders after not disclosing the company's problems related to a large-scale recall of faulty tires (Pfarrer et al., 2008). These examples point to the importance of evaluation by stakeholders in an unfolding crisis. More specifically, it remains unclear why some organizations manage to overcome perceived inappropriateness associated with a crisis without significant difficulty, while others are unable to do so and, in some cases, exacerbate the situation and extend the crisis.

This paper aims to shed some light on this issue by exploring extant theory on organizational crises. As will be outlined in the next section, it takes a legitimation perspective by viewing an organizational crisis as subject to interactive evaluation between the organization and its stakeholders. The paper analyzes the legitimation dynamics between these actors triggered by a threatening event. This is done by building a formal model based on causal relationships identified within the literature on organizational legitimation and crises, respectively. The model is then used to simulate the interaction between the organization and its stakeholders under varying conditions. A presentation of the simulation results is followed by a discussion of their implications, illustrated by several cases drawn from the literature. A consideration of limitations and avenues for future research concludes the paper.

A LEGITIMATION PERSPECTIVE ON ORGANIZATIONAL CRISES

Organizational crises do not occur independently of the social system which the organization is part of. A vital role in the development and outcome of crises is played by organizational stakeholders (e.g., Freeman, 1984; Donaldson and Preston, 1995; Frooman, 1999), as employees, shareholders, and customers are often affected directly by a crisis. Others, especially victims of industrial accidents, may become stakeholders due to the occurrence of a crisis (Shrivastava et al., 1988; Marcus and Goodman, 1991). Moreover, in some instances, crises may be caused by stakeholders, such as dissatisfied customers, activist groups, or regulators (Meyer, 1982; Milburn, Schuler, and Watman 1983). In other cases, the perception of stakeholders may influence the spreading of crises to other organizations, changing the structure of an entire industry (Yu, Sengul, and Lester, 2008).

Stakeholders also routinely evaluate the organization and its actions and base their decisions on that evaluation: members adjust their loyalty, investors allocate financial resources, and

other constituencies decide about whether to continue transactions with the organization (Carroll and Hannan, 2000; Yu, Sengul, and Lester, 2008). Depending on their position relative to the organization, stakeholders may refer to the media for this purpose (Pollock and Rindova, 2003; Pfarrer et al., 2008). In addition to the increased general attention crises invite (James and Wooten, 2006), they threaten the positive evaluation of the affected organization by causing a loss of shared values and commonly held beliefs, putting the organization and its leadership under close scrutiny (Turner, 1976; Pearson and Clair, 1998; Ginzler, Kramer, and Sutton, 1993). In a related vein, actors in organizational fields rely on social codes to reduce uncertainty. Stakeholders may regard crises as violations of such codes, where the organization breaks the default set of rules associated with its actions (Milburn, Schuler, and Watman, 1983; Carroll and Hannan, 2000; Yu, Sengul, and Lester, 2008). Possible punitive reactions by the stakeholders include the reduction or termination of transactions, such as the purchase of products, employment relationships or financial investments (Yu, Sengul, and Lester, 2008).

A useful concept for framing these aspects of organizational crises is that of organizational legitimacy (e.g., Dowling and Pfeffer, 1975; Meyer and Scott, 1983; Ashforth and Gibbs, 1990; Suchman, 1995). An organization is deemed legitimate if its actions are “desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574). This well-established definition corresponds well to the aspects of organizational crises outlined above: Crises suddenly threaten organizational legitimacy because they are perceived by stakeholders as a breach of social codes, i.e. norms, values, beliefs, and definitions. In other words, organizational crises are characterized by an unexpected loss of legitimacy. Moreover, I argue from a legitimation perspective that a negative evaluation by stakeholders lies at the core of organizational crises. Other issues, such as financial hardship, are mostly consequences of negative evaluations, not elements of crises themselves. Exceptions to this rule are loss of life or of assets occurring in events triggering organizational crises, e.g. accidents, although the assessment of such losses may differ in the perception of stakeholders (Billings, Milburn, and Schaalman, 1980).

Note that descriptions of organizational crises tend to focus on situations or events happening *to* the organization, while Suchman’s (1995) definition of legitimacy comprises actions *by* the organization. This leaves two possible sources of effects on legitimacy: the environment and the organization itself. Indeed, there has been some debate over the degree of discretion an organization has when trying to manage its legitimacy (Suchman, 1995). Some scholars tend

to view the single organization as relatively weak and passive compared to the dynamics shaping its industry or economic sector (e.g., Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker, 1987; Oliver, 1991; Dacin, 1997). Others emphasize a wide variety of activities an organization can employ to actively influence its environment and, consequently, the way it is perceived and attributed legitimacy (e.g., Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Aldrich and Fiol, 1994; Suchman, 1995). Like Suchman (1995), I take a middle road between those two approaches, conceptualizing the organization as faced with external pressures *and* equipped with a repertory of strategies for influencing its stakeholders. Institutional environments do shape the course of an organization's evolution and create boundaries of action for the organization, but not independently of it. Conversely, stakeholders are susceptible to organizational legitimation activities to some extent, albeit a limited one.

The literature on organizational legitimation offers several typologies of legitimation strategies. For instance, Suchman (1995) differentiated between strategies aimed at pragmatic, moral, or cognitive legitimacy. Zimmerman and Zeitz (2002) provided a typology of how organizations may affect change in their environment to varying degrees by conformance, selection, manipulation, or creation. A third variant focuses on the purpose of legitimation pursued by the organization (Ashforth and Gibbs, 1990; Suchman, 1995). If the organization is attempting to become established, possibly in a newly emerging industry, its goal is to *extend* or *gain* legitimacy by building knowledge and setting precedents in the social order (see also Aldrich and Fiol, 1994). Once it has overcome the "liability of newness" (Stinchcombe, 1965; Freeman, Carroll, and Hannan, 1983), the organization directs its efforts at *maintaining* legitimacy through role performance and monitoring. In the case of organizational legitimacy being threatened, *repairing* or *defending* it and re-establishing credibility and stakeholder relations become the purpose of legitimation activities. Reviewing the literature on legitimation strategies, Suchman (1995) pointed out that "legitimacy acquisition strategies outnumber legitimacy maintenance and legitimacy repair strategies, combined. This pattern both reflects the biases of the existing legitimacy literature and indicates the need for future research" (p. 599). However, very few studies have provided additional insight into how organizations react to problematic stakeholder evaluation. Exceptions include the works of Sutton and Callahan (1987), Dutton and Dukerich (1991), Elsbach (1994) as well as Hoffman and Ocasio (2001).

Addressing both this shortage and the explanation of organizational crises outlined above, the focus of this paper, concerning legitimation strategies, is put on the latter category of regain-

ing legitimacy. Such strategies are generally reactive, since the circumstances causing the necessity to repair legitimacy are unforeseen by the organization. Responses triggered by legitimacy-threatening events tend to be intense, reflexive, and often rigid (Staw, Sandelands, and Dutton, 1981; Ashforth and Gibbs, 1990). They may take a variety of forms in terms of accommodating the expectations and demands uttered by stakeholders. At the defensive end of the spectrum, management may choose to deny or conceal any connection to an event, or attempt to withdraw from the scene. At the accommodative end, it may offer apologies and restitution to those negatively affected, or restructure in order to avoid future crises (e.g., Schlenker, 1980; Tedeschi and Melburg, 1984; Sutton and Callahan, 1987; Elsbach, 1994; Arndt and Bigelow, 2000; Elsbach, 2003). Moreover, responses to losses in legitimacy differ in their degree of symbolism vs. substance. Some organizations may react by substantively changing their structure or processes, e.g. by replacing management, creating monitors or watchdogs, or by disassociating themselves from problematic entities. Others may symbolically offer the appearance of conformity through ceremonial action, such as certification or bureaucratization, or by giving verbal accounts, like explanations and justifications (Meyer and Rowan, 1977; Pfeffer, 1981; Ashforth and Gibbs, 1990; Suchman, 1995; Elsbach, 2001; see Westphal and Zajac, 1998, for a related example).

However, reactive legitimation activities may not always lead to the intended outcomes. Ashforth and Gibbs (1990) suggested that stakeholders discount legitimation practices depending on the organization's current legitimacy, resulting in what they refer to as the 'self-promoter's paradox': the more problematic the organization's legitimacy, the more difficult the acquisition of additional legitimacy. This principle creates boundaries on the organization's discretion in legitimation activities, since it limits the acceptable deviation from stakeholder expectations. Intense and rigid reactions to a surprising event may therefore be perceived as inappropriate, validating stakeholder skepticism and further decreasing perceived legitimacy. Suchman (1995) elaborated that such 'legitimacy crises' may escalate through self-reinforcing feedback loops, driving down organizational legitimacy. To the extent that stakeholders provide resources to the organization (Frooman, 1999), a reduction of support may disrupt critical resource flows. In extreme cases, former allies may even engage in active sniping and ostracism. The concepts of feedback processes and malign dynamics in organizational legitimation are intriguing, yet have not received significant attention thus far. They therefore lend themselves to further investigation.

A MODEL OF ORGANIZATIONAL LEGITIMACY CRISES

Research Approach

In order to explore and extend theory on organizational crises from a legitimation perspective, I developed a computer simulation model (Davis, Eisenhardt, and Bingham, 2007; Harrison et al., 2007). Choosing simulation as a research approach was based on the possibilities it offers for theory development. Since simulation results may be analyzed like longitudinal empirical data, but follow inevitably from a set of assumptions, it combines the strengths of the classical methods of induction and deduction and has been recognized as a ‘third way of doing science’ (Pool, 1992; Axelrod, 1997; Hulin and Ilgen, 2000; Harrison et al., 2007). Simulation can also offset some of the shortcomings associated with theory building and testing, such as data availability, mathematical tractability, and logical rigor. Furthermore, transforming an apparently well-understood theory into a formalized simulation model requires discipline and great precision in the specification of constructs and assumptions, increasing internal validity (Sutton and Staw, 1995; Davis, Eisenhardt, and Bingham, 2007). The transformation process may also reveal gaps in the understanding of the theory and permit a more thorough or parsimonious explanation of the focal phenomenon (Hanneman, Collins, and Mordt, 1995; Harrison et al., 2007). Analyzing the data generated by the model may provide additional insights into “implied dynamics” (Hanneman, Collins, and Mordt, 1995: 7) undetectable without the use of simulation. The latter benefit is further enhanced since simulation provides a virtual laboratory for conducting experiments in order to answer questions as to “what is, what might be, and what should be” (Burton, 2003: 93) as well as for testing alternate hypotheses when empirical data are available (Bronson and Jacobsen, 1986).

Following the roadmap for simulation-based research developed by Davis, Eisenhardt, and Bingham (2007), my goal was to hit the ‘sweet spot’ between inductive or formal theory building, and statistical theory testing, where simulation can contribute most effectively to theory. Starting with the research problem, i.e. how organization-stakeholder interaction influences crisis development, I identified and selected extant theory addressing aspects of the problem, which will be discussed in detail in conjunction with the simulation model. As simulation approach, I chose to employ system dynamics (Forrester, 1961; Sterman, 2000). System dynamics is essentially “a method to enhance learning in complex systems” (Sterman, 2000: 4). It is a suitable tool for exploring theory and its implications due to several of its characteristics. First, system dynamics takes a feedback perspective, viewing systems as an intricate network of cause and effect. Thus, it explicitly accounts for the complexity of social systems,

constituted by circular causal relationships. These relationships feed back through the system, forming causal loops (Richardson, 1991). This approach has advanced our understanding of a variety of phenomena, such as organizational failure (Hall, 1976), vicious circles (Masuch, 1985), adaptive learning (Lomi, Larsen, and Ginsberg, 1997), punctuated organizational change (Sastry, 1997), quality management (Sterman, Repenning, and Kofman, 1997), decision making (Perlow, Okhuysen, and Repenning, 2002), process improvement (Repenning, 2002), disasters (Rudolph and Repenning, 2002), and new technology implementation (Black, Carlile, and Repenning, 2004).

Second, system dynamics offers both a qualitative and quantitative method of analyzing causal relationships. The phenomenon at hand may be studied qualitatively by creating a ‘causal loop diagram’ consisting of variables as well as the causal links between them, which may have a positive or negative polarity. Based on a qualitative causal loop diagram, a quantitative simulation model may be built. This enables the researcher to observe the system’s behavior over time and in much greater detail by subjecting the model to a variety of tests, and, if available, by integrating empirical data into the analysis (Sterman, 2000). Third, system dynamics simulation models include different types of variables, representing states (‘levels’ or ‘stocks’) as well as rates (‘flows’), making them “particularly useful for looking at strategic issues within organizations” (Robinson, 2004: 25). Thus, a model not only captures the state of a system at any point in time. It also mirrors the rates changing the state, for instance, the occurrence and resolution of interruptions in an organization (Rudolph and Repenning, 2002). This is in consonance with McKelvey’s (1997) suggestion of modeling rates rather than states. In fact, system dynamics appears to be the only simulation approach offering this ability (Dooley, 2002).

The process of developing a system dynamics model consists of several steps, most of which are congruent to those generally followed in simulation modeling (e.g., Banks, 1998; Musselman, 1998; Robinson, 2004; Gilbert and Troitzsch, 2005). Typically, the initial task is to select the boundaries of the model, i.e., articulate clearly the research problem and the key concepts to be included and excluded. At this stage, it is crucial not to attempt modeling the entire ‘system’, e.g. an organization in all its details, but to focus on a specific problem. Otherwise, the model may become too broad to handle in terms of model construction, data gathering, and model testing (Sterman, 2000). Once the scope of the model as well as the underlying concepts have been established, they are mapped in the form of a causal diagram. Modeling theoretical constructs – as opposed to a simply observable real system like, say, an oil

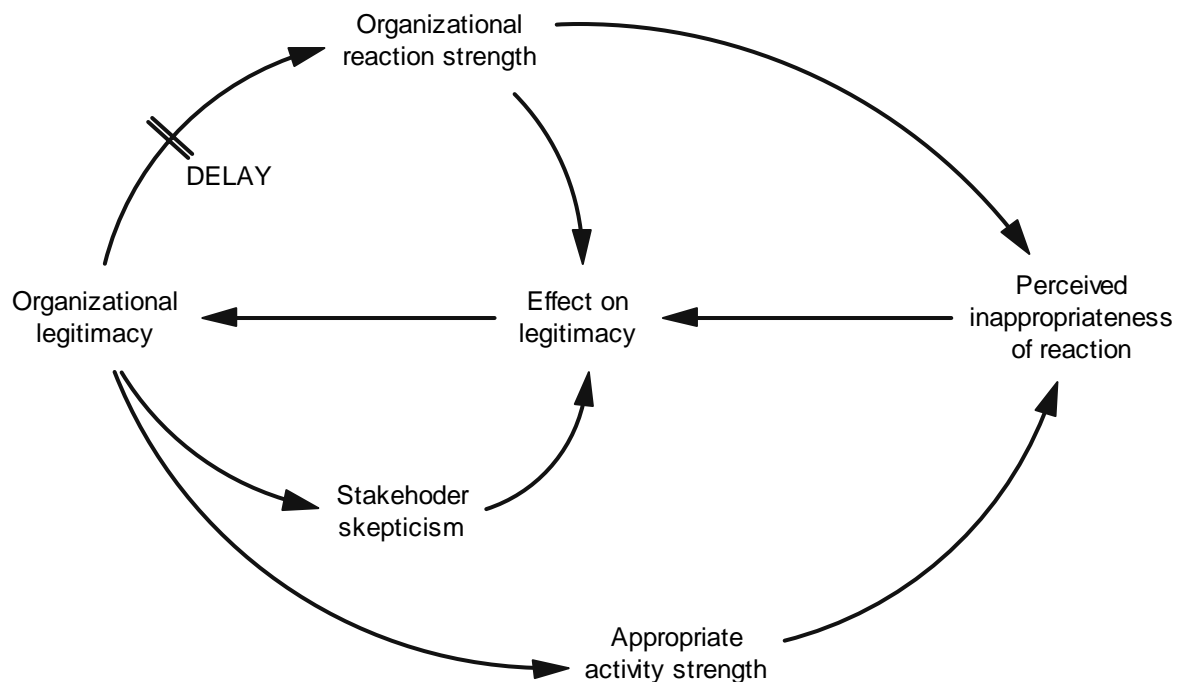
refinery – is accomplished by combining the causal relationships extracted from the relevant literature. As explained above, the result is a visual representation of the feedback loops hypothesized to cause the focal phenomenon. Note that a causal diagram describes a structure, not a pattern of behavior (Randers, 1980). The behavior of the system becomes visible once the simulation model is run.

Causal Model

Drawing mainly on literature focusing on legitimacy as well as organizational crises, I developed a system dynamics model, the causal diagram of which is shown in Figure 1. In determining the scope of the model, I chose to keep it as simple as possible. Not only are large models difficult to construct, their comprehensibility also rapidly decreases with growing size, making them difficult to test and evaluate (Barlas, 2007). My goal was to capture “the central logic while stripping away the nonessential” (Davis, Eisenhardt, and Bingham, 2007: 491), which is why I concentrated on building a model that is parsimonious and enhances readers’ intuition and confidence in the simulation results.

One critical step in developing a simulation model is the determination of the model boundaries, i.e. what to build into the model and what to leave out. Consistent with keeping the model simple, I included only concepts related to the interactive legitimation between an organization and its stakeholders following a crisis. More specifically, since legitimacy is a perception based on individual evaluation and social construction (Suchman, 1995), its formation takes place largely in the minds of stakeholders. Therefore, most of the concepts comprised by the model are a representation of this ‘internal’ evaluation process. Only the upper part of the model depiction in Figure 1, namely the variable *organizational reaction strength* corresponds to the actions of the organization. Significantly, there is no variable in the model directly representing the crises itself. The crisis is a process triggered by an event which originates beyond the boundaries of the model. The model excludes factors contributing to the formation of a crisis (e.g., Turner, 1976; Vaughan, 1990, 1999; Pauchant and Mitroff, 1992). Its boundaries delineate the line of visibility for the organization’s stakeholders. Hence, the crisis becomes visible only due to the triggering event (Shrivastava et al., 1988; Roux-Dufort, 2007a).

The central concept – and thus, variable – of the model is the organization’s *level of legitimacy*. If there is a decline in legitimacy, the organization reacts by engaging in activities to regain legitimacy. Reactions, however, occur with a certain *delay* due to information

Figure 1. Causal model.

processing restrictions associated with the inherently surprising character of crises. Generally, organizations require some time for information gathering and processing as well as planning a reaction (Smart and Vertinsky, 1984; Sastry, 2001). Moreover, crises are unanticipated by organizational actors because there is no routine or “program” for dealing with crisis readily available. The mere possibility of such an event is seldom recognized. When a crisis does happen, communication channels used to process information are reduced (Hermann, 1963; Ginzler, Kramer, and Sutton, 1993). In terms of the content of communication, the increased likelihood of misunderstanding and failures may contribute to the problems in handling information about the incident (Turner, 1976). Although other pathologies underlying flawed decision making in the wake of a crisis have been identified (e.g., Smart and Vertinsky, 1977; Billings, Milburn, and Schaalman, 1980; Staw, Sandelands, and Dutton, 1981; Pearson and Clair, 1988), these issues are condensed to a delay in reaction within my model for the sake of simplicity.

Organizational reactions to a threatening event may take a variety of forms, differing in their extent of accommodation of stakeholder demands as well as their degree of symbolism. My model reduces these attributes to a single dimension, representing the *intensity of legitimation efforts*, which can be regarded as reflecting both accommodativeness and symbolism. Ac-

commodative behavior not only entails psychological ‘costs’ such as admitting guilt, taking blame and offering apologies. It is also typically associated with higher financial strains for the organization, especially when involving restitution or monetary fines. Similarly, almost by definition, substantive reactions require greater efforts than purely symbolic ones. For instance, concealment or simply refraining from any action bears very little direct costs, while replacing personnel or restructuring the organization may create significant expenditures.

Current legitimacy also has an effect on stakeholders’ perception of the organization’s attempts at regaining legitimacy. The perceived violation of social code renders stakeholders uncertain towards organizational actions (Yu, Sengul, and Lester, 2008). More specifically, a loss in legitimacy reduces the organization’s credibility among stakeholders. They skeptically discount legitimation efforts as potentially self-serving or even manipulative. As Ashforth and Gibbs pointed out: “the lower the perceived legitimacy, the more skeptical will constituents be of legitimation attempts” (1990: 186). The degree of skepticism exhibited by stakeholders has an adverse impact on the effectiveness of legitimation attempts.

Beyond discounting legitimation efforts, stakeholders assess the *appropriateness* of the organization’s response in terms of their expectations, norms and values. An otherwise legitimate organization is granted a certain leeway in its reaction to threatening event. Conversely, the more problematic the organization’s legitimacy, the narrower the spectrum of activities accepted by stakeholders. With respect to the intensity of legitimation efforts, extremely weak activities, such as concealment or remaining silent, are judged inappropriate because they suggest that the organization places little value on the severity of the situation. Weak reactions may also create the impression of lack of control, which runs contrary to stakeholder expectations. Moreover, since organizations are subject to norms of rationality and professionalism, purely symbolic activities may also be frowned upon (Salancik and Meindl, 1984; Ashforth and Gibbs, 1990). Very strong reactions to crises, on the other hand, may be perceived as indications that something is amiss. They may appear to stakeholders as clumsiness, nervousness, overacting, or even panic, and may thus be destructive to the remaining level of organizational legitimacy (Hermann, 1963; Ashforth and Gibbs, 1990; Suchman, 1995). Attempts which fall outside the interval deemed appropriate inadvertently undermine legitimacy instead of repairing it. The concept of inappropriate reactions differs from that of stakeholders discounting organizational actions, as outlined above, in that the latter moderates the effects of legitimation activities whereas the former directly reduces legitimacy.

From causal model to simulation model

With the theoretical basis and the adequate simulation approach in place, the next steps in simulation research are to create the computational representation of the causal model, including operationalization of theoretical constructs and specification of assumptions, and to verify it in light of the underlying theory (Davis, Eisenhardt, and Bingham, 2007). The computational model was built and analyzed using the VenSim software. With regard to operationalization and specification, I defined all variables as single-dimensional measures, with values ranging from 0 (e.g., no legitimacy) to 1 (e.g., full legitimacy). For the duration over which to run the simulation model, I chose 100 time periods, since this provides a sufficient, yet manageable time span for observing and analyzing model behavior.

Verification, which partly coincided with experimentation, revealed a shortcoming in terms of the representation of the theoretical basis of the model. More specifically, it required me to make one significant change to the model, concerning the effect of legitimacy on the organization's reaction. The model is designed to represent crises in terms of organizational legitimation, i.e. losses in the level of current legitimacy. Hence, the greater the *acute decline* in legitimacy due to a threatening event, the stronger the reaction aimed at regaining legitimacy. However, the extent to which organizational actors perceive crises also depends on the value of *possible* loss associated with the threatening event (Billings, Milburn, and Schaalman, 1980). Therefore, organizations with a low *level* of legitimacy, which are already facing their possible demise, exhibit stronger reactions than otherwise legitimate organizations (Ashforth and Gibbs, 1990). Consequently, I divided the effect of legitimacy on organizational reaction into two distinct effects for the level of legitimacy, and changes in the level, respectively. The level effect determines legitimation activity based on the current legitimacy level. The loss effect causes an additional reaction by the organization whenever the level of legitimacy declines compared to the previous time period.

DYNAMICS OF LEGITIMATION FOLLOWING ORGANIZATIONAL CRISES

The essence of using simulation techniques for building theory lies in experimentation (Davis, Eisenhardt, and Bingham, 2007). I therefore employed the 'what-if'-capabilities of computer simulation by running the model through a series of experiments. The model is a representation of causal relationships between an organization and its stakeholders – a *system*, from a system dynamics perspective. The experiments were designed to expose the system to organizational crises under a range of different conditions. In order to gain a comprehensive under-

standing of the system's behavior, I varied characteristics of both the crises (severity) and the organization (reaction delay). As is typical when employing simulation methods, experimentation consisted of many runs, and only those highly relevant for the research problem are presented here.

As explained in the model description, within this paper, crises are treated as exogenous events. The system consists of the organization and its stakeholders, and only as far as legitimation is concerned. Although crises may have causes internal to the organization, they are external to the mechanism by which organizational legitimacy is interactively determined. Thus, a crisis is represented by a sudden decline in legitimacy. Since organizational legitimacy is not problematic prior to the event, i.e. legitimation interaction between organization and stakeholders is weak, the crisis may be considered a jolt away from equilibrium (Meyer, 1982; Milburn, Schuler, and Watman, 1983). Such jolts may be associated with anomalous events like accidents, scandals, products safety incidents, or bankruptcy (Marcus and Goodman, 1991; Hudson, 2008). With regard to conditions at the start of the simulation runs, the organization was assumed to be very well established, with full legitimacy. Ancillary tests generally confirmed that relaxing this assumption does not significantly affect results.

Exposing the organization to crises of increasing severity

For the first experiment, I introduced threatening events of varying strength by conducting pulse tests, the results of which are shown in Figure 2. Since the organization is assumed to have an initial legitimacy level of 1, neither its stakeholders nor itself are induced to take any action. The system is in equilibrium. It is then exposed to a 'pulse' of decreasing legitimacy, i.e. of a sudden decline in the legitimacy level, lasting for one time period. Although this kind of test may be limited in its realism, it is very useful for analyzing how systems behave in disequilibrium situations (Sterman, 2000; Rudolph and Repenning, 2002). For this model, the pulses may represent the disclosure of an accident, scandal, or product safety incident, or simply unexpected negative media coverage. The experiment consisted of four scenarios, differing only in the severity of the threatening event. Figure 2a displays the simulation output for the first scenario.

Initially, the system is in equilibrium, with organizational legitimacy remaining at a constant value of 1. In time period 10, a threatening event of mild strength occurs, diminishing legitimacy. This triggers the organization to react by engaging in some effort to regain full

Figure 2. Organizational legitimacy, reaction strength, and perceived inappropriateness with crises of increasing severity.

Figure 2a.

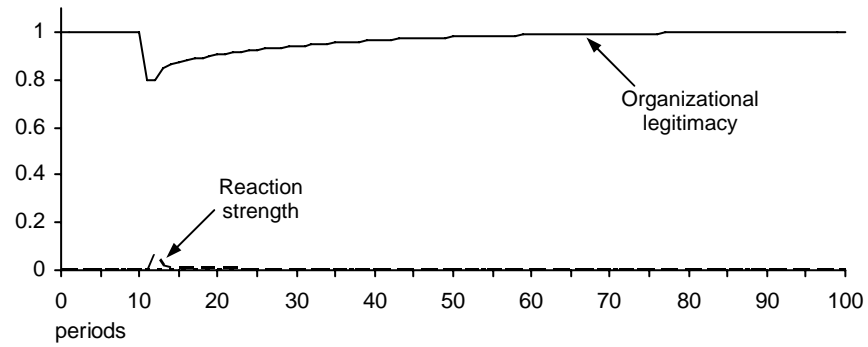


Figure 2b.

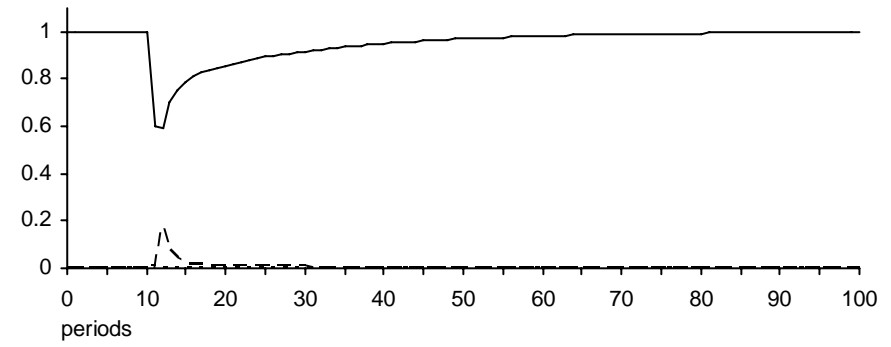


Figure 2c.

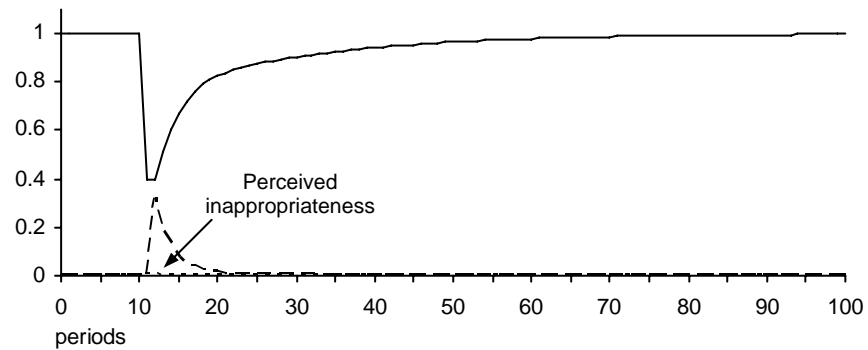
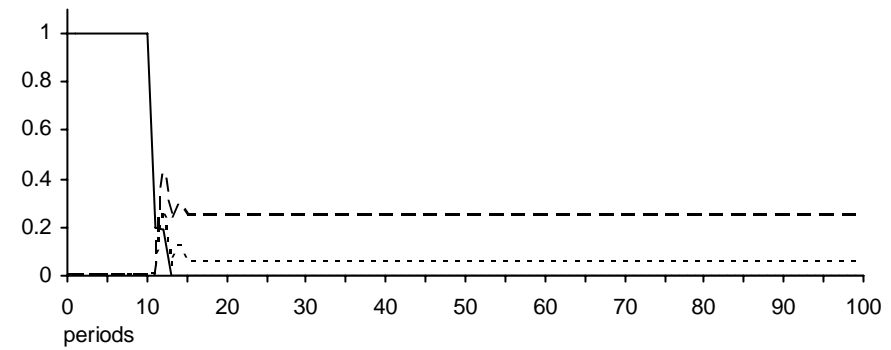


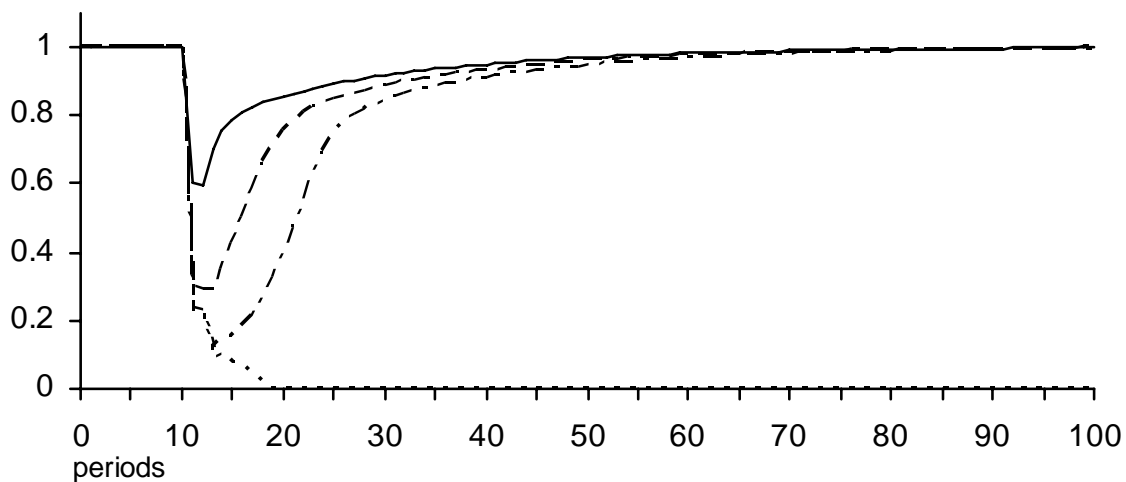
Figure 2d.



legitimacy. Since the event only slightly reduces stakeholder perception of the organization's credibility, its legitimation activities are successful and, after a few 'weeks', legitimacy is almost back at its original value. For the second scenario (Figure 2b), I doubled crisis severity. All other conditions remained unchanged; therefore the results for the first nine periods are exactly the same for all scenarios. Again, after a sharp decline in legitimacy, the organization takes measures to repair its evaluation by stakeholders, and successfully so, albeit after a longer time interval. The same pattern holds true for a crisis three times the strength of the first run (Figure 2c). While the stronger reaction by the organization causes some perception of inappropriateness with stakeholders in periods 11 and 12, it is too faint to have any significant effect on organizational legitimation activities. The time span required to regain legitimacy is further prolonged. The situation changes considerably in the face of an even more severe threat. In the fourth run for this experiment (Figure 2d), I increased the scale of the legitimacy crisis to fourfold the original strength. This leads to strikingly different results. Again, the first nine periods of the simulation run are identical to the scenarios described above, and the threatening event sharply reduces legitimacy. Yet, in contrast to the previous scenarios, the reaction induced by the incident is stronger and is considered inappropriate by stakeholders. Organizational legitimacy declines further until it reaches a value of zero. Attempts at defending legitimacy are maintained but have no effect other than evoking perceptions of overacting.

The most striking result of this first experiment was the disproportionate effect of crisis severity on legitimacy, organizational reaction, and perceptions of inappropriateness. While doubling and tripling crisis severity produced increasing amplitudes in all variables, the pattern of behavior remained the same. An additional rise in event strength, however, led to a very different outcome. Within two time periods, the organization loses all of its legitimacy, despite great efforts to recover, which are met only by disapproval. This pattern, known in system dynamics methodology as a *tipping point*, warranted further investigation. I therefore conducted further tests in order to find the tipping point and analyze the system's behavior in its vicinity. Specifically, I identified a crisis severity value of 0.77, i.e. a sudden 77 percent loss of legitimacy, as the tipping point. I then ran pulse tests close to the tipping point as well as farer away to clarify the nonlinear effects just described. The results are shown in Figure 3.

Congruent with the first part of the experiment, legitimacy losses of 40 percent and 70 percent, as mapped by the upper two lines, follow the same pattern. The threat is countered by actions to regain legitimacy, which lead to recovery after a number of periods; the more

Figure 3. Organizational legitimacy around the tipping point.

severe the threat, the longer the repair phase. When approaching the tipping point, however, two aspects of the system's behavior change considerably: the result of the interaction immediately after the event, and the relative time required to reestablish full legitimacy. First, the time span passing before full recovery increases disproportionately the closer threat severity gets to the tipping point. Raising threat severity from 70 percent to 76 percent produces approximately the same increase in required recovery time as the raise from 40 percent to 70 percent. This is due to the double effect of reduced legitimacy on stakeholder perception. At a 70 percent loss, compared to 40 percent, stakeholder skepticism climbs to a higher level, making organizational legitimation activities less effective. Legitimation requires a longer time span since skepticism has to be gradually reduced. The relatively slight increase in threat severity from 70 to 76 percent, though, introduces perceptions of inappropriateness as to the organization's reaction. This effect, again, is twofold. As a direct result, an extra loss of legitimacy adds to the ground the organization has to regain, prolonging recovery in addition to general skepticism. Indirectly, a further extension of repair time results from the fact that resistance posed by stakeholder skepticism has now reached a new high due to the extra loss in legitimacy.

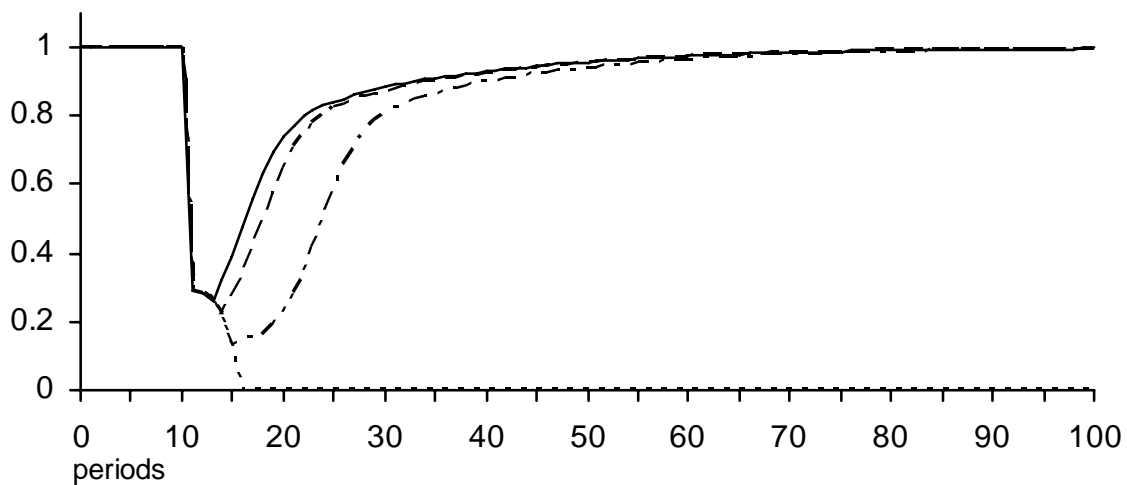
Second, and more critically, when confronted with a threat just below the tipping point (76 percent), the organization does not go into recovery right away. Although the legitimacy crisis only occurs for a single time period, legitimacy continues to decline through period 13 of the simulation run. The initial reaction on the part of the organization not only fails to stop legiti-

macy from falling, it exacerbates the situation. The organization's already damaged legitimacy is further undermined by the strong response to the threatening event. In addition to rendering stakeholders very skeptical of legitimation attempts, the perceived inappropriate reaction causes them to lower their evaluation of the organization. Yet, in this scenario, management can sustain a basic level of support among stakeholders and rebuild full legitimacy. When crossing the tipping point, these two responses by stakeholders become dominant and determine the ensuing complete loss of legitimacy. Due to the initial event, increased stakeholder skepticism already restricts the organization's efficacy in defending itself. Then, stakeholders 'punish' the organization by reducing their perception of legitimacy. This additional loss triggers management into an even stronger reaction to save the remaining level of support, leading to a further increase in stakeholder skepticism and an even lower evaluation. A vicious circle sets in, driving down legitimacy as members of the organization frantically try to rebuild it over the course of seven time periods. The end result is a complete loss of legitimacy in period 19 of the simulation run.

Effects of varying reaction time to the crisis

Organizations are generally incapable of reacting immediately after a threatening event because they need time to collect and process information. This ability may further deteriorate when communication channels are reduced due to the stress associated with crises. Organizations also often lack routines for coping with crises. Aside from this involuntary, 'built-in' feature, organizations may also *actively choose* not to react immediately when a crisis occurs. As part of the broad spectrum of available responses, they may opt to withdraw from public discussion of the incident or conceal their involvement in order to minimize the impending negative evaluation by stakeholders. Thus, there are two sources of reaction delay after a threatening event. Since, from the stakeholders' perspective, these are indistinguishable, this opens another avenue for experimentation.

For my second experiment, I investigated the effect of varying organizational reaction times after the crisis on legitimacy. More specifically, I focused on the loss effect incorporated in the model, representing the influence of changes in legitimacy on the intensity of the organization's reaction. Varying the delay that is part of the loss effect allows analyzing how stakeholders perceive the timing of organizational reaction, be it involuntary or purposeful. The results of the experiment are displayed in Figure 4.

Figure 4. Organizational legitimacy with increasing delay of reaction.

As in the experiment reported above, I ran four scenarios, differing only in the reaction delay. Crisis severity was 71 percent for all runs, reflecting a severe yet manageable threat to the organization. The first run, containing no additional delay, is therefore congruent with the now familiar pattern. After a short episode of overacting and the consequent punishment by stakeholders, the organization regains control of the situation and recovers from the crisis. Increasing the reaction delay by one, two, and three time periods, respectively, reveals system behavior noteworthy in several aspects. First, similar to increasing crisis severity, raising reaction delay has a disproportionate effect on organizational legitimacy. While adding one time period only slightly prolongs the time span needed to recover, two extra periods produce a much more significant lag. For instance, in period 21, the one-extra-period organization has regained 71 percent of legitimacy, while its two-extra-period counterpart is still at a much lower 28 percent. Increasing reaction delay to three additional periods results in the organization reacting too late to achieve successful repair, and a complete loss of legitimacy. Second, the deterioration of organizational legitimacy is also disproportionate to reaction delay. Within the three time periods constituting the increasing delay, the additional legitimacy losses are four, nine, and thirteen percent, respectively. During the time stakeholders wait for the organization to react, the situation becomes increasingly worse. In more mathematical terms: the level of legitimacy accelerates towards zero.

These two phenomena have their causes in the same mechanisms. Stakeholders expect organizations to keep their reaction within a certain interval of intensity. Reacting extremely

strong is perceived as overzealous, while too faint a reaction raises suspicions as to whether something is amiss. A greater delay in the organization's reaction is perceived by stakeholders as inappropriate. Stakeholders therefore reduce their perception of legitimacy. If the organization now chooses to react, regaining support has become more difficult and requires more time, but only slightly more than before. If a reaction fails to appear, stakeholders lower their evaluation by an even larger portion. The already problematic level of legitimacy has rendered them more critical of the intensity of legitimation attempts, making them open only to very moderate reactions. By the end of the third period of waiting, organizational legitimacy has deteriorated to the point where activities aimed at repairing it fall on deaf ears. This last aspect, as well as the disproportionate positive relation between reaction delay and recovery time is also due to stakeholder skepticism. As lower legitimacy contributes to skepticism, attempts at regaining legitimacy are discounted more and more, making them less effective. Thus, during a waiting period, legitimacy is not only reduced on grounds of inappropriateness, but the organization is also less capable of stopping the downward trend because stakeholders are more skeptical towards its actions. In the case of the three-extra-period organization in Figure 4, by the time the organization reacts to the threatening event, legitimacy has eroded and skepticism has risen to a degree where legitimation activities are futile.

DISCUSSION

The results of the experiments reported above contain several potential additions to theory on organizational crises which are discussed in this section. According to Davis, Eisenhardt, and Bingham (2007), the final step of simulation modeling lies in validating results with empirical data in order to strengthen external validity of the underlying concepts. They describe two possible approaches to validation, depending on data availability: employing the simulation model to predict the results of existing large-scale statistical data, or comparing simulation output to case studies for "granular validation" (p. 494). I chose to follow the latter approach. Crises, by their very definition, are rare events, making it difficult to collect large-scale statistical data. Therefore, most empirical research on organizational crises is qualitative in nature and focuses on case studies. Although there have been efforts to analyze large numbers of cases (e.g., Lin et al., 2006), the vast majority of studies report on one or a few cases (e.g., Vaughan, 1990; Weick, 1990, 1993; Shivastava, 1992). Moreover, my simulation model operates at a relatively high level of abstraction. As Siggelkow (2007) proposed, case studies can illustrate conceptual arguments by clarifying how they relate to real-world phenomena. I selected several cases of crises from the extant literature and extracted the details relevant to

organizational legitimacy. They are interwoven with the general discussion of simulation results.

The purpose of this paper was to explore theory on organization legitimation and crises in order to gain insights into why some organizations successfully regain trust among stakeholders while others are unable to do so. To this end, I constructed a system dynamics model mapping the causal relationships behind the interaction between an organization and its stakeholders in the context of a crisis. For the sake of parsimony and comprehensibility, I kept the model as simple as possible and as complex as necessary. The model was then run through two series of experiments. The first involved exposing the system to crises of increasing severity. It revealed a disproportionate effect of crisis severity on legitimacy, organizational reaction, and perceptions of inappropriateness, resulting in a tipping point in the system's behavior. Just below this point recovery time rises considerably. Above, a vicious circle of reaction, skepticism and perceived inappropriateness sets in, driving legitimacy down to zero. The second experiment focused on the delay in organizational reaction to crises. Similar to the first, it showed that recovery time increases disproportionately high with reaction delay. Moreover, the longer the organization fails to react, the more problematic its legitimacy, at a growing rate.

The idea of vicious circles in social systems has been discussed for many years now (e.g., Forrester, 1971; Masuch, 1985). With regards to organizational legitimation, it has been suggested that overacting on the part of the organization may trigger such circles (Ashforth and Gibbs, 1990; Suchman, 1995). However, there have been little efforts directed towards validation. The results generated by my model support the notion of vicious circles of delegitimation in the wake of organizational crises. More specifically, results indicate that there is a tipping point in the evaluation of organizational actions by stakeholders beyond which feedback loops of increasing skepticism, inappropriate response, and deteriorating legitimacy dominate to completely destroy stakeholder trust in the affected organization (Roux-Dufort 2007b; see also Hambrick and D'Aveni, 1988). As described in the introduction of this paper, the withholding of information about its flight lost over Lockerbie has been found to have further damaged the already problematic image of PanAm, which ultimately disappeared from the market (Sipika and Smith, 1993).

Even if the system does not cross the tipping point, intense skepticism and strong perceptions of inappropriateness may still have negative effects on the organization in that they may significantly prolong the time span required to regain full acceptance. For instance, in the wake

of the Valdez oil spill in 1989, Exxon reacted by attempting to shift the blame not only to the ship's captain, but also to the State of Alaska. In addition, Exxon tried to minimize the effects of the catastrophe by understating estimates of measurements of the damage, such as the number of animals killed or miles of beaches affected. The public, already suspicious due to the extensive media coverage of the incident, perceived these reactions as highly incompetent and insufficient in terms of compensating for the corporation's guilt. The company fell from sixth place to number 110 in Fortune magazine's admiration ranking, and became a favorite object of ridicule on entertainment television. Other stakeholders responding negatively to Exxon's activities included customers, several thousand of which returned their credit cards in protest, and stockholders, who subjected its chairman to intense questioning on the company's handling of the situation (Benoit, 1995; Pearson and Clair, 1998; McLane, Bratic, and Bersin, 1999; Pfarrer et al., 2008). Similarly, Firestone, when confronted with serious product safety issues associated with 271 deaths in 2000, attempted to shift the blame to Ford, despite an over 100-year-old business relationship. This, alongside the ineffective denials that a problem existed in the first place, resulted in unfavorable public opinion about the company well after its initial reactions (Blaney, Benoit, and Brazeal, 2002). Sears Roebuck also suffered from a tarnished reputation after mishandling the controversy surrounding accusations of fraudulently charging customers for unnecessary repairs on their cars. Criticism was directed particularly at Sears' claims that the state's accusations were politically motivated, which were viewed as an inability or unwillingness to take full responsibility for its actions (McLane, Bratic, and Bersin, 1999; Elsbach, 2001).

Other organizations have proven more able to recognize the effects of initially inappropriate reactions and change their strategies, gradually moving back towards full legitimacy. For instance, Dow Corning suffered considerably regarding its public image during the breast implant crisis after attacking the FDA and incurring punitive damages from a lost lawsuit over defective implants. In addition, there were allegations about internal documents suggesting that Corning knew about the potential hazardousness of its products. These actions and their perception by stakeholders illustrate the escalating nature of legitimacy crisis proposed by the results of my model. Interestingly, Dow Corning was able to turn the controversy around by releasing the internal documents, replacing the two most senior executives as well as communicating that it would help implant recipients (Brinson and Benoit, 1996; see also Ginzel, Kramer, and Sutton, 1993). In a similar fashion, Toshiba redeemed itself in the eyes of US consumers after dramatic losses in legitimacy, following the illegal sale of submarine propeller technology to the Soviet Union. Struggling to fend off an impending import ban on To-

shiba products, the company switched from symbolic acts, including the resignation of its chairman and president, to explaining to the American public the ultimate substantive consequences of the planned parliamentary action, i.e. the loss of many jobs in Toshiba's US factories (Hobbs, 1995). Drastically changing the nature of its reactions also helped AT&T overcome the crisis triggered by an interruption of its long distance service in the New York area in 1991. After trying to place the blame on its workers, AT&T dealt with the threat successfully by engaging in mortification and corrective action, thereby bolstering its image (Benoit and Brinson, 1994).

The racism crisis involving Texaco provides a good example of how appropriate reactions can lead to a thorough resolution of a problematic situation. In 1996, secret tape recordings surfaced, containing a conversation between several Texaco executives. Analysis of the conversation revealed intolerant remarks as well as plans to destroy evidence that might help a pending lawsuit against the company by six African-American employees. The publicity generated by the discovery induced calls for boycott and demonstrations in front of Texaco gas stations, clearly threatening its legitimacy as a business organization. However, unlike Exxon or Firestone, Texaco reacted by admitting the inadequate behavior of the executives, seeking outside assistance in corrective action, and agreeing to a multi-million dollar court settlement. The settlement, along with efforts to increase minority promotions within the company as well as contracts with minority-owned businesses, was widely welcomed as a commendable reaction and relieved Texaco of public pressure. Responding to a threat in an accommodative and substantive manner proved successful in overcoming the crisis (Brinson and Benoit, 1999; McLane, Bratic, and Bersin, 1999; Coombs and Schmidt, 2000; Pfarrer et al., 2008).

The results generated by my model also suggest that the delay in organizational reaction to a threatening event is critical in repairing legitimacy. The absence of a response is perceived by stakeholders as inappropriate because they expect the organization to both respect their opinion and actively control its environment. Failing to react therefore reduces organizational legitimacy. Furthermore, stakeholder skepticism increases, making eventual efforts to restore legitimacy less effective. Again, the cases of Exxon, Firestone, and Texaco allow for comparative illustration of these effects. After the Valdez oil spill, Exxon's chairman waited a full week before commenting on the incident. A newspaper ad containing an apology – but no acceptance of responsibility – was run ten days after the ship went aground. This was regarded by the public as far too late a reaction to such a catastrophic event. Consequently, Exxon's already weakened image was further damaged in the eyes of multiple stakeholder

groups, as described above (Benoit, 1995; McLane, Bratic, and Bersin, 1999). Firestone acknowledged problems associated with its tires only when reports on numerous fatalities were published. Yet, as was revealed, the company had concealed knowledge about the defects for 3 years. In addition, negative evaluation by the American public was particularly strong because product recalls were initiated in the US after other countries, and were spread out over 18 months (Blaney, Benoit, and Brazeal, 2002). Again, failure to address the problem immediately exacerbated the crisis considerably for the affected organization. Texaco, by comparison, reacted much more effectively. The company's chairman listened to the evidentiary tape recordings personally and swiftly issued a personal public apology. This strategy led to media coverage of the scandal subsiding after just a few weeks and public boycotts being called off. In fact, the crisis had no significant effect on sales (Brinson and Benoit, 1999; McLane, Bratic, and Bersin, 1999; Coombs and Schmidt, 2000).

Although I argue that the results of my study improve our understanding of organizational reactions to crisis, there are some limitations to consider. Most generally, my model has a fairly reduced scope, i.e. narrow boundaries, and is relatively simple. It focuses on the interaction between organization and stakeholders concerning legitimacy after a crisis. More specifically, I do not distinguish between different legitimation activities, but use their intensity as a single-dimension measurement. Literature on legitimacy management, however, proposes a variety of strategies, ranging from defensive to accommodative, and from symbolic to substantial (e.g. Sutton and Callahan, 1987; Ashforth and Gibbs, 1990; Elsbach, 2003). The model also includes only one generic group of stakeholders, although real organizations typically are confronted with multiple stakeholders, often expressing different expectations and demands (Ginzel, Kramer, and Sutton, 1993). I thereby abstracted the model from the setting of the crisis, which in reality has some influence on the development of the interaction and has been suggested to be included in organization studies (Rousseau and Fried, 2001). My model also treats crises as events external to the organization, whereas some causes of crises often lie in the structure and processes embedded within it (e.g. Perrow, 1984; Vaughan, 1990; Pauchant and Mitroff, 1992; Sipika and Smith, 1993). However, the goal of my approach was to capture the core causal processes behind legitimation dynamics, involving the organization and its stakeholder, both of which are often surprised by the occurrence of threatening events (Hermann, 1963; Billings, Milburn, and Schaalman, 1980; Meyer, 1982). This necessitated trading off some degree of realism in favor of comprehensibility and testability (Barlas, 2007).

Despite these limitations, I argue that my study contributes to the literature on organizational crises and legitimation in several respects. First, it points to the importance of incorporating the construct of legitimacy into research on organizational crises. As my results, as well as some of the cases discussed above suggest, organizations can considerably accelerate recovery from a crisis by managing their stakeholders' evaluation because crises are partly constructed in the perception of these stakeholders. Although some studies in the field of management and organization theory have incorporated this aspect (e.g., Elsbach, 1994; Sutton and Callahan, 1987), it has been in the context of crises caused by problematic behavior of the organization. I propose that, even after an obviously external event, such as an industrial accident, the negative impact on the organization involved depends largely on perceptions of its reaction. Second, and more specifically, my model analyzes crises over time and my results suggest *nonlinearity* of the effects of both the nature and timing of organizational responses to crises on the ensuing legitimation dynamics. It is the *interplay* between general skepticism related to the current level of legitimacy as well as perceptions of inappropriateness caused by organizational reactions that shape the path of regaining legitimacy. When approaching the tipping point in defending legitimacy, this interplay extends the time span required to recover. In terms of reaction timing, failing to address stakeholder expectations – be it purposefully or not – may have the same adverse effect, and may erode legitimacy further.

Avenues for future research on the role played by legitimation in organizational crises pertain to the scope of the model, and to empirical studies of past and ongoing crises. The model could be extended by abandoning some of the more restrictive assumptions. For instance, one could introduce a two-dimensional measure of reactive legitimation, or, correspondingly, a more complex assessment of appropriateness by stakeholders. Multiple stakeholder groups could be incorporated, reacting differently to legitimation attempts. As a more significant extension, the notion of resources as an influence on crisis coping could be introduced. As several authors have suggested, resources play an important part in overcoming crises, as the organization can employ 'slack' to fund defensive activities and compensate for diminished income (e.g., Staw, Sandelands, and Dutton, 1981; Hambrick and D'Aveni, 1988; Audia and Greve, 2006). With more general respect to research on organizational crises, more studies could focus on the path of crises in terms of the interaction between organization and stakeholders, and on the effects of the organization's actions on this path. As crises, though rare for individual organizations, occur more and more frequently in a world of increasing complexity, many opportunities for analyzing and understanding them more deeply present themselves.

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SCHUMPETER DISCUSSION PAPERS

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AND REACTIVE STRATEGIES VIA
DIMENSIONS OF LEGITIMACY**

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**BERGISCHE
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LINKING ORGANIZATIONAL CRISES AND REACTIVE STRATEGIES VIA DIMENSIONS OF LEGITIMACY

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ABSTRACT

Research on organizational crises has typically focused on case studies or measures for crisis prevention, while the social dimension of crises has remained largely unexplored. In some rare exceptions, differences in the efficacy of reactive strategies depending on the type of crisis have been reported. However, the mechanisms behind these differences remain unclear. This paper aims to fill this gap by arguing that organizational crises and effective reactions are linked by different dimensions of legitimacy perceived by stakeholders. To this end, after elaborating on the role of legitimacy in organizational crises, typologies of crises as well as reactive strategies are presented, accompanied by propositions about possible links.

INTRODUCTION

Studies of organizational crises have been a fruitful stream of research for several decades (e.g. Hermann, 1963; Pearson & Clair, 1998; Shrivastava, Mitroff, Miller, & Miglani, 1988; Turner, 1976; Yu, Sengul, & Lester, 2008), from which two main foci can be identified. First, there is a rich body of literature presenting case studies of crises and analyzing with great precision the development of catastrophic events. Examples are the Tenerife air disaster (Weick, 1990), the loss of the space shuttle Challenger (Vaughan, 1990), the industrial accident at Bhopal (Shrivastava, 1992), or the Mann Gulch fire (Weick, 1993). These studies typically discuss organizational sensemaking (Weick, 1988, 1993), intraorganizational regulatory relationships and social control (Vaughan, 1990), and information processing (Rudolph and Repenning, 2002) as factors contributing to crises. Second, the causes thus identified have prompted other authors to provide prescriptions for organizational design in order to prevent crises or minimize their effects (e.g., Hedberg, Nystrom, and Starbuck, 1976; Turner, 1976; Smart and Vertinsky, 1977).

Only more recently has research on organizational crises directed its attention to the role of stakeholders, and the social environment within which crises unfold and upon which the organization depends for survival (Marcus & Goodman, 1991; Pearson & Clair, 1998; Pfarrer, Decelles, Smith, & Taylor, 2008; Yu et al., 2008). More specifically, the interaction between organization and stakeholders as well as the organization's influence on stakeholder perception has been recognized as a field worthy of inquiry. In their study of organizational signalling during crises, Marcus and Goodman (1991) drew upon the literature on organizational impression management (e.g. Benoit, 1995; Elsbach, 2003; Schlenker, 1980; Tedeschi, 1981). They showed that two types of signals – accommodative vs. defensive – sent in communicating with investors differed in successfully evoking positive responses, depending on the kind of crisis. This implies

that organizations may actively influence stakeholder perception of reactions to crises, possible easing recovery through improved stakeholder support. Similarly, Elsbach (2001) suggested that organizations adjust their reactions depending on how foreseeable the threatening event was.

Although these valuable findings point to the importance of the topic and provide a starting point, the social dimension of organizational crises remains understudied. For instance, theory on impression management provides a suitable background for framing organizational reactions and the study by Marcus and Goodman (1991) employs it effectively by pointing out differences in efficacy between reaction types. However, it remains unclear *why* some reactions are useful in overcoming a certain type of crisis while others are not. Filling this gap by identifying the mechanism behind stakeholder perception of crises and organizational reactions may deepen our understanding of the crisis phenomenon. It may also provide a basis for improved recommendations for effective crisis management.

Therefore the aim of this paper is to present “missing links” between organizational crises and corresponding effective reactions. To this end, I argue that the construct central to stakeholder perceptions of crises is that of organizational legitimacy (e.g. Aldrich & Fiol, 1994; Dowling and Pfeffer, 1975; Scott, 1995; Suchman, 1995), in that crises are characterized by a sudden loss of legitimacy. More specifically, I suggest that different dimensions of legitimacy are affected by different types of crises and by different organizational reactions. Crisis management strategies are effective if the reaction on the part of the organization matches the dimension of legitimacy affected by the crisis. In order to develop my argument, I proceed by explaining the suitability of legitimacy as the central construct in organizational crises and by identifying four dimensions of legitimacy from the literature. I then turn to developing a typology of organizational crises and presenting a set of propositions linking these types to dimensions of legitimacy. In the following

section, I present a second set of propositions on links between legitimacy and reactions, based on a typology of the latter. The paper closes with a brief discussion and conclusion.

ORGANIZATIONAL LEGITIMACY AS THE CENTRAL CONSTRUCT IN ORGANIZATIONAL CRISES

Like all change in and around organizations, the evolution of crises is embedded in a social system constituted by various groups of stakeholders (e.g. Freeman, 1984). Such groups may comprise employees, customers, suppliers, or stockholders. With regard to events such as accidents and product safety issues, a new group of stakeholders – victims – may be created (Marcus & Goodman, 1991; Shrivastava et al., 1988). Furthermore, stakeholders have considerable influence on the cause of crises (Milburn, Schuler, & Watson, 1983), and their spreading across organizations (Yu et al., 2008).

More generally, organizations depend on positive evaluation by stakeholders because such evaluations have significant influence on decisions concerning membership, market transaction, and financing (Carroll & Hannan, 2000). Crises threaten positive stakeholder evaluation in that they cause a loss of shared values and commonly held beliefs (Pearson & Clair, 1998) and may be regarded as a violation of uncertainty-reducing social codes (Carroll & Hannan, 2000; Milburn et al., 1983). Stakeholders may punish such transgressions by terminating transactions, boycotting sales activities, quitting jobs, or withdrawing funds (Yu et al., 2008).

These aspects are usefully framed through the construct of organizational legitimacy (e.g. Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Meyer & Scott, 1983; Suchman, 1995). According to Suchman (1995: 574), an organization is deemed legitimate if its actions are “desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Because crises are perceived by stakeholders as a breach of social codes,

i.e. norms, values, beliefs, and definitions, they may be characterized as an unexpected loss of legitimacy. In reaction to the problematic event, stakeholders challenge organizational performance or values (Hirsch & Andrews, 1984). From this perspective, other issues, such as financial hardship, are mostly consequences of reduced legitimacy, while the latter lies at the core of organizational crises. Exceptions to this rule are loss of life or of assets occurring in events triggering organizational crises, e.g. accidents, although the assessment of such losses may differ in the perception of stakeholders (Billings, Milburn, & Schaalman, 1980).

Dimensions of Organizational Legitimacy

The literature on organizational legitimacy contains several classifications, differing in breadth, depth, and delineations. Aldrich and Fiol (1994) distinguished between *cognitive* legitimacy, which reflects the degree to which knowledge about an organization has spread, and *sociopolitical* legitimacy, which focuses on the acceptance of the organization “as appropriate and right, given existing norms and laws” (Aldrich & Fiol, 1994: 648). In its highest form, cognitive legitimacy implies acceptance of an organization as part of the sociocultural landscape to the point of being ‘taken for granted’. Aldrich and Ruef (2006) refined sociopolitical legitimacy by subdividing it into two components. *Moral acceptance* results from conformance with cultural values and norms, while *regulatory acceptance* requires conformance with governmental rules and regulations.

A similar concept was proposed by Scott (1995) based on the seminal work by DiMaggio and Powell (1983), comprising three types of legitimacy corresponding to three pillars of institutions: regulative, normative, and cognitive. *Regulative* legitimacy is awarded based on accordance with legal or quasi-legal requirements, where possible sanctions coerce organizations into adherence to rules. By comparison, *normative* legitimacy tends to have a deeper, moral base, and thus

conformance to it is likely to stem from intrinsic as well as extrinsic motivation. It mirrors perceived appropriateness in terms of values and norms, which govern what is important, and how things should be done, respectively. Normative legitimacy is achieved through social obligation. Attributions of *cognitive* legitimacy are governed by shared definitions and frames of reference. They reflect the extent to which an organization and its activities are culturally supported and conceptually correct, i.e. taken for granted. Elements of cognitive evaluation specify the meaning of structural and procedural features of organizations – basic characteristics of social systems (Ruef & Scott, 1998). The similarity of the typologies developed by Aldrich and colleagues (Aldrich & Fiol, 1994; Aldrich & Ruef, 2006; Hunt & Aldrich, 1996), and Scott (1995) have caused some researchers to equate their respective dimensions of regulative, normative, and cognitive character (e.g. Zimmerman & Zeitz, 2002).

The most fine-grained typology has been provided by Suchman (1995), who distinguished twelve types of organizational legitimacy by combining three dimensions (pragmatic, moral, and cognitive) with two temporal textures (episodic vs. continual) and two foci (actions vs. essence). Accordingly, *pragmatic* legitimacy comprises exchange, influence, and dispositional legitimacy. It is based on stakeholders' self-interest calculations with respect to expected value provided by the organization, responsiveness and commitment to their larger interests, or – in an anthropomorphic fashion – the interests and character of the organization. *Moral* legitimacy comprises consequential, procedural, structural, and personal legitimacy. It reflects a normative evaluation of what the organization accomplishes, which technologies and procedures it employs in doing so, its structure and capacity for producing results, and the charisma of individual organizational leaders. *Cognitive* legitimacy comprises comprehensibility and taken-for-grantedness. It stems from the extent to which organizational activities are predictable and plausible, and are perceived to be permanent and inevitable. In addition to the various flavors of

legitimacy outlined above, some authors have proposed legitimacy types related to their specific research context, such as industry-derived legitimacy (Zimmerman & Zeitz, 2002), or corporate environmental legitimacy (Bansal & Clelland, 2004).

The dimensions of these models of organizational legitimacy are broadly similar, yet they exhibit some differences in their emphasis and delineation. Suchman's (1995) pragmatic type of legitimacy is treated by Aldrich and Ruef (2006) as an aspect of organizational learning and therefore excluded from their typology. These authors, in turn, consider moral and regulatory acceptance to be sub-dimensions of sociopolitical legitimacy, which, according to Scott (1995), are two separate types. Thus, Scott (1995) places relatively strong emphasis on legal aspects of legitimacy, while these are only implicitly incorporated in Suchman's (1995) approach. Moreover, Deephouse and Suchman (2008) noted that there is some confusion concerning the meaning of the term normative legitimacy, since some authors tend to restrict normative aspects to those associated with particular ethics of formal professions, as opposed to norms ubiquitous in social systems. In consonance with the proposition put forward by Deephouse and Suchman (2008), the term is used in the more general sociological sense within the context of this paper.

Although conceptually distinct, interrelations and (non-)correlations between dimensions of legitimacy may exist. Suchman (1995) explained that both moral and cognitive legitimacy require cultural frameworks, while pragmatic legitimacy rests on individual utility calculations. Therefore, offering tangible rewards to stakeholders may be effective in gaining pragmatic legitimacy, but may be regarded unacceptable in moral and cognitive terms. Similarly, the discursive nature of both pragmatic and moral legitimacy stands in contrast to cognitive legitimacy, whose implicit taken-for-granted base may be threatened by public discussion. Furthermore, Scott (1995) pointed out that assessing the legitimacy of a certain organization on different dimensions may lead to varying conclusions. For instance, normative standards may

require an organization to break regulative prescriptions. Also, the borderline between legitimate and illegitimate is fuzzy in cases such as street gangs or organized crime, which are culturally constituted yet illegal, or pornography, which is often legal but morally tainted (Solari, 2007). Organizations suffering from 'core-stigma' due to their very nature fall into this category (Hudson, 2008). However, the focus of this paper lies on organizations which are free from core-stigma, but are exposed to 'event-stigma' resulting from a crisis.

It should be noted that there has been some debate as to how much influence an organization has on its own legitimacy. While some authors propose that a single organization is relatively weak and passive compared to the dynamics shaping its industry or economic sector (e.g. Dacin, 1997; DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Oliver, 1991; Zucker, 1987), others emphasize a wide variety of activities an organization can employ to actively influence its environment and, consequently, the way it is perceived and attributed legitimacy (e.g. Aldrich & Fiol, 1994; Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Suchman, 1995). Like Suchman (1995), I take a middle road between those two approaches, conceptualizing the organization as faced with external pressures *and* equipped with a repertory of strategies for influencing its stakeholders. Institutional environments do shape the course of an organization's evolution and create boundaries of action for the organization, but not independently of it. Conversely, stakeholders are susceptible to organizational legitimation activities to some extent, albeit a limited one.

As described in the preceding portion of this paper, the respective literature suggests that organizational crises are closely tied to a loss in reputation, built on shared values and beliefs (Pearson & Clair, 1998), and a violation of social codes (Milburn et al., 1983; Yu et al., 2008). Although the constructs of reputation and legitimacy may be considered distinct (Deephouse & Carter, 2005), I follow Aldrich and Fiol (1994) in subsuming reputation under the antecedents of

organizational legitimacy, the definition of which comprises the aspects just noted. According to various authors, organizational legitimacy consists of three dimensions (Scott, 1995; Suchman, 1995), although some scholars diverge slightly from that division (Aldrich & Ruef, 2006). Treating moral (Suchman, 1995) and normative (Scott, 1995) legitimacy as equivalent, I employ a concept of organizational legitimacy consisting of the four major dimensions identified in this section, namely pragmatic, moral, cognitive, and regulative legitimacy. The remainder of this paper is dedicated to providing a summary of the possible relationships between crisis types, dimensions of legitimacy, and organizational reactions, and to creating a series of propositions on those relationships.

CRISES TYPES AND DIMENSIONS OF LEGITIMACY

Types of Organizational Crises

Organizational crises are high-impact, low-probability events (Hermann, 1963). They prevent the organization from reaching its goals and may threaten its very survival (Milburn et al., 1983; Pearson & Clair, 1998). Thus, they are associated with the possibility of great loss (Billings et al., 1980), while being ambiguous with respect to their causes, effects, and means of resolution (Hermann, 1963; Pearson & Clair, 1998). Crises restrict organizational capabilities of information processing and decision making by inducing individual stress, resulting in misunderstandings and failures (Hermann, 1963; Smart & Vertinsky, 1984; Turner, 1976).

This rather broad characterization of crises allows the inclusion of a wide variety of events. Consequently, the literature on organizational crises offers extensive lists of incidents related to crises (e.g. Pauchant & Mitroff, 1992; Pearson & Clair, 1998), while few scholars have attempted to develop consistent typologies. Exceptions include Marcus and Goodman (1991), Milburn et al.

(1983), Pauchant and Mitroff (1992), and Shrivastava et al. (1988). Interestingly, these typologies are diverse in scope, dimensionality, delineation, and detail.

Milburn et al. (1983) presented a typology consisting of three dichotomous dimensions: the degree of control the organization has over its external environment (high vs. low), the general perceived character of the crisis (positive vs. negative), and the degree of organizational susceptibility (high vs. low). This results in eight different types of crises, although the authors did not specify these types or provide examples. Rather than a framework for describing or analyzing past or future events, the model is intended as an instrument for deducing the likelihood of an organization facing a severe crisis, given its characteristics as positioned in the model space. It is also used to form hypotheses about antecedent aspects of organizations and crises.

Pauchant and Mitroff (1992) took a very different approach by inductively developing a two-dimensional concept of crises. Based on a survey of corporate managers, they identified six clusters of crises, namely 'external economic attacks' (e.g. extortion), 'external information attacks' (e.g. counterfeiting), 'breaks' (e.g. product defects), 'occupational health diseases', 'psycho' (e.g. copycats), and 'megadamage' (e.g. environmental accidents). These groups are positioned on two dimensions denoted 'technical/economic' vs. 'human/social', and 'normal' vs. 'severe'. The former specifies the underlying cause of a crisis, although the authors point out that technical defects and social problems may be intertwined. The latter describes the extent to which the "underlying cause can be explained more easily in terms of everyday or 'normal' human behavior" (Pauchant & Mitroff, 1992: 29). Accordingly, analyzing crises types at the 'severe' end of the spectrum, such as the 'psycho' cluster, requires "a great deal of psychological sophistication" (Pauchant & Mitroff, 1992: 29).

Shrivastava et al. (1988) focused on events associated with industrial production. They differentiated between production-related and consumption-related harm. Production-side harm includes risks linked to the production system (personal or transportation accidents, system failures), the production environment (e.g. occupational diseases), and post-production effects (e.g. chronic pollution). Consumption-side harm includes risks linked to product use (misuse, sabotage, defects), and side-effects of consumption (e.g. diseases such as smoking-related cancer). These authors stressed that the events noted in their typology are merely the triggers of the actual crises, which may consist of large-scale damage to human life and the environment as well as large economic and social costs. Furthermore, they identified two sets of causes. First, human, organizational, and technological factors, such as operator errors or sabotage, policy failures, or faulty design, respectively, lead to the triggering event. Second, due to the interaction of these causes with regulatory, infrastructural, and preparedness failures, triggering events escalate into crises.

The classification presented by Marcus and Goodman (1991) adopts a shareholder perspective by distinguishing between three crises types (accidents, product safety and health incidents, and scandals) in terms of their deniability, and the ease of identification of victims. Thus, accidents have an easily identifiable group of victims and are plausibly deniable, because they occur unexpectedly. Conversely, scandals have a diffuse group of victims and are difficult to deny since their causes are misdeeds within the organization. Product safety and health incidents lie between the other two types on both dimensions.

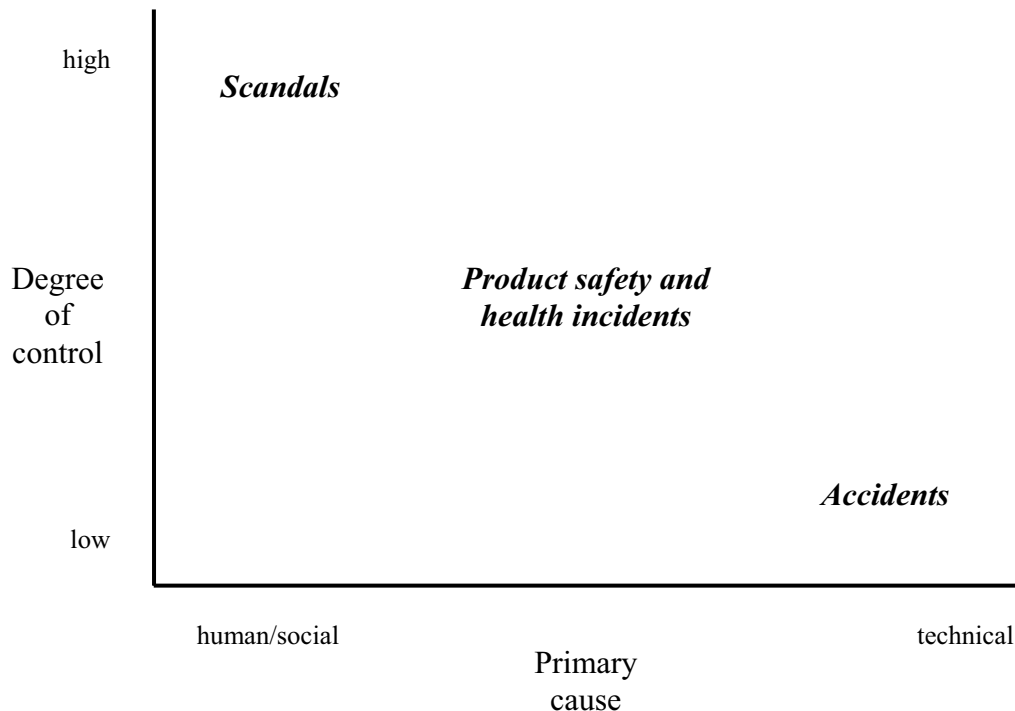
In sum, the literature on organizational crises offers relatively few and very different attempts at categorizing threatening events. While Milburn et al. (1983) deductively assess the general exposure of an organization to crises – without regard to the character of the event – the other typologies outlined above identify common traits according to which crises may be classified.

Pauchant and Mitroff (1992) cover a wide range of crises and group them into several clusters. However, the consistence of this approach appears to be questionable. For instance, it remains unclear why rumors are both highly technical *and* highly human in nature, and why they are crises at all. Moreover, it appears implausible why events such as sabotage or tampering are psychological in nature and particularly difficult to analyze, while boycotts are primarily economic. By contrast, Shrivastava et al. (1988) offer a very stringently organized catalogue of triggering events, in combination with suggestions on the causal structure of crises resulting from such events. Unfortunately, their typology is restricted to industrial crises, ignoring problems such as corruption and other illegal arrangements. Marcus and Goodman (1991) incorporate these types, resulting in a comprehensive – albeit more coarse-grained – classification, which is able to accommodate the types described by Shrivastava et al. (1988) in addition to covering non-industrial crises. Their approach is also unique in that it takes a stakeholder perspective, accounting for the social and psychological aspects of organizational crises.

Within the context of this paper, I employ a classification combining elements of those summarized above. It is visualized in Figure 1. Like Marcus and Goodman (1991), I divide crises into three broadly delineated types: scandals, product safety and health incidents, and accidents. Adapting one criterion used by Milburn et al. (1983), I classify them in terms of the degree of control the organization has over the triggering event, in principle, reflecting stakeholder expectations of organizational control (Salancik & Meindl, 1984). Furthermore, I follow Pauchant and Mitroff (1992) in distinguishing between two primary causes: human/social, and technical.

FIGURE 1

Classification of crises



Scandals comprise crises triggered by, e.g. bribery, insider trading, price-fixing, or sexual harassment. They allow a relatively high degree of control since their roots often lie within the organization, among its members. It is therefore generally feasible to identify the perpetrators and possibly even prevent the crisis. Scandals have primarily human and social causes, since they are based on member interaction and are influenced by social processes (e.g. Ashforth & Anand, 2003; Finney & Lesieur, 1982). *Accidents* comprise events categorized by Shrivastava et al. (1988) as related to the production system, such as explosions, airplane crashes, or the sinking of ships. By contrast, they are much more difficult to control, since they are often caused by the complexity of tightly coupled systems (Perrow, 1984a). While failures of such systems are relatively rare, even when compared with other crises, they do occur, are difficult to prevent, and

are often devastating in their effects. Due to these reasons, accidents are also primarily technical in nature, although flawed human perception and decision making may contribute to their development. Finally, *product safety and health incidents* comprise post-production effects and consumption-side harms (Shrivastava et al., 1988), like sabotage, product defects and associated recalls, and production-related pollution. Since these are not as rare and causally ambiguous as accidents, but feature a combination of internal (production systems) and external (e.g. consumers) influences, they are in the mid range in terms of controllability. The same is true for the second criterion, due to their inherent mixture of technical and human causes.

Proposed Links

A few authors have pointed to a connection between crises and reputation, shared values and beliefs, and social codes (Pearson & Clair, 1998; Milburn et al., 1983; Yu et al., 2008), which may be subsumed under organizational legitimacy. Yet, in general, little is known about the exact nature of this relationship. Hudson (2008), in contrasting persistent lack (core stigma) against temporary loss of legitimacy (event stigma), proposed that core stigma is primarily related to sociopolitical (Aldrich & Fiol, 1994) or moral, rather than pragmatic or cognitive (Suchman, 1995) legitimacy. Indeed, as Hudson (2008) elaborated, an organization may be pragmatically and cognitively legitimate, yet core-stigmatized. While this description contributes to the understanding of ‘spoiled image’ (Sutton & Callahan, 1987) of organizations, it remains unclear how dimensions of legitimacy relate to event-stigma associated with crises. I therefore turn to discussing possible links.

Scandals, such as those involving bribery, corruption or insider trading, are almost invariably connected to ‘white-collar crime’ (e.g. Fisse & Braithwaite, 1983). The discovery of such deeds is typically followed by criminal investigation, since they violate rules and regulation governing

bidding procedures or securities trading. Furthermore, scandals often evoke public outcry since they point to greed among leading personnel in the ranks of the organization. They also put into question the ability of the organization's structures and processes to adequately police its employees' decisions (Marcus & Goodman, 1991). Since those responsible for the scandal often draw significant financial benefit from their actions, they also appear as primarily focused on their own well-being instead of their stakeholders'. Note that the problematic behaviors associated with scandals are relatively unrelated to specific products, services, or industries.

Product safety and health incidents, such as product defects or sabotage, have a weaker legal connotation than scandals, although they may violate standards of quality or consumer protection laws. Moreover, they may create legal action from victims of faulty or tampered products. However, they primarily call into question the organization's status as an exchange partner, i.e. provider of economic benefit. They also challenge previous perceptions of the organization's trustworthy, honest and reliable character. In a related vein, product safety and health incidents cast doubt on organizational predictability and the capacity to deliver goods or services at a constant level of quality.

Accidents, such as explosions or oil spills, are typically complete surprises to all parties involved. They occur in tightly coupled systems and have their causes in the inherent complexity of modern production or transportation technology. Therefore, accidents tend to be relatively free from perceptions of moral injustice or deliberate wrongdoing, although there may be inquiries into the efficacy of procedures for accident prevention. Neither do they cast serious doubt on the organization's disposition as a 'good' exchange partner. They do, however, evoke questions concerning predictability and permanence, especially since accidents can be devastating enough to jeopardize the organization's existence (e.g. Sipika & Smith, 1993). Thus,

Proposition 1. Scandals affect regulative, normative (Scott, 1995) and moral (Suchman, 1995) legitimacy more than pragmatic and cognitive legitimacy.

Proposition 2. Product safety and health incidents affect pragmatic legitimacy more than moral/normative, regulative, and cognitive legitimacy.

Proposition 3. Accidents affect cognitive legitimacy more than moral/normative, pragmatic, and regulative legitimacy.

CLASSES OF REACTIONS AND DIMENSIONS OF LEGITIMACY

A Typology of Reactions to Crises

Organizations react to crises in a variety of ways, which are all aimed at influencing stakeholder perceptions of the organization's role within the context of the crisis. One stream of research which has contributed to the understanding of such tactics is impression management theory (e.g. Elsbach, 2003; Schlenker, 1980; Tedeschi, 1981). Impression management can be defined as "the conscious or unconscious attempt to control images that are projected in real or imagined social interactions" (Schlenker, 1980: 6). Grounded in social psychology, the concept originally focused on individual and intraorganizational behavior (e.g. Giacalone & Rosenfeld, 1989, 1991) and has since been applied to organizations in a variety of studies (e.g. Aldrich & Fiol, 1994; Arndt & Bigelow, 2000; Bansal & Clelland, 2004; Elsbach, 2003; Elsbach & Sutton, 1992; Ginzel, Kramer, & Sutton, 1993; Lounsbury & Glynn, 2001).

The literature on impression management provides numerous typologies of activities directed at influencing stakeholder perception (e.g. Arndt & Bigelow, 2000; Elsbach, 1994, 2003; Ginzel et al., 1993; Schlenker, 1980; Suchman, 1995; Sutton & Callahan, 1987; Tedeschi & Melburg, 1984), varying in terms of their scale. For example, while Scott and Lyman (1968), and Tedeschi (1981) distinguish between two strategies – excuses and justifications –, Schlenker (1980)

identifies no less than seven different activities. Moreover, the typologies differ in their scope, i.e. the kinds of behavior they cover. Some authors focus on verbal accounts, such as denials or excuses (e.g. Elsbach, 2003), whereas others include withdrawing from communication (Sutton & Callahan, 1987) or restructuring (Pfeffer, 1981; Suchman, 1995). What's more, there is no consistent distinction between different impression management activities. Note how Suchman (1995) named explanations as one kind of technique besides excuses and justifications. According to Elsbach (2003), however, the latter two are subtypes of explanations. Similarly, Elsbach (1994) described denials as accounts negating either the involvement in an event or the occurrence of the event itself. However, these two variants may alternatively be considered two distinct tactics (Sutton & Callahan, 1987).

Several authors used a rather general classification by distinguishing between *defensive* and *accommodative* behaviors, where defensive means avoiding association with a threatening event, while accommodative means accepting responsibility for it (Elsbach, 1994, 2003; Marcus & Goodman, 1991; see also Sutton & Callahan, 1987). Although this is a useful distinction, it does not account for the various different types of reactions listed in the typologies noted above. More specifically, there may be more than one step between an organization denying all possible connections with a problematic incident, and the organization assuming full responsibility and offering compensation for the damage inflicted on victims.

In order to obtain a more fine-grained overview of organizational reactions to crises, I developed a new typology, drawing upon the measure used by Marcus and Goodman (1991) in their study of the conflict between shareholders and victims during crises. These authors operationalized accommodative tactics as “those in which managers accepted responsibility, admitted to the existence of problems, and attempted to take actions to remedy a situation” (Marcus & Goodman, 1991: 291). Based on this definition, I propose four classes of strategies,

defined by three dichotomous criteria. First, in its communication with stakeholders, the organization may or may not agree that a problem, i.e. a crisis, exists to begin with. Second, if there is a problem, the organization may or may not assume responsibility for the crisis. Finally, if responsibility for the problem is accepted, the organization may or may not actively attempt to solve it. The three criteria and the four resulting classes of reactions are shown in Table 1, along with the individual reaction types within the classes, which are described below. Within each class, individual strategies are ordered according to the same general logic, i.e. from resistant to conforming (Oliver, 1991; Suchman, 1995).

Evasive strategies. The first class of reactions is employed if the organization seeks to avoid any connection to the threatening event and the related stakeholder disapproval (Schlenker, 1980). It may therefore attempt to retreat from the scene, conceal the problematic event, or simply deny that it occurred. The most comprehensive form, *retreat* – or withdrawal (Sutton & Callahan, 1987) – entails not commenting on the unfolding crisis at all in order to “hide away until the storm passes” (Schlenker, 1980: 134). This strategy offers the general advantage of providing the organization with some time needed to gather information and resources, and to form a more elaborate response. However, since stakeholders may be aware of the organization deliberately refraining from communication, this may be effective only over short time spans. Extending retreat over a longer period of time can be counterproductive, as will be discussed for several reaction types later in this section of the paper.

Concealment is aimed at avoiding the necessity to cope with the confrontation following a negative event. It may take passive forms aimed at leaving stakeholders in their ignorance, such as avoiding situations in which the crisis must be revealed. Concealment may also be applied more actively by providing deceptive information (Sutton & Callahan, 1987). For instance, the vast majority of organizations studied by Arndt and Bigelow (2000) strived not to draw attention

TABLE 1
Reactions to organizational crises

	Organization			Strategies
	acknowledges problem	accepts responsibility	actively seeks resolution	
Evasive	no	no	no	Retreat Concealment Denial
Defensive	yes	no	no	Disassociation Excuses Defining
Appreciative	yes	yes	no	Explanation Justification Apologies
Accommodative	yes	yes	yes	Restitution Divorce Restructuring

to the fact that they were restructuring, and, even when describing their new structure, kept quiet about its novelty to the industry. If successful, concealing a crisis may allow the organization to circumvent negative evaluation by stakeholders. Since this is rather unlikely, it may at least serve as temporary measure, similarly to the tactic of retreat.

If stakeholders do suspect that a threatening event has occurred, the organization may choose to *deny* the event (Suchman, 1995). The strategy of denial is a borderline case in that it may be used in two different versions, asserting that the even did not occur, or that the organization had nothing to do with (Schlenker, 1980; Elsbach, 1994, 2003).

Defensive strategies. The second class of reactions is employed if the organization does not question whether a crisis is occurring, but refuses to accept responsibility for the event and its consequences. To this end, the organization may disassociate itself from the crisis, make excuses for its actions, or attempt to define the situation in more favorable terms. In the case of *disassociation*, the goal is not to keep stakeholders from discovering the threatening event, but from drawing a connection between the event and the organization (Tedeschi & Melburg, 1984; see also Cialdini, 1989). This may be attempted by shifting the blame to other problematic entities, such as business partners or an identifiable group of employees (e.g. Benoit & Brinson, 1994). Disassociation may therefore be considered one form of defense of noncausation (Schlenker, 1980) or pleading lack of control over the situation (Benoit, 1995).

Excuses are aimed at downplaying the organization's responsibility for the negative consequences of an event (Scott & Lyman, 1968; Tedeschi & Melburg, 1984). Tedeschi and Riess (1981) offered a typology of excuses. Accordingly, the actors may claim they did not intend to cause the negative effects and were mistaken, uninformed, or deceived about the potential results of their actions. They may also claim that the action causing the harm done was beyond their control. Finally, excuses may take the form of claiming not to be the true perpetrator, including the use of alibis and witnesses. For instance, the environment may be blamed as a reaction to negative evaluation (Staw, McKechnie, & Puffer, 1983).

Alternatively, the organization may avoid the necessity to admit any wrongdoing through the strategy of *defining* the situation as apparently discrediting, but really harmless (Sutton & Callahan, 1987). This may be done by claiming that there is a general misunderstanding of the crisis, i.e. that the situation is not as normatively objectionable as it seems to be. Bankruptcy, for example, has been found to be defined by affected companies as an every-day phenomenon

independent of misconduct. Another type of defining involves the organization describing its individual case as unique, implying that the violated norm does not apply.

Appreciative strategies. The third class of reactions requires that the organization accepts the existence as well as its responsibility for a crisis, but does not offer any remedial action. Instead, it reverts to explaining, justifying, or apologizing for its involvement. *Explanations* may be used if responsibility for the event cannot be successfully avoided. A general fit with stakeholders' norms and expectations may be preserved by constructing an account conveying that the unfolding situation is at least understandable. For instance, Perrow (1984b) described how accidents are labeled as 'discrete' in order to make them appear unfortunate but unavoidable in an imperfect world, a tactic which provides the image of some conformance while avoiding the necessity to redesign the system as a whole.

Justifications go one step further by providing "over-riding or compensating positive consequences as outweighing the harm done" (Tedeschi & Melburg, 1984: 35). They signal acceptance of the responsibility for an event – at least to some extent – but not for its implications (Schlenker, 1980; Scott & Lyman, 1968). This is done by downplaying the negative connotations of the event in an attempt to realign the organization's image with stakeholder beliefs (Elsbach, 2003; Suchman, 1995). Justifications may take many forms, such as appeals to organizational rules or missions, economic doctrines, or standards of equality (Tedeschi & Riess, 1981).

Apologies offer a confession of responsibility for the incident. Unlike justifications, they include regret, the acceptance of punishable wrongdoing and possible restitution (Elsbach, 2003; Tedeschi & Melburg, 1984). The purpose of apologies is to suggest that the organization is ill-represented by the negativity of the crisis. They serve to redress the past, combined with a

promise of more appropriate behavior in the future (Schlenker, 1980). Due to their comprehensive nature, apologies are the most conforming type of appreciative strategies.

Accommodative strategies. Finally, the fourth class of reactions involves the organization taking full responsibility for the crisis and responding by offering restitution, divorcing from problematic entities, or modifying its structure or processes. *Restitution* may be offered to persons, groups, or organizations negatively affected by the crises as a form of prosocial behavior (Tedeschi & Melburg, 1984). As a swift response to the perceived violation associated with crises, this may provide some compensation, although this kind of relief may be mandated as a result of legal action (James & Wooten, 2006; Marcus & Goodman, 1991; Shrivastava et al., 1988). Charitable giving may also be considered one type of restitution after a threatening event (Pfarrer et al., 2008).

While offering restitution to affected stakeholders may effectively provide temporary remedy after a crisis, the strategy of *divorce* is more fundamental. The most common form of divorce is executive replacement, which, in some cultures, has become institutionalized to the point of taken-for-grantedness (Marcus & Goodman, 1991). Other subjects of divorce may be organizational units or geographic locales, whereby the organization attempts to increase the perceived – or actual – distance between itself and the problematic entity (Suchman, 1995).

Instead of actively trying to get rid of reminders of inappropriate situations of the past, the threatened organization may also *restructure* by changing organizational processes or creating monitors (Milburn et al., 1983; Suchman, 1995). These approaches signal some degree of commitment to the future since they are aimed at preventing the reoccurrence of crises through optimized structures and processes. Even in the event of another threatening situation, units such

as monitors or watchdogs suggest a more effective handling of the ensuing challenges (Pfarrer et al., 2008; Pfeffer, 1981; Suchman, 1995).

Symbolism and associated risks in reactions to crises

An aspect related to the strategies outlined above which has received some attention is the role of symbolism in and around organizations (e.g. Pfeffer, 1981; Pondy, Frost, Morgan, & Dandridge, 1983; Russ, 1991). Organizational attempts to influence their evaluation by stakeholders vary in their degree of symbolism, i.e. their degree of association with attitudes, values, and perceptions vs. physical referents (Pfeffer, 1981). If stated as a dichotomy (Ashforth & Gibbs, 1990), substantive management involves real change in goals, structures, and processes, while symbolic management seeks to appear consistent with social values and expectations. Note that most of the reaction types described above would be classified as symbolic activities, since they focus primarily on stakeholder perception of the crisis and the organization's involvement. In fact, the accommodative class of reactions is the only one associated with actual change. Moreover, symbolic and substantive actions may be combined in what is known as the practice of decoupling (Meyer & Rowan, 1977; e.g. Fiss & Zajac, 2006; Westphal & Zajac, 1994, 1998). By separating symbolic reactions from substantive ones, organizations can create a buffer against external pressures on its structures and processes (Sutton & Galunic, 1996). Aside from the greater effort required for substantive change, organizations often resort to symbolic action because their actual influence is limited. Due to their dependence on external resource providers, focusing on the perception of conformance is much more effective than attempting real accommodation (Pfeffer & Salancik, 1978; Pfeffer, 1981).

Due to their partially symbolic nature, some of the possible reactions to threatening events carry inherent risks which may severely curtail the intended effects of crisis management.

Specifically, these risks are associated with stakeholder trust, perceptions of control, and conflicting demands and expectations. First, *trust* is essential to stakeholder relations and organizational survival (e.g. Aldrich & Fiol, 1994). However, the evasive strategies outlined above, namely retreat, denial, and concealment, are ‘double-edged’ in this respect (Ashforth & Gibbs, 1990). Although they may serve the organization well in buying some time, stakeholder demands have to be confronted eventually. A significant loss of trust – if not withdrawal from the relationship – may ensue once stakeholders discover that the initial reaction was merely tactical and misrepresentative in nature (Ginzel et al., 1993; Schlenker, 1980; Turner, 1976).

Second, organizations are expected to exert *control* over their environment. Some defensive strategies, particularly disassociation and excuses, imply a lack of control on part of the organization, although retaining an image of control, even in an effectively uncontrollable environment, may buffer against negative evaluation by stakeholders (Salancik & Meindl, 1984; Sutton & Callahan, 1987). Finally, organizations typically interact with diverse groups of stakeholders, voicing different, sometimes *conflicting demands and expectations*. For instance, some audiences may be generally more sympathetic, while others may be more antagonistic. Depending on their respective power over and relationship with the organization, this may create a dilemma in deciding whose interests should be addressed primarily (Ginzel et al., 1993; Marcus & Goodman, 1991).

Proposed Links

Although a few scholars have investigated strategies of influence within the context of problematic legitimacy (e.g. Ashforth & Gibbs, 1990; Elsbach, 1994, 2001; Elsbach & Sutton, 1992; Suchman, 1995), most of these works treat legitimacy as a one-dimensional construct. In a rare exception, Suchman (1995) proposed that certain types of strategies for repairing legitimacy

may apply to specific dimensions of it. Accordingly, and in terms of my classification presented above, denial and the creation of monitors address pragmatic legitimacy, excuses, justifications, and restructuring can be employed to rebuild moral legitimacy, and explanation are useful in defending cognitive legitimacy. Note that denial is an evasive reaction, whereas creating monitors is rather accommodative. Similarly, excuses are defensive, justifications are appreciative, and restructuring is accommodative. Thus, while there may be differences in the compatibility of specific strategies with dimensions of legitimacy, there is no tendency as to what *class* of behaviors may be suitable to restore a given aspect of legitimacy. However, Suchman (1995) does not further explain the assignment of strategies to legitimacy dimensions as just summarized, and his review does not comprise all legitimization strategies described in the literature. Therefore, I turn to a discussion which covers all four dimensions of legitimacy as well as the strategies classified above.

Evasive reactions to threatening events, such as retreat, concealment, and denial, are aimed at avoiding confrontation with negative evaluation by stakeholders. This is attempted by refraining from providing information, dissemination deceptive information, or repudiating any connection to the event. In other words, while retreat may also be useful in buying time, evasive tactics are employed in order to avoid any public discussion of the problematic incident. If such discussion cannot be prevented, the goal is to restrict information, so as to keep stakeholder re-evaluation at a shallow level, as opposed to in-depth investigation of the organization's core values and *raison-d'être*. Moreover, these reactions aid in upholding the impression that the organization is acting in congruence with current rules (Scott, 1995). In consonance with Suchman (1995), I therefore suggest that denial, as well as the two other evasive strategies – retreat and concealment – are primarily linked to pragmatic, as well as regulative, legitimacy. It should be noted, however, that

evasive strategies carry the risk of backfiring if perceived as misrepresentations (Sutton & Callahan, 1987; Ashforth & Gibbs, 1990).

Defensive reactions, such as disassociation, excuses, and defining, generally seek to distance the organization from the threatening events, if the latter cannot be ignored or denied. In contrast to evasive reactions, however, defensive strategies are more diverse in their specific goals. Disassociation may be used to avoid stakeholder perceptions of there being anything problematic about the organization – similar to denying connections to the crises. In addition, they are to prevent ‘contagion’ of negativity from the event to the organization. Thus, disassociation may be pragmatic, moral, and regulative in effect. Excuses are used to downplay this negativity by appealing to a lack of intention or control. They are, as Suchman (1995) suggested, aimed at moral legitimacy. The third defensive tactic, defining, is applied if the organization wants to affect the connection between stakeholders’ understanding and evaluation of the situation, making it appear more positive. It may therefore influence moral and cognitive legitimacy.

Appreciative reactions, such as explanations, justifications, and apologies, require the acceptance of at least some responsibility of the crises. In this vein, explanations are an attempt to make the organization’s conduct at least understandable, i.e. cognitively compatible (Suchman, 1995), by delivering a plausible account of what happened. Justifications have a more normative flavor in that they stress positive connotations of the event, trying to outweigh any perceived inappropriateness. Even more conformant, apologies signal full recognition of unacceptability and regret of past actions, combined with an indication of possible remedial activities. Thus, they are mostly aimed at reestablishing the organization’s moral integrity and rightness.

Accommodative reactions, such as restitution, divorce, and restructuring, go beyond the acceptance of responsibility by comprising active responses to the crises, directing attention away from the inglorious past to a more promising future. Restitution affects both moral and pragmatic

legitimacy, since it provides compensation for the damage done, while also conveying the image of an organization striving to ‘make things right again’. Divorce, usually through the replacement of personnel, signals the parting from old, ‘bad’, illegal influences, and reorientation towards more morally appropriate, and regular, behavior (Suchman, 1995; Scott, 1995). Finally, changing procedures and practices, and creating monitors, is aimed at demonstrating that the organization possesses the capacity to perform its tasks in a morally acceptable and rule-conforming manner and therefore should be considered a predictable exchange partner worthy of support. Thus,

Proposition 4. Pragmatic legitimacy is primarily influenced by evasive and some accommodative reactions.

Evasive tactics keep stakeholder attention away from more fundamental reassessment and thereby preserve taken-for-grantedness, while carrying the risk of undermining legitimacy. Accommodative activities, particularly restitution and the creation of monitors, direct attention back to a transactional level when general acceptability has been restored.

Proposition 5. Moral legitimacy is primarily influenced by the more resistant defensive reactions, the more conformant appreciative reactions, and by accommodative reactions.

Defensively, disassociation aims at reducing perceived negativity, while appreciatively, justifications and apologies try to emphasize positive connotations of the event. Restitution, divorce, and the reconfiguration of procedures suggest a favorable outlook.

Proposition 6. Cognitive legitimacy is primarily influenced by the least resistant and the least conformant, i.e. the most neutral, reactions.

Defining and explanations seek to increase the understandability of the situation, preserving compatibility to mental frames of reference and avoiding normative reevaluation. To some extent, restructuring may additionally suggest increased future predictability and permanence.

Proposition 7. Regulative legitimacy is primarily influenced by evasive, the most resistant defensive, and the most conformant reactions.

Retreat, concealment, denial, and disassociation maintain the perception that the organizations' actions adhere to established rules. Divorce and restructuring signal the departure from illegal entities and reorientation towards conformance.

DISCUSSION AND CONCLUSION

The two preceding sections of this paper posit the existence of links between types of organizational crises and dimensions of legitimacy on one hand, and links between dimensions of legitimacy and reactions to crises on the other. From this, it follows that certain ways of reacting to crises may be particularly effective for certain types of crises, connected by the respective dimensions of legitimacy they affect. Although the literature on both organizational crises and perception management is extensive, there are few sources combining the two subjects. What's more, none of them explicitly incorporate organizational legitimacy as a framework. Therefore, I shall provide a brief discussion of how my argument matches extant findings for a link between crisis types and classes of reactions, along with the combinations inferred from the above explanations.

Scandals affect regulative legitimacy, since they are often a result of corporate crime. They also influence normative legitimacy due to the morally reprehensible behaviors associated with them. This suggests that scandals may be addressed by a wide variety of strategies: evasive and accommodative reactions for regulative legitimation, and defensive, appreciative, and accommodative reactions for moral legitimation. This is congruent with empirical evidence to some extent. Marcus and Goodman (1991) found that "accommodative" (i.e. appreciative and accommodative in my classification of reactions) signals evoked significantly more positive

responses by investors than “defensive” signals. Moreover, Elsbach (2001) proposed that expressing consideration of stakeholders’ views may be more effective when facing relatively foreseeable controversies. A possible implication is that evasive strategies should only be employed if the violation of rules has not already become obvious.

Product safety and health incidents primarily affect pragmatic legitimacy in that they threaten the organization’s image as a reliable exchange partner. Thus, they may be resolved by choosing evasive or accommodative reactions. Similarly, Ashforth and Gibbs (1990) suggested that when goal performance is challenged, the focal organization typically resorts to denial, concealment, and coercive isomorphism (i.e. adopting established practices). This combination may constitute decoupling (Meyer & Rowan, 1977), which may be difficult to uphold under increased scrutiny by stakeholders. Marcus and Goodman (1991) reported that none of the two classes of signals they studied (accommodative vs. defensive) was significantly more effective than the other.

Accidents primarily affect cognitive legitimacy since their surprising occurrence and causal ambiguity challenge perceived comprehensibility and taken-for-grantedness. It follows that the most neutral types of reaction – at the boundary between defensive and appreciative – may be the optimal choice in countering them. There is limited congruence of this notion with the evidence provided by Marcus and Goodman (1991), who found no evidence of efficacy for defensive signals following accidents. Elsbach (2001) posited that unforeseeable controversies should best be countered by communicating rationality. This seems to be broadly congruent with the strategies of defining and explaining, although Elsbach described denial as most effective. Finally, when abstracting away from individual crisis types, accommodative behaviors appear to be the most promising because they address moral, regulative, and pragmatic legitimacy. This does not come as a complete surprise, however, since it involves conforming unreservedly to stakeholder expectations (e.g. Ashforth & Gibbs, 1990; Elsbach, 1994).

Organizational crises have only recently received attention by researchers from a social interaction perspective. And while there have been successful attempts at incorporating image restoration strategies in order to explain effective crisis management, the mechanisms behind the social dimension of crises remained unclear. Therefore, in this paper, I introduce organizational legitimacy as the missing construct linking crises types and organizational reactions. I provide overviews of the literature on dimensions of legitimacy, types of crises, and types of reactions to crises, respectively. For crisis types and organizational reactions, I also develop new typologies, taking account of and refining extant approaches. Based thereon, I present two sets of propositions. The first posits links between scandals and regulative and moral legitimacy, product safety and health incidents and pragmatic legitimacy, and accidents and cognitive legitimacy. The second suggests connections between these four dimensions of legitimacy and a variety of reactive crisis management strategies. These proposed connections tie well into the extant evidence and provide an explanation of why certain reactive strategies are more appropriate in restoring normalcy after a threatening event.

While I argue that the ideas put forward in this paper refine and extend our knowledge about organizational crises, some caution is in order. Aside from the caveats of attempting to defend organizational legitimacy noted above, i.e. potential loss of trust and image of control, another source of failure lies among the groups of stakeholders the organization has to face. Since these groups may be highly diverse, so may be their demands and expectations. This may not only considerably complicate information processing and decision making (Ginzel et al., 1993). In some cases, the affected organization may have to choose which group of stakeholders to favor over others (Marcus & Goodman, 1991). Moreover, the diversity of members of any one group may also require employing a complex mixture of signals in order to regain legitimacy (Elsbach, 2003), rendering the already challenging task of crisis management even more daunting.

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SCHUMPETER DISCUSSION PAPERS

Organizational Crises and Reactions from a Legitimacy Perspective – Results from Two Multiple-case Studies

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Organizational Crises and Reactions from a Legitimacy Perspective – Results from Two Multiple-case Studies

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Abstract

Organizational crises can be conceptualized as interactions between organizations and stakeholders around the breach and reestablishment of common norms and social codes, i.e. perceptions of legitimacy. This paper contributes to the understanding of organizational crises by exploring the roles of dimensions of legitimacy in organizational crises as well as the role of different reactions in the resolution of crises. Results of two qualitative multiple-case studies based on analyses of media reports are presented. They suggest that crises are indeed characterized by a loss in legitimacy, the specific dimensions depending on the type of crisis. Moreover, results support the notion that the type as well as the timing of organizational reactions to crises is relevant to the effective handling of threatening events.

Introduction

Case studies of organizational crises have contributed greatly to advances in management research in the last decades. Examples are the Tenerife air disaster (Weick 1990), the loss of the space shuttle Challenger (Vaughan 1990), the industrial accident at Bhopal (Shrivastava 1992), or the Mann Gulch fire (Weick 1993). Specifically, these works extended our understanding of organizational sensemaking (Weick 1988, 1993), intraorganizational regulatory relationships and social control (Vaughan 1990) as well as information processing (Rudolph/Repenning 2002) as factors contributing to crises. An aspect which has been underrepresented in research on organizational crises is the social system within which crises unfold.

Only recently have scholars begun to conceptualize crises as interactions between organizations and stakeholders, through which these parties reestablish a sense of normalcy and negotiate a path back to a stable mode of operation (Pfarrer et al. 2008; Yu et al. 2008). This is important since organizations are dependent on stakeholders in order to survive (Carroll/Hannan 2000). Crises threaten shared values and commonly held beliefs in stakeholders and may be regarded as violations of uncertainty-reducing social codes (Carroll/Hannan 2000; Milburn et al. 1983; Pearson/Clair 1998).

The influence of social aspects on organizational crises may be framed through the construct of organizational legitimacy (e.g. Dowling/Pfeffer 1975; Suchman 1995), which features prominently in current organization theory (Deephouse/Suchman 2008). According to Suchman (1995: 574), an organization is deemed legitimate if its actions are “desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Because crises are perceived by stakeholders as a breach of social codes, i.e. norms, values, beliefs, and definitions, they may be characterized as an unexpected loss of legitimacy. The literature on organizational legitimacy offers several conceptualizations, consisting of two to four dimensions (Aldrich/Fiol 1994; Aldrich/Ruef 2006; Scott 1995; Suchman 1995). Comparing these has revealed a considerable overlap between these concepts, allowing for the identification of four dimensions in total, namely moral, cognitive, regulative, and pragmatic legitimacy (Breitsohl 2009). *Moral* legitimacy is concerned with normative evaluations, *cognitive* legitimacy comprises comprehensibility and taken-for-grantedness, *regulative* legitimacy is awarded based on accordance with rules, and *pragmatic* legitimacy reflects whether the organization is perceived to be a valuable exchange partner.

As for crises themselves, numerous authors have proposed different definitions and classifications, varying greatly in terms of scope, dimensionality, delineation, and detail (e.g. Marcus/Goodman 1991; Milburn et al. 1983; Pauchant/Mitroff 1992; Shrivastava et al. 1988). When combining those typologies while maintaining a stakeholder perspective (Breitsohl 2009), three broad types of crises can be identified. *Scandals* comprise crises triggered by, e.g. bribery, insider trading, price-fixing, or sexual harassment. Their roots often lie within the organization, among its members, so it is generally feasible to identify the perpetrators and possibly even prevent the crisis. *Accidents* comprise events categorized by Shrivastava et al. (1988) as related to the production system, such as explosions, airplane crashes, or the sinking of ships. By contrast, they are much more difficult to control, since they are often caused by the complexity of tightly coupled systems (Perrow 1984). While failures of such systems are relatively rare, even when compared with other crises, they do occur, are difficult to prevent,

and are often devastating in their effects. *Product safety and health incidents* comprise post-production effects and consumption-side harms (Shrivastava et al. 1988), like sabotage, product defects and associated recalls, and production-related pollution. These are not as rare and causally ambiguous as accidents, but feature a combination of internal (production systems) and external (e.g. consumers) influences. For crisis in general, while some authors have noted a potential connection between crises and reputation, shared values and beliefs, and social codes (Milburn et al. 1983; Pearson/Clair 1998; Yu et al. 2008), little is known about the exact nature of this relationship.

With respect to the management of organizational crises, research has hitherto focused controlling contributing factors by establishing systems for crisis prevention (e.g. Hedberg et al. 1976; Smart/Vertinsky 1977; Turner 1976). Little attention has been directed at possibilities of handling threatening events *after* they have occurred. The literature on impression management (e.g. Elsbach 2003; Schlenker 1980; Tedeschi 1981) offers extensive knowledge on how organizations attempt to control perceptions in social interactions. It is therefore very useful in studying crises from a stakeholder perspective. In an attempt to consolidate the multitude of available conceptualizations of impression management techniques, Breitsohl (2009) has developed a typology featuring four classes of organizational reactions to crises, each comprising three types. Accordingly, *evasion* seeks to avoid any connection to a problematic event through retreat, concealment or denial. *Defense* involves acknowledging the existence of a problem without taking responsibility by disassociation, offering excuses, or defining the situation. *Appreciation* is chosen when responsibility is accepted in the form of explanation, justification or apology, but no further action is taken. Finally, *accommodation* is associated with actively seeking resolution through restitution, divorce, or restructuring. Regarding effects of such reactions, a few scholars have investigated strategies of influence within the context of problematic legitimacy (e.g. Ashforth/Gibbs, 1990; Elsbach 1994, 2001; Elsbach/Sutton 1992; Suchman, 1995). Yet, with the exception of Suchman (1995), most of these works treat legitimacy as a one-dimensional construct. Moreover, specific crisis management strategies have not been studied empirically from a legitimacy perspective.

It is therefore the goal of this paper to shed light on organizational crises by adopting a legitimacy perspective. More specifically, the roles of dimensions of legitimacy in organizational crises as well as the role of different reactions in the resolution of crises are to be examined. To this end, two multiple-case studies of nine and six real-world crises, respectively, were conducted. Study 1 examined the extent to which four dimensions of legitimacy were affected in different types of organizational crises. Study 2 compared crises in terms of the reactions

exhibited by the organizations involved. The remainder of the paper consists of reports on the methodology, samples, and results of both studies. It concludes with a discussion of implication of those results.

Study 1: Effects of Crises on Organizational Legitimacy

In order to identify testable relationships between critical events and organizational legitimacy, an exploratory study was conducted. As noted above, crises are rare events and, therefore, large-sample investigations are exceedingly difficult to undertake, although there are exceptions (Lin et al. 2006). Research on organizational crises typically consists of studies comprising one or few cases, which allow accounting for the complexity of such events. Since the goal was to identify candidate causal relationships, the first task was to strike a balance between creating an empirical base solid enough to support testable propositions, and keeping data collection and analysis manageable. In other words, the goal was not to inductively establish a theoretical model by testing hypotheses, but to explore whether a connection between organizational crises and legitimacy may exist and what its character may be. This indicated the need for employing case studies (Eisenhardt/Graebner 2007). More specifically, I chose a comparative multiple-case approach, following the “most different systems” principle (Przeworski/Teune 1970). Accordingly, if the variable to be explained, i.e. affected dimensions of organizational legitimacy, is the same for different cases, i.e. organizations, then the factors distinguishing those cases are irrelevant for the explanation. Thus, the goal was to gain robust propositions about relationships between organizational crises and legitimacy by selecting a diverse sample of cases.

Adopting the three crisis types identified by Marcus and Goodman (1991), I selected three cases for each crisis type, which will be outlined briefly below. This sample size allowed for a broad range of scandals, accidents, and product safety and health incidents, while keeping the necessary efforts for data collection and analysis within reasonable limits. The foremost criterion for selecting different cases within one crisis type was the focal organization’s industry. For instance, the cases for scandals cover an automobile manufacturer, a retailing chain, and an armored transportation provider. If more than three cases were candidates for investigation, selection was based on data availability.

Another important step in the research approach was to determine the method of data analysis. As noted, small-sample studies allow for rich descriptions and exploration. Furthermore, organizational legitimacy is inherently difficult to measure (Terreberry 1968), although some

authors have successfully used survey methods (e.g. Elsbach 1994). Other quantitative measures, such as performance indicators, were deemed inappropriate due to theoretical irrelevance or possible distortion (Emondson/McNamus 2007). By contrast, media reports are important indicators for organizational legitimacy (Deephouse/Suchman 2008). More specifically, corporate audiences draw on media reports when constructing assessments of reputation and legitimacy on which investment decision, career decisions, and product choices are based (Fombrun/Shanley 1990; Pollock/Rindova 2003). Researchers have therefore used media reports as measures for organizational legitimacy (e.g. Deephouse 1996; Hybels et al. 1994). Since the goal of this study was to identify possible relationships within the perception of crises by stakeholders in terms of legitimacy, a qualitative analysis (Miles/Huberman 1994) of media reports on crisis events appeared to be the optimal choice. The media included in the analysis were 86 articles from 12 major German newspapers and business magazines as well as their respective online versions. Employing a similar procedure as Marcus and Goodman (1991), articles from these sources reporting on the nine crises were analyzed with a focus on how the events were described in terms of legitimacy. Although the construct was not mentioned directly by the journalists, the reporting did contain judgments of whether the organizations adhered to rules (regulative), displayed immoral behavior (moral), or if the events endangered the organization's quality as an exchange partner (pragmatic) or its taken-for-grantedness (cognitive). The qualitative differences in reporting were classified as positive, neutral, or negative in tone. The goal was then to determine whether differences in affected dimensions of legitimacy could be observed between crisis types.

Summaries of cases

As noted above, the nine cases were selected to represent a broad range of crises within the respective types in order to gain a relatively robust empirical foundation – given the study's qualitative nature. The cases therefore feature organizations from different industries, as will be outlined below. In addition, where possible, the cases also reflect different subtypes of crises, resulting in a portfolio of cases covering many of the types from the established typologies by Pauchant and Mitroff (1992), Pearson and Clair (1998), and Shrivastava et al. (1988). Table 1 lists the represented subtypes. For instance, the three scandals were constituted by bribery, spying, and misappropriation, respectively. I now turn to a brief summary of the events triggering each of the nine crises.

The first *accident* involves the crash of a passenger train operated by *Deutsche Bahn*, the state-owned national railway company in Germany. On June 3, 1998, the high-speed train,

Table 1: Overview of case types analyzed

Accidents	Product safety & health incidents	Scandals
Passenger train crash	Lead-poisoned toys	Spying on employees
Explosion at fireworks plant	Baby food	Misappropriation of funds
Oil spill	Defective drug	Bribing of union representatives

travelling at approximately 200 kilometers per hour, derailed and crashed into the foundations of an overpass. 101 people were killed and more than the same number were injured. Investigations concluded that the main cause was a defective wheel rim. The second accident features an explosion at *S.E. Fireworks*, a large fireworks manufacturing plant in Enschede, the Netherlands. The accident occurred on May 13, 2000, killing 22 people and injuring hundreds. Furthermore, due to the plant's location within a residential area, almost 400 houses were destroyed and about 1000 more were damaged. The cause for the explosion has not been clarified completely. The third accident under study is an oil spill off the coast of Spain. The *Prestige*, a large 26 year-old single-hull tanker registered to a Liberian shipping company went aground on November 13, 2002, broke into two pieces and sank within six days, spilling several thousand tons of crude oil into the Atlantic Ocean. The resulting oil film polluted hundreds of kilometers of Spanish coastline, killing large numbers of wildlife and tarring beaches.

The first *scandal* involves the systematic practice of spying on employees at *Lidl*, a large German retail chain. Supposedly in order to prevent theft at over 200 of the company's stores, detective agencies were hired to collect information on personnel without notice, which was discovered in March 2008. For about half of the employees subject to this practice, the detectives' actions were illegal. The second scandal is linked to the bankruptcy of *Heros*, the then-leading provider of armored transport services in Germany. For several years prior, the founder as well as some top executives had been illegally withdrawing hundreds of millions of dollars from the company. This was accomplished by setting up a sophisticated scheme in which money taken from recent transports was replaced by taking on loans as well as money from new transports, driving up the company's financial debt. Bankruptcy was declared on February 20, 2006, within days after the illegal practices were discovered. The third scandal developed around several counts of bribery at *Volkswagen*, the largest automobile manufacturer in Europe. As was revealed in mid-2005, top executives had bribed union representatives on more than one occasion. This included inviting them on "business trips" where they would employ the services of prostitutes. Payments for such travels totaled in the millions of dollars

and were camouflaged as regular travel expenses or special bonuses, as investigations by an external auditor showed.

The first *product safety and health incident* involves the recall of close to one million products by *Mattel* in August and September 2007. These poisonous toys had been found to contain high levels of lead because the Chinese subcontractor performing the actual production had failed to adhere to the contract with the brand company. Unlike that case, the second incident did not pass without human victims, since it claimed the lives of two infants in the fall of 2003. These had been fed with defective baby food produced by *Humana*, a large German producer of dairy products, containing only one tenth of the amount of vitamin B1 reported on the packaging label. In addition to these two deaths, 13 children had to be treated due to the malnourishment. The third incident – and final case to be summarized – had consequences for a much larger number of people, when *Bayer* had to admit in August 2001 that *Lipobay*, one of its most successful drugs, was responsible for about 100 fatalities. For each of the nine crises, a qualitative analysis of media reports was conducted, the results of which will be presented in the following section of the paper.

Results

The analyses revealed different outcomes in terms of affected dimensions of legitimacy across crisis types. To a lesser extent, there was also some variation within crisis types, when comparing single cases. Overall, organizational legitimacy was affected negatively by the critical events. This is especially true for scandals and accidents, while the results for product safety and health incidents were more ambiguous. With respect to dimensions of legitimacy, moral legitimacy was most clearly jeopardized, followed by regulative and cognitive legitimacy. Results for pragmatic legitimacy were scarce and did not allow for a concise categorization. More specific findings for each type of crisis are presented below.

Accidents

In the three cases representing accidents, moral, cognitive, and regulative legitimacy were all negatively affected. Concerning moral legitimacy, stakeholders criticized the respective organizations for being overly oriented towards maximizing profits while neglecting standards of safety. Perceived violations of regulative standards were clear in only one of the cases. The same was found to be true with regards to cognitive legitimacy for a different case. Pragmatic legitimacy was not found to be reduced in any of the accidents studied. Examples of these findings are provided in Table 2.

Table 2: Affected dimensions of legitimacy for accidents by example

	Moral	Cognitive	Regulative	Pragmatic
Train crash	“time is money”; “wheel rims were used out of cost considerations”; “afterwards, trains were running again like after some usual malfunction”	“the day high-speed railway traffic lost its nimbus”; “the belief in supposedly safe travel by train [...] certainties that were shattered that day”; “there is a loss of image, no doubt”		
Fireworks explosion	“sloppiness and greed lead to the catastrophe”; “business was more important than the safety of the people around”		“factory was producing illegal fireworks”; “license did not permit the processing of explosives”	

As for the individual cases, reports on the *passenger train crash* reflected negative impacts on moral and cognitive legitimacy. Morally focused criticism was directed primarily at the fact that Deutsche Bahn had foregone checking the wheels on its trains in order to reduce costs. Similarly, the particular type of wheel rims mounted on the derailed train as well as many others had been chosen for its lower price. This was regarded as an immoral decision, placing economic principles over passenger safety. From a cognitive perspective, the crash seriously damaged the reputation of railway travel as being extremely safe – and thereby the image of the quasi-monopolist provider. Interestingly, some passengers aboard the ill-fated train were so convinced of its safety that even wheel-parts piercing the floor just before the crash did not prompt them to pull the emergency brakes. Although the accident was perceived to be related to a breach of social norms, regulative legitimacy was not found to have suffered. Indeed, a later court trial found three responsible engineers not guilty of contributing to the crash.

For the *fireworks explosion*, media coverage focused on moral and regulative aspects of legitimacy, which were both affected negatively. As could be observed for the train crash, the public perceived organizational practices at S.E. Fireworks to be immorally focused on profits. This judgment was based on the regulative assessment that the company had broken laws as well as industry standards when building the factory in the residential neighborhood. Furthermore, the products had been illegally manufactured and traded, and their storage had violated environmental and fire protection regulation. Due to the severity of the accident, the associated loss of legitimacy appears to have spread to the town administration, which had been

lax in enforcing safety rules at the factory. Signs for a general discussion about safety at fireworks factories were found for other countries as well.

The third accident, the *sinking of the oil tanker Prestige* turned out to be an unusual case in terms of organizational legitimacy, making it difficult to compare. While there was extensive media coverage of the oil spill, the owner of the ship could not be easily identified. As it was finally revealed, the ship was owned by a Liberian organization, operated by a Greek shipping company, chartered by a Swiss corporation, while sailing under the flag of the Bahamas. This ambiguity rendered the case more difficult to compare in two respects. First, since there was no clear “perpetrator”, most reports focused on the accident itself, simply because there was nothing to report on the organization behind the accident. Second, although there were protests by environmental activists, they remained relatively scarce and directed at the government, because they had no primary target. As Kostova and Zaheer (1999) have pointed out, attacking an unknown organization would have carried no benefits for the critics. From a more general perspective, the accident considerably damaged the already weak legitimacy of single-hull oil tankers.

Scandals

The three scandals under study were largely characterized by losses in moral as well as regulative legitimacy. Cognitive legitimacy was affected in only one of the cases. Similarly to the accidents described above, there were very few references to pragmatic legitimacy in the media reports on the scandals. Examples of these findings are provided in Table 3.

With respect to the scandal surrounding the *spying on employees* at Lidl, media reports were dominated by moral and regulative aspects, while no evidence was found for effects on cognitive and pragmatic legitimacy. Specifically, harsh criticism was directed at the company’s disregard of its employees’ privacy needs. One especially problematic part was the recording of how often employees used the restrooms at their workplace. Additional dismay was caused by the revelation that the company had systematically attempted to prevent the formation of workers’ councils through means of intimidation. In terms of regulative legitimacy, reports also emphasized the illegality of the spying practices. The reason for secretly observing employees put forward by the organization, namely protecting against theft, was not accepted by the public, partly because this course of action would also be illegal, except in cases of reasonable suspicion. Interestingly, it can be argued that, from a pragmatic perspective, theft prevention could have been used as a sensitive explanation for observing employees. However, this argument could not be identified in the media reports.

Table 3: Affected dimensions of legitimacy for scandals by example

	Moral	Cognitive	Regulative	Pragmatic
Spying on employees	“spying of unbelievable magnitude” “records intrude far into the privacy” “when and how often employees went to the restrooms”		“illegal observation by private detectives” “the limits of legality were crossed”	
Misappropriation of funds	“employees were intimidated in order to prevent the formation of workers’ councils”	“acquisition could not have possibly been financed through usual business” “up to the bankruptcy, Heros had established a pyramid scheme”	“large sums of money went into their own pockets” “the court ruled that the managers had misappropriated funds amounting to 250 million”	“customers terminated cooperation directly after the revelations”

The case of massive *misappropriation of funds* at armored transport services provider Heros showed similar results in that moral and regulative legitimacy were affected, with the addition of a loss in cognitive legitimacy. Pragmatic legitimacy was found to be mildly damaged. Specifically, investigation by journalists revealed that the success of the company, being the largest provider on a national level, was based on an elaborate pyramid scheme. Customer funds were not, as stated officially, transferred to trust accounts, but were used to lower service charges. This allowed Heros to drive competitors out of business in order to subsequently acquire them, securing market dominance. These insights, in conjunction with reports that other portions of customer funds were misused for personal enrichment of the founder and several top managers, called into question the success story and taken-for-grantedness of the company and thus severely undermined its cognitive legitimacy. Furthermore, both regulative and moral legitimacy suffered due the misappropriation as well as the fact that the company explicitly prohibited the formation of workers’ councils. Additional moral outrage was triggered by the finding that the company had often hired permanently unemployed persons since those were less likely to risk their jobs through whistle-blowing. Only one media report indicated a threat to pragmatic legitimacy, specifically the termination of business relationships by customers. It should be noted, however, that the company filed for bankruptcy very soon after the illegal practices were discovered, preempting further loss of its customer base. Finally, as was observed for the accident at a fireworks factory, the entire armored transports industry suffered from the scandal and reacted by introducing stricter standards of security.

The third scandal, involving the *bribing of union representatives* at Volkswagen, was found to be somewhat different in that media reports drew a clear distinction between the managers perpetrating bribery on one hand, and the company being damaged by those actions on the other. Problematic practices were not presented as typical for the organization, but as restricted to a small identifiable group of persons. Moreover, by comparison, reports on the bribing practices were relatively moderate in tone, indicating no emphasis of moral, regulative or pragmatic aspects. As far as cognitive legitimacy is concerned, the extent to which both external as well as internal stakeholders were surprised by the revelations suggested a potential threat to predictability of the company's actions. However, media reports downplayed the role of mistakes made on the part of Volkswagen. Overall, the company was described as having taken all necessary steps to prevent such problematic events. Therefore, organizational legitimacy was only weakly affected by the scandal.

Product safety and health incidents

For the third type of crisis, comprising events related to product safety and health, the dimensions of organizational legitimacy primarily affected were cognitive and regulative. Reports touching moral and pragmatic legitimacy were less frequent and clear. Overall, assessments of the incidents varied to a much greater extent compared to accidents and scandals. This was true between as well as within the three cases. Examples of these findings are provided in Table 4.

In the case of *lead-poisoned toys*, media reports stressed the toxicity and dangerousness of the toys, questioning the taken-for-grantedness of safety of the otherwise well-established Mattel products. Thus, reports of the threat to child health embodied by the toys challenged the company's cognitive legitimacy. Interestingly, related reports noting that other toy producers and retailers were suffering from similar problems as well as that 80 percent of all toys were produced in China – just like the products in question – did not mitigate the situation. A minority of stock analysts did interpret the product recalls as evidence for a functioning quality management system. This, however, did not affect the overall loss in cognitive legitimacy. The negative assessments of cognitive aspects were contrasted by positive regulative reporting with regard to the product recalls. Although, strictly speaking, the levels of lead found in the toys were illegal, the recalls were largely described as voluntary – and therefore commendable.

Similarly mixed results, yet on different dimensions of legitimacy, were found for the *baby food* case. The incident clearly undermined Humana's cognitive legitimacy. Having been

Table 4: Affected dimensions of legitimacy for product safety and health incidents by example

	Moral	Cognitive	Regulative	Pragmatic
Lead-poisoned toys		“recalls have damaged the company’s reputation” “toys were taken off the market due to hazardous parts”	“Mattel was forced to recall contaminated toys” “toys merely crossed the very strict internal thresholds for lead” “thresholds for the EU and the US were definitely complied with”	
Baby food	“Humana takes responsibility” “Humana expresses dismay”	“Humana admitted massive flaws in product development” “mishaps in development and quality management”	“EU thresholds were vastly violated” “public prosecution has initiated investigations”	
Defective drug		“patients were very uncertain” “the image was tarnished” “no effective drug is free from side effects”	“Bayer had tested and launched Lipobay according to regulations”	“patients discontinued treatment” “Statins demonstrably reduce mortality and improve quality of life”

recognized previously as an experienced provider of baby food, this taken-for-grantedness could not be sustained, despite management’s effort to present the incident as unique. From a regulative perspective, the death of two infants as a triggering event was, without doubt, a serious threat to legitimacy. This is true even though no intent or gross neglect on the part of the company or its employees could be identified. Interestingly, as in the toy case, the organization was applauded for its reaction to the product safety incident. Specifically, there were no reports on morally reprehensible conduct. Quite the contrary, the deliberate manner in which Humana handled the situation, including expressing sympathy, assuming responsibility, and proactively helping parents of affected children was presented in a positive light by the media. For last case under study, focusing on the *defective drug* Lipobay, effects for all dimensions of legitimacy can be reported, although results were scarce for moral, and diverse for pragmatic legitimacy. Again, as for the other two product safety and health incidents, results were mixed and more ambiguous than for accidents and scandals. A definite assessment for cognitive legitimacy was difficult. On one hand, taken-for-grantedness of the drug was reduced, such that some patients deliberately discontinued treatment without consulting their physi-

cians. Moreover, consumers were more insecure with respect to the entire class of cholesterol-lowering drugs. On the other hand, media reports pointed to the fact that some of the problems associated with the drug may have been preventable, had patients and doctors paid closer attention to the package leaflet, effectively exonerating the company. From a regulative perspective, Bayer appears to have come out of the incident without significant damage, mainly because no violations of the law could be proven. Although the actual legal status of a crisis may differ from its perception by the public, as seen in the lead-poisoning case, this was not found for this particular instant.

Conclusions from Study 1

To sum up, results from the nine cases indicate that, while all crises were characterized by losses in organizational legitimacy, crisis types differed in their effects on dimensions of legitimacy. Across crisis types, cognitive and regulative legitimacy were most frequently affected, although not always in the same cases. Moral legitimacy was found to be threatened in more than half of the crises under study. There were very few media reports touching on pragmatic legitimacy. A possible explanation lies within the delineation of pragmatic legitimacy: its focus is on the perception of an organization as an exchange partner (Suchman 1995). This may simply not be as relevant to the media as aspects more congruent with general interests of a diverse readership: moral issues, the adherence to rules, and the role of an organization in everyday life. Still, the results support the notion that losses in legitimacy lie at the heart of organizational crises.

With regards to the individual crisis types, accidents primarily affected moral legitimacy, with additional reductions in cognitive or regulative legitimacy. This is not entirely congruent with earlier propositions (Breitsohl 2009) suggesting that accidents primarily reduce cognitive legitimacy. However, the core of this discrepancy may not be the type of crisis, but that the particular accidents analyzed here were perceived to be caused in part by the companies themselves, making them borderline cases between accidents and scandals. This point will be discussed in more detail below. In addition, due to the massive impact of these particular accidents, they may have evoked more affective responses by the public than usual. Scandals were found to impair moral and regulative legitimacy, and, in one case, cognitive legitimacy. This supports the relationship proposed by Breitsohl (2009), as scandals are typically connected to “white-collar crime” as well as morally reprehensible actions, such as neglect and deceit. Effects on cognitive legitimacy are plausible since in some cases, e.g. Heros or, most prominently, Enron, the core of the scandal lies in creating an illegal business separate from

the legitimate façade. Revealing this divide between symbolism and substance would clearly threaten perceptions of comprehensibility. Finally, for product safety and health incidents, cognitive legitimacy was most dominantly reduced. Although not in complete concordance with earlier suggestions (Breitsohl 2009), this is plausible because problems associated to product safety may challenge perceptions of comprehensibility. More support is offered by the finding that regulative legitimacy was reduced in two cases, since governments often establish regulation designed to protect consumers from faulty products. The results for product safety and health incidents were relatively diverse between cases. This may be interpreted as support for the positioning of such events between accidents and scandal in typologies of organizational crises (Breitsohl 2009; Marcus/Goodman 1991).

The results from this study also point to a possible limitation of some typologies of organizational crises. Specifically, it remains unclear what exactly constitutes a scandal, i.e. what criteria could be used to delineate scandals. While for some types of crises, such as spying on employees, it is relatively easy to denote them as scandals. For other cases, it is much more difficult because they contain a mixture of problematic actions. For instance, there was some indication that the fireworks factory explosion may have been caused in part by illegal manufacturing procedures. Does this turn the accident into a scandal? The same may be true for the train crash, had there been clearer evidence for a neglect of safety for the sake of lower costs. On a related note, accidents often occur within the context of complex technologies (Perrow 1984), which are therefore highly regulated. Given that organizations are expected to exert control (Salancik/Meindl 1984), this may lower stakeholders' threshold to regard an accident as "scandalous" if only the slightest mistake in handling a complex technology became apparent. More generally, intention may be one criterion for delineating scandals. Another criterion may be the degree to which a group of perpetrators is separable from the organization as a whole. In the case of bribery of union representatives, the company suffered only small losses in legitimacy, because a small group of employees could be identified as responsible for the transgressions. For the armored transport case, the fact that one of the managers misappropriating company funds was also the founder may have worsened the public's perception of the company. By contrast, since it was very difficult to identify the organization behind the oil spill, there was no subject to condemn in terms of legitimacy.

As noted above, some of the media reports on product safety and health incidents were positive in tone, a somewhat surprising result given the inherently problematic nature of crises. A closer inspection of those specific reports revealed that they did not address the crises per se, but organizational reactions, i.e. the handling of the situation. For example, Mattel was com-

mended for voluntarily recalling defective products. Similarly, Humana's proactive and accommodative reaction to the baby food crisis was regarded as positive. A screening of the other nine cases yielded one more instance in which organizational reactions were evaluated instead of the crisis: Lidl unsuccessfully attempted to frame the practice of spying on employees as a theft-prevention program. These findings point to the importance of carefully separating between different effects, even within qualitative studies. More importantly, they support the notion that organizational reactions play an important part in the course of crisis and are worthy of further investigation, such the second study presented below.

Study 2: Efficacy of organizational crisis reactions

For the second study, focusing on the effect of organizational reactions to threatening events, I followed a different approach in selecting cases compared to Study 1. Since the focal aspect was crisis reactions by affected organizations, cases were chosen following the "most similar systems" (Przeworski/Teune 1970) principle. Accordingly, cases are selected to possess as many common traits as possible, so that important differences found in the comparison may be attributed to a small number of possible causes. In other words, "common systemic characteristics are conceived of as 'controlled for', whereas intersystemic differences are viewed as explanatory variables" (Przeworski/Teune 1970: 37). This required finding organizational crises which ideally share as many initial properties as possible in order to reduce variation and exclude this entire set of explanations (Eisenhardt 1989). Moreover, selected cases were to exhibit large discrepancies in their outcomes, so that it could be assumed that such differences are due the way in which the respective organization handled the crisis. Therefore, I chose two cases for each type of organizational crisis, resembling each other in terms of geographic locale, industry, and the specific type of crisis. This matching approach, combined with the low general frequency of crises, severely limited the number of (pairs of) cases to choose from. I therefore reused one of the nine cases already analyzed. More specifically, the six cases represent two passenger airplane crashes in Indonesia, two scandals involving spying on employees in large German companies, and two product safety and health incidents involving Chinese producers of milk powder. Similarly to Study 1, a qualitative analysis of media reports was conducted, using 155 articles from various online and print news outlets. If possible, news media from the countries in which the crisis took place were analyzed. In the cases of the Chinese producers of milk powder, international and German sources were drawn upon due to restrictions on independent reporting of Chinese media. All six cases will now be

summarized briefly, while the companies' reactions will be described and compared in more detail in the following section.

Summaries of cases

Accidents

On January 1, 2007, *Adam Air Flight 574*, en route from Java to Sulawesi, disappeared from radar in severe weather, after sending several emergency messages. The 17-year-old Boeing 737 was carrying a total of 102 passengers and crew. At the time, Adam Air was an important provider of air travel within Indonesia, serving 25 routes with 19 airplanes. The company had previously been subject to public scrutiny due to safety issues. The search for Adam Air 574 proved to be very difficult, despite large-scale support by the government, which deployed around 3,000 soldiers and volunteers, along with several ships and aircraft. It took ten days to discover the first parts of the wreck, and another six days to locate the flight recorder. However, the recovery of the flight recorder, the most crucial piece of evidence was delayed due to technical inadequacies. Adam Air assumed normal business activities, and the passengers and crew were declared dead. Meanwhile, another Adam Air Flight had to perform an emergency landing, prompting authorities to ground all of the airline's planes. After successfully demonstrating to investigators that safety at Adam Air was sufficient, an impending revocation of the company's license could be held off temporarily. However, a third incident involving an Adam Air plane in March 2008, followed by the departure of a major investor, led to the loss of Adam Air's license. Investigations later revealed that the third accident was caused by technical defects in conjunction with errors by the crew.

On September 5, 2005, *Mandala Airlines Flight 091* crashed into a residential area in the city of Medan directly after take-off. 149 people were killed, many injured, and over 30 houses were completely destroyed. There were 14 survivors. The government-owned company had been involved in minor incidents in the past, but was growing steadily and was planning to search for private investors. Recovery proceeded relatively swiftly and the flight recorder was found two days later, while official investigations were already underway. On that same day, another Mandala plane had to return to its origin shortly after departure due to technical problems. During the following days, after clean-up efforts at the site of the crash had begun, a third Mandala flight was refused permission to take off on grounds of technical inadequacies. The following months saw the payment of restitution to the victims as well as the rebuilding of the houses destroyed in the crash. Mandala Airlines was subsequently acquired by two in-

vestors and restructured comprehensively. It is now listed in the highest national safety class and has grown significantly.

Scandals

As noted above, one case from Study 1 was used again in Study 2 due to strict selection criteria for case pairs. This case is the one involving spying in employees at *Lidl*, the second-largest food retailer in Germany. For reasons of parsimony, a repetition of the details is omitted here, and the focus is now directed at the other scandal.

On May 24, 2008, *Deutsche Telekom*, Europe's largest provider of telecommunication services, announced that it had systematically monitored phone calls by managers, board members, and journalists during the years 2005 and 2006. Specifically, Telekom recorded and used information regarding times and dates, participants, and length of those calls, on both mobile and land lines. Ten days earlier, the CEO had filed suit against the company with the public prosecution office. Following the public announcement, workers' unions as well as the German association of journalists demanded quick clarification of the matter. The Federal Commissioner for Data Protection and Freedom of Information initiated official investigations. Meanwhile, Telekom's board of directors explicitly supported the CEO's handling of the situation, which later included the enlistment of two highly reputable experts for the development of a new data security system for the entire corporation. During the following months, several additional reports on problems in information security were published, although none of them were equally serious. In response to the scandal, Telekom created a new job for a Director of Data Security, endowed with a right-to-veto on all decisions touching aspects of data security. In addition, an external council for data protection was to be appointed, and employees' access to sensitive data was to be restricted. Although the corporation expected to incur a decrease in revenue for the first time in its history, the company report for the year 2008 showed a doubling in profits.

Product safety and health incidents

On September 11, 2008, it was reported that *Sanlu Group*, China's largest producer of milk powder, was involved in a major product safety and health incident. After consuming Sanlu's products, over 430 children suffered from severe poisoning with melamine, a substance used in the production of plastics. One infant died subsequently. Sanlu recalled several thousand tons of its milk powder. Five days after the first reports, the body count had increased to two deaths and over 1,200 ill. The Chinese government reacted by placing all producers of contaminated milk powder – 22 companies, as investigations revealed – under official oversight.

As the number of affected children kept rising, reaching a final number of 300,000 victims, the prime minister assumed control over the investigations. Numerous managers and officials were fired and arrested. A whole network of illegal factories producing melamine was discovered. Sanlu's largest investor finally sold all its shares. This, combined with waves of lawsuits, resulted in the company's bankruptcy in December 2008. Several managers were sentenced to death or long terms in prison.

In the course of the melamine crisis in China, another corporation under scrutiny was *Mengniu*, the country's largest dairy producer. After tests showed that about ten percent of Mengniu products were contaminated, the company took all of its products off the shelves. Large customers, such as Starbucks and Disney, removed Mengniu products from their assortments. The collapse in exports caused losses in the hundreds of millions of US-Dollars. In early 2009, the Chinese dairy industry established an aid fund for the victims of the crisis.

Comparisons within crisis types

Since the goal of this study was to gain an understanding of differences between successful and unsuccessful cases of crisis management, I compared the case pairs in terms of the progression of the respective crisis in general and organizational reactions in particular. In order to account for the temporal structure of the events, I divided the crises into four phases. These phases spanned the first two days (phase 1), the first week (phase 2), the first month (phase 3) after the triggering event, and the remaining time until the end of the crisis (phase 4). Organizational reactions were classified according to the typology outlined above (Breitsohl 2009).

Accidents

Comparing the two accidents revealed some commonalities as well as recognizable differences with respect to how the two airlines reacted to the crises, which are visualized in Table 5. Overall, neither of the two affected companies employed evasive tactics in their reactions. The two also displayed a similar total number of reactions over the course of their crises. However, their reactions differed in terms of both their distribution over the 12 types as well as their sequence and combination over time. A phase-wise comparison revealed the following patterns.

During the first few days (*phase 1*) after the crash of their plane, management at Adam Air merely confirmed that contact with an aircraft had been lost. When, despite rumors, no remains of Flight 574 could be found, a vice president attempted to excuse the situation by assuring the public that the pilot had acted in accordance with regulations and that the plane had

Table 5. Reactions to accidents over time by example.

	Phase 1	Phase 2	Phase 3	Phase 4
Evasive				
Defensive	<p><u>Adam:</u> “We don’t have the exact data about the weather [...] but it was flight-worthy.”</p> <p><u>Mandala:</u> “They were declared fit to fly.”; “It’s difficult. It’s supposed to be more organized.”</p>		<p><u>Adam:</u> “I have never done any [...] cost cutting in our maintenance sector. Maintenance takes up to 40 percent of operational costs.”</p>	<p><u>Adam:</u> “The worst punishment ever imposed on a national airline”; “premature”.</p>
Appreciative			<p><u>Adam:</u> “I haven’t had the chance to give a public explanation because I was in Makassar assisting the search.”; funeral service for the victims.</p>	
Accommodative	<p><u>Mandala:</u> Creation of crisis management center; free flights and passenger list. “We will pay compensation, but now our team is still calculating it.”</p>	<p><u>Adam:</u> Relatives of victims flown to Makassar.</p> <p><u>Mandala:</u> “The evacuation is aimed at clearing [...] so that traffic returns to normal.”</p>	<p><u>Adam:</u> “We will pay the compensation [...] Our management has informed the families about that.”</p> <p><u>Mandala:</u> “We will use the criticism to improve”; “the compensation is for all victims, both passengers and residents”; “we were ordered to rebuild [...] all financed by Mandala”.</p>	<p><u>Adam:</u> Compensation affirmed again; salvage vessel hired.</p> <p><u>Mandala:</u> Emphasis of swift restitution after seven weeks. “Mandala Airline’s responsibilities will be over once the cash payments are made.”</p>

been airworthy. Otherwise, no reactions by Adam Air were reported. By contrast, Mandala Airlines, besides also pointing to the good technical condition of their plane, immediately created a crisis reaction center, published a list of the passengers aboard Flight 091, and supplied free flights to Medan for relatives of the victims. The company had to face some criticism for the publication of the passenger list when it was discovered that not all of the listed victims had actually been on the plane. Mandala reacted by admitting to mistakes, yet blaming insufficient security checks at the airport. In addition, restitution for all aggrieved parties was announced. When another Mandala flight had to return to its origin, this was explained as evidence of the high priority the company placed on its passengers’ well-being.

Within the remainder of the first week (*phase 2*) after the crashes, both airlines reacted only scarcely to the progressing crises. Adam Air, in response to fruitless search efforts for the wreck, offered free flights for relatives to Sulawesi, the destination of Flight 574. The company did not comment on activist groups announcing lawsuits in case Adam Air would not assume full responsibility. Mandala Airlines' only noteworthy reaction within this time span was its handling and financing of the cleanup efforts on the site of the crash.

After that first week, but within the first month (*phase 3*) of the crashes, Adam Air agreed to provide monetary compensation. This was confirmed later, i.e. over two weeks after the accident, in the first public statement by Adam Air's president, who attempted to justify his timing by pointing to his involvement in the search efforts. He also emphasized that there had been no cost-cutting in security procedures and no orders for pilots to ignore weather forecasts. Mandala Airline's restitution practices, although having been initiated more quickly, were criticized, prompting an extension to cover treatment costs for the survivors as well as rebuilding the destroyed houses. When a Mandala pilot was arrested for illegal drug use, his employer announced his termination and company-wide drug tests. Three-and-a-half week after the crash, reconstruction in Medan began.

One month after Flight 574 disappeared (*phase 4*), Adam Air held a funeral service near the estimated site of the crash. Adam Air management agreed to build a memorial and repeatedly promised to pay restitution. When Adam Air planes were later grounded after another incident, the company attributed it to strong winds and expressed a lack of understanding for the punishment. Finally, almost eight months after the crash, Adam Air hired a ship to recover the missing black box. Mandala Airlines, on the other hand, started paying compensation about seven weeks after the accident involving Flight 091, along with the announcement that this would be considered the concluding step in the affair.

When comparing the two cases across phases of the crises, two main differences in reactions stand out. First, Mandala Airline's reactions occurred mostly in phases 1 and 2, while Adam Air's activities were spread out more evenly over the duration of their crisis. The highest level of reactions for Mandala could be observed within days of the crash, whereas Adam Air took over a week to notably address the situation. Second, Mandala almost exclusively chose conformant tactics in response to the crisis. The only reactions falling outside the appreciative and accommodative categories occurred immediately after the crash. By contrast, Adam Air employed a combination of mainly defensive and accommodative strategies throughout the course of its crisis. In sum, Mandala reacted considerably more swiftly, decisively, and con-

sistently than its competitor. As noted above, Mandala was much more successful in overcoming the loss of Flight 091 as was Adam Air, which ultimately lost its license.

Scandals

Comparing the two scandals surrounding the practices of spying on employees at Lidl and Deutsche Telekom revealed more commonalities as was true for the two accidents. Again, both companies refrained from using evasive tactics in response to the accusations, acknowledging the existence of problems. Lidl and Telekom also exhibited a similar total number of reactions, of which most were symbolic, i.e. non-accommodative. Still, there were different emphases in terms of the temporal structure and combination of crisis reactions, which will now be described phase-wise. Examples thereof are presented in Table 6.

On the day that problematic practices at Lidl were reported by a news magazine (*phase 1*), a senior executive admitted to the existence of surveillance records, but attempted to excuse this by framing them as a theft prevention program. When a workers' union publicly encouraged lawsuits against the company, Lidl referred to the spying activities as the work of a few overeager detectives acting without knowledge of the Lidl management. It was also announced that business relationships with those detectives had been terminated. In a letter to all employees, Lidl apologized for potentially breaching their privacy. Management further explained that there had been some intensive surveillance in the course of inventory taking. By contrast, the scandal involving Deutsche Telekom was publicized by the company itself, along with the assertion that all efforts to elucidate the affair would be supported. Telekom's CEO also conceded weaknesses in the company's security procedures. After official investigations were initiated, the CEO reaffirmed that Telekom would be very active in the resolution of the matter.

The remainder of the first week of the respective scandals (*phase 2*) passed relatively quietly in both cases. Lidl publicly apologized in a newspaper article, announcing closer cooperation with their workforce in the future. While detectives' associations complained about being blamed for the irregularities and official investigation were underway, Lidl offered their employees access to data records containing information about them. With respect to the Telekom case, a spokesperson defended the ten-day lapse between the self-report to the police and the public announcement as necessary for thorough internal investigations.

Within the following three weeks (*phase 3*), Lidl reacted to warnings by consumer protection organizations not to use debit cards at Lidl stores by assuring customers that video surveillance data was deleted daily. In addition, the company began removing all video cameras

Table 6. Reactions to scandals over time by example.

	Phase 1	Phase 2	Phase 3	Phase 4
Evasive				
Defensive	<i>Lidl:</i> “accusations have made us concerned”; “single cases of overeager detectives”; “nothing unusual in retailing”.		<i>Telekom:</i> “There was no recording; it was merely necessary to discover hacker code”.	
Appreciative	<i>Lidl:</i> regret for the affair. <i>Telekom:</i> “We alerted public prosecution and will support all efforts for complete clarification”; “discernible weaknesses” in security; “customer data are safe”.	<i>Lidl:</i> “We are concerned”; “we did not want this to happen.” <i>Telekom:</i> “Unhurried investigations would have been impossible otherwise”.	<i>Lidl:</i> “We will continue to elucidate and openly inform”; “PIN might be recorded”; “video tapes are deleted daily”; “I have to blame myself for a lack of control”; ad campaign: “We trust Lidl – Trust Us”. <i>Telekom:</i> CEO meets Minister of the Interior; “data security of the highest priority”; “misuse is not a trivial offense”	<i>Telekom:</i> “Apologize in the company’s name”; “for improper use of connection data”.
Accommodative	<i>Lidl:</i> “cooperation with the detectives was terminated, since their approach cannot be reconciled with our understanding of treating employees fairly”.		<i>Lidl:</i> Cameras are removed; security systems “fundamentally reformed”; “thank-you payment”; “proud of employees for standing by the company”. <i>Telekom:</i> “It’s now about preventing future criminal misuse”.	<i>Lidl:</i> “Special training for detectives”; “so that everybody knows what they’re dealing with”. <i>Telekom:</i> “First important piece” for ensuring better data security; creation of top executive and council for data security.

from stores and developing an entirely new security system. When first signs of boycotts became apparent, apologies and assurances of changes in treating employees were repeated. In addition, every employee staying with Lidl despite the scandal received a one-time bonus payment, followed by a media campaign asking customers to end the boycott. On behalf of Deutsche Telekom, the CEO met with the Minister of the Interior in order to provide information on the spying incidents. He later announced that the company had enlisted well-known experts for the reorganization of corporate security. Rumors about a third of Telekom’s cus-

customer base wanting to change providers were countered by declaring that data security was of the highest priority. In response to new accusations of recording customer phone calls, Telekom explained that there were no recordings, but that some attacks by computer hackers had to be detected.

In the case of Lidl, the scandal had almost subsided after one month (*phase 4*). A large market research firm reported that Lidl's losses in market share were smaller than estimated. Stores were equipped with new security cameras and detectives. However, it was emphasized that, under the new security rules, employees and customers would be informed about the surveillance. In the end, Lidl was fined 1.5 million Euros. The last phase of the Telekom scandal saw an announcement by the CEO that he would apologize to all further persons concerned. He subsequently apologized to the workers' council as well as the board of directors. A new top executive job for data security was created and access to sensitive data was restricted.

Overall, the two scandals appear to be very similar, especially since both companies coped with them more or less successfully. There are, however, subtle differences: Lidl reacted more strongly right after its misconduct became public, while Telekom's reactions were steadier and more evenly distributed over time. Lidl relied on defensive tactics to a greater extent than did Telekom, which in turn reacted almost exclusively by explaining and apologizing. This is particularly true for phase 1 of the scandals. On the other hand, Telekom did not move to significant accommodative activities until very late in the progressing crisis. In other words, Lidl went from strong defense to quick acceptance of responsibility, while Telekom was more conformant from the beginning, but reacted more slowly. It may thus be concluded that temporal and qualitative aspects of the respective reactions balanced each other. This is in concordance with the outcomes of the crises. While it may be argued that Lidl suffered somewhat more due to customer boycotts, both companies remained largely unharmed.

Product safety and health incidents

Comparing the two incidents involving producers of powdered milk lead to a relatively clear picture of their differing reactions, be it in terms of temporal structure or combination of reaction types. There were, however, a few commonalities. As was found in the other four cases none of the companies engaged in evasive behaviors. In addition, both organizations displayed the same total number of reactions, allowing for easier comparison. Again, these reactions will now be described in more detail, while examples are listed in Table 7.

One day after the media reported on over 400 children suffering from poisoned milk powder (*phase 1*), Sanlu Group publicly confirmed that their product was severely contaminated with

Table 7. Reactions to product safety and health incidents over time by example.

	Phase 1	Phase 2	Phase 3	Phase 4
Evasive				
Defensive	<i>Sanlu:</i> No announcement due to retailers refusing to remit products.	<i>Sanlu:</i> Fraudulent suppliers are blamed for the problems. <i>Mengniu:</i> CFO claims that contaminated milk came from small suppliers.		
Appreciative	<i>Sanlu:</i> admits to melamine in Sanlu products; “We finally imported foreign equipment in August [...] and found the milk powder contained Melamine”. <i>Mengniu:</i> “The situation is extremely distressing [...] important we get to the bottom of the problem [...] we’re doing everything [...]”.	<i>Sanlu:</i> Vice President apologizes for the incident; confirmation of selling hazardous products for half a year; confession to products still being on the market.		<i>Mengniu:</i> “we are very sorry to have caused harm [...] offer sincere apologies and plea for forgiveness [...] we welcome supervision from all walks of society.”
Accommodative	<i>Sanlu:</i> Recall of affected products. <i>Mengniu:</i> Announcement of payments twice the mandated amount; recall of all products; CEO offered to resign	<i>Sanlu:</i> Director General fired.	<i>Mengniu:</i> New testing procedures announced; future focus on large suppliers announced.	<i>Mengniu:</i> Dairy industry established aid fund.

melamine. Sanlu also initiated a large-scale recall in order to pull several hundred tons of milk powder from the value chain. When speculations arose whether Sanlu had already known about such problems since August – possibly March – of that year, a statement was issued explaining that there had been indications, but that Sanlu had not until recently gained access to more sophisticated foreign tests. However, it remained unclear if and when Sanlu had informed authorities. According to Sanlu, they had refrained from a public warning because large retailers had refused to remit affected products. In the course of the melamine crisis, products of Mengniu Dairy Corporation were also found to be contaminated. On the same day, Mengniu issued a statement apologizing for the incident and announcing to pay twice the

state-mandated amount of compensation to victims of affected products. Mengniu then recalled all of its products from retailers, and the CEO offered to resign his post.

The following days (*phase 2*) saw Sanlu under intense criticism. The company refused to explain how the melamine could end up in the powdered milk and blamed fraudulent suppliers as the true perpetrators. Yet, Sanlu's Vice President publicly apologized for the incident. When the number of victims continued to rise, Sanlu admitted to having been selling contaminated milk powder for at least half a year. The Director General of Sanlu was fired and arrested shortly after. The company then conceded that there were still hazardous products on retailer shelves. At Mengniu, the Chief Financial Officer apologized while emphasizing that only a small portion of the company's product contained melamine. Regardless, the government revoked its seal of quality for Mengniu milk powder.

After the first week following the public uncovering of the health issues (*phases 3 and 4*), control over the situation had largely been taken out of Sanlu's hands. The company was placed under oversight by the Chinese government and thus practically barred from issuing any more statements. Sanlu Group later filed for bankruptcy and was dissolved. Mengniu, being less affected by the strict government intervention, later announced the introduction of new testing procedures and techniques for dairy production. Finally, the remaining members of the Chinese dairy industry, including Mengniu, established an aid fund for the victims.

Overall, reactions exhibited by Sanlu were more diverse than those by Mengniu. Sanlu employed more defensive and appreciative tactics, while Mengniu relied almost exclusively on accommodation. Moreover, Mengniu's reactions were spread over several months, whereas Sanlu ceased communication with the public after one week. It should be noted, however, that this may have been due to government influence, which was much less strict for Mengniu. More generally, this case pair differs from the others in this study in that both organizations were part of the same crisis. On one hand, this serves as an additional "control" from a methodical perspective, making the comparison more interesting. On the other hand, the crisis involved Sanlu from the very start and spread to other companies, including Mengniu, later. Mengniu therefore had more time to prepare in addition to not being portrayed as the primary perpetrator.

Conclusions from Study 2

In sum, there were considerable differences in reaction patterns within case pairs, particularly for accidents and products safety incidents. As for the classes of reactions, the distribution of

tactics followed the rule: the more conformant the more often. Accommodative reactions were most common, followed closely by the appreciative, and, at an interval, the defensive. Most strikingly, there was no evidence for evasive behavior in any of the cases. There are (at least) two possible explanations for this finding. First, the organizations involved may have refrained from retreat, concealment or denial because it was too late. Evasive reactions may be ineffective once the existence of a crisis has become obvious (Breitsohl 2009; Elsbach 2001). Second, since the analysis for Study 2 was based on media reports, it is possible that some of the organizations did use evasive tactics successfully in that the media simply did not notice the existing problems. This may be true, for example, in the Deutsche Telekom case. Before informing the public about the spying practices, the company had calmly conducted internal investigations.

This may have been instrumental in overcoming the crisis without significant harm. It should be noted, however, that a comparison of the two scandals in terms of efficacy of reaction classes turned out to be difficult. Both Telekom and Lidl relied mostly on appreciative, some accommodative and a few defensive reactions. Yet, this does support earlier propositions that appreciative and accommodative tactics should be more effective in scandals (Breitsohl 2009). With regards to the two product safety incidents, additional support for those propositions was found since the accommodative reactions exhibited by Mengniu proved more successful than the defensive behavior by Sanlu. As noted before, however, Mengniu did have the benefit of being able to learn from Sanlu's mistakes made in the very same crisis. On a more general level, "second-reactors" may often be in an advantageous position because the first company affected by an industry-wide crisis has to take a major part of the blame. For the two accidents, accommodative signals sent by Mandala Airlines were more effective than the defensive strategy pursued by Adam Air. While this does not provide support for Breitsohl's (2009) suggestion of displaying rational, neutral reactions, it is congruent with results reported by Marcus and Goodman (1991).

As for the four time phases into which the case histories were divided, two overall patterns in organizational crisis reactions emerged. Across reaction classes, phases 1 and 3 contained significantly higher activity than phases 2 and 4. It appears that, generally, an initial wave of reactions was followed by periods of waiting for public reactions before another wave of reactions was issued. This would back up the conceptualization of organizational crises as discourses consisting of organizational action and stakeholder feedback (Pfarrer et al. 2008). Between reaction classes, there was a clear shift from more resistant to more conformant tactics over time. More specifically, defensive reactions quickly subsided after a few days following

the threatening event and remained at a very low level. Appreciative and accommodative reactions exhibited the wave pattern described above. In terms of efficacy, reacting swiftly proved more successful for accidents and scandals, taking into account unreported evasive tactics by Deutsche Telekom. This supports earlier findings concerning the importance of timing in crisis management (Breitsohl 2008).

Discussion

The goal of the studies summarized in this paper was to gain insights into the course of organizational crises in order to identify candidate relationships between crisis types, dimensions of legitimacy, and organizational reactions. To this end, two qualitative comparative case studies were conducted, for which large volumes of media reports on crises were analyzed. Most generally, support was found for the relevance of legitimacy in the context of organizational crises. As Study 1 showed, three out of four dimensions drawn from the literature on legitimacy were affected by threatening events, while the fourth may have been excluded due to methodological biases. Furthermore, deductively gained propositions by Breitsohl (2009) on relationships between crisis types and dimensions of legitimacy were largely supported by Study 1. This was particularly true for scandals, where moral and regulative legitimacy were primarily impacted. Partial support was found in that product safety and health incidents reduced regulative legitimacy. Lack of support in cases of accidents may be due to idiosyncrasies. Study 2 brought additional support for earlier work (Breitsohl 2008, 2009). Specifically, beyond reinforcing a stakeholder perspective on crises, results show that timing of crisis management measures played an important role in effectively handling both accidents and scandals. In terms of reactions classes, scandals and products safety incidents followed the pattern posited by Breitsohl (2009). Specifically, conformant tactics proved successful in overcoming scandals.

Despite these valuable insights, there are some limitations to consider, pertaining mainly to the use of media reports as data source as well as comparative qualitative case studies as a research design. First, Study 1 comprised nine highly diverse cases, yet none of the reports on any of the cases provided a basis for assessing an effect on pragmatic legitimacy. This was explained above by a possible irrelevance of pragmatic evaluative aspects to journalists. It is beyond the scope of this paper to investigate this explanation. Still, the scarcity of data on pragmatic legitimacy points to a limitation of media analysis as an indicator for public opinion. Moreover, media reports not only reflect, but also shape the public opinion about an organization (Dowling/Pfeffer 1975). This is also true for reports on organizational crises. As

Nelkin (1988) pointed out, the media “serve as filters through which the public receives news and interpretations of accidents” (p. 341). In this process, norms and expectations of the journalists reporting the news play an important role. Thus, although very useful, media reports are not a perfect measure of organizational legitimacy.

Second, by their very definition, organizational crises are rare events. This, in combination with the extant diversity of organizations, even within a particular industry, should render individual crises very dissimilar to each other, making comparative studies even more difficult. Indeed, the cases presented in Study 2, although purposely selected to be similar, exhibited numerous idiosyncrasies limiting comparison. For instance, prior to the spying scandal, Lidl had been suffering from reports on poor personnel management practices. Deutsche Telekom, on the other hand, has a notoriously poor image among the German population because, being a former state-owned monopolist, it faced great challenges in improving customer service. It remains unclear whether these individual histories affected the course of the scandals. Similar limitations can be found for Study 1. For example, the company operating the ill-fated passenger train was largely owned by the state. This ownership structure may provide a different legitimacy basis compared to private companies. Moreover, industries employing high-risk technologies are often highly-regulated, making the organizations difficult to compare. In sum, while single-case studies of crises have provided great insights (e.g. Vaughan 1990; Weick 1990, 1993), this research design appears to exhibit more limitations for exploring relationships from a stakeholder perspective.

While the results presented in this paper point to the importance of studying organizational crises from a legitimacy perspective, as well as shedding light on the possible role of legitimacy in the resolution of crises, there is still room for further research. One goal could be to overcome the limitations of case studies outlined above in order to achieve higher levels of generalization. This may require researchers to abstract away from single real-world cases and focus on archetypes of crises, although those may be difficult to delineate. Furthermore, since measuring organizational legitimacy through media reports has considerable yet limited value, more direct approaches could contribute greatly to understanding perceptions of legitimacy.

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