



Leaders' sensemaking under crises: Emerging cognitive consensus over time within management teams

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ABSTRACT

When facing a crisis, leaders' sensemaking can take a considerable amount of time due to the need to develop consensus in how to deal with it so that vision formation and sensegiving can take place. However, research into emerging cognitive consensus when leaders deal with a crisis over time is lacking. This is limiting a detailed understanding of how organizations respond to crises. The findings, based on a longitudinal analysis of cognitive maps within three management teams at a single organization, highlight considerable individual differences in cognitive content when starting to make sense of a crisis. Evidence for an emerging viable prescriptive mental model for the future was found, but not so much in the management as a whole. Instead, the findings highlight increasing cognitive consensus based on similarities in objectives and cause-effect beliefs within well-defined management teams over time.

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Introduction

Due to its importance to the viability of organizations, the link between perceptions and interpretations of external change and organizational adaptation to achieve performance outcomes has received considerable research attention (Barr, 1998; Barr, Stimpert, & Huff, 1992; Daft & Weick, 1984; Eden & Ackermann, 2010; Isabella, 1990; Lant, Milliken, & Batra, 1992; Sutcliffe & Huber, 1998; Thomas, Clark, & Gioia, 1993). A major reason given for organizational adaptation in the face of a disruptive external change and subsequent crisis is that leaders alter their beliefs to accommodate the changes in the environment, or alternatively, the leaders themselves are changed (Barr, 1998; Daft & Weick, 1984; Janis, 1989).

Leaders are clearly important when organizations face a crisis and are key when searching for answers to make sense of what is happening (Weick, Sutcliffe, & Obstfeld, 2005). Sensemaking under crises is inherently complex because leaders have to think and problem solve in the context of a novel ambiguous situation involving time pressure and stress while interacting with others in management teams (Mumford, Friedrich, Caughron, & Byrne, 2007). The key task for leaders in such situations is to develop a mental model, based on their schemas,¹ consisting of causal beliefs for understanding and responding to the crisis (Weick, 1995).

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¹ Alternative terms are found in the management literatures and seem to be sometimes used synonymously. For example, the term 'mental models' is popular (e.g. Hodgkinson & Johnson, 1994; Porac et al., 1989; Senge, 1990) as are the terms 'cognitive models' (e.g. Hodgkinson, 1997) and 'schemas' (e.g. Dutton & Jackson, 1987; Fiske & Taylor, 1991; Ireland et al., 1987; Kiesler & Sproull, 1982; Lord & Foti, 1986) and 'mental representations' (Stubbart, 1989). All these terms are used to describe the cognitive underpinning of information-processing and sensemaking and other management processes and activities. The terms 'belief structures' (Mohammed, Klimoski, & Rentsch, 2000) and 'knowledge structures' (e.g. Lyles & Schwenk, 1992; Walsh, 1995) are also found in the literatures but these terms are sometimes used at a group level of analysis to mean the mental models of either a group of individuals or an organization. The term 'cognitive map' (e.g. Axelrod, 1976; Calori, Johnson, & Sarnin, 1994; Daft & Weick, 1984; Fahey & Narayanan, 1989) is also used but this term is often more closely associated with a visual representation of cognition, such as a representation on paper or on a computer screen. This term is also used in this representational form in this article. Debates on the problems raised by the multiple terms used highlight that some differences exist between some of the terms and they should not be used synonymously. For example, mental models can be thought of as temporary dynamic models in working memory whereas schemas are enduring knowledge structures in long term memory (Hodgkinson & Healey, 2008; Rouse & Morris, 1986).

The most significant recent advance in understanding leaders' cognition driving sensemaking under crises has been theoretical. Mumford et al. (2007) present a detailed theoretically grounded conceptual model, which includes two particularly important facets, both central to their conceptual model of leader cognition. One, is the activation of descriptive mental models which are used to interpret any externally led change. It is external change that invariably starts a crisis and individual managers adopting leadership roles, even within the same firm, can interpret the change differently (Jackson & Dutton, 1988). Two, is the development of a prescriptive mental model or "...a mental model describing the causes and consequences of performance with respect to the crisis situation at hand" (Mumford et al., 2007, p. 528). In other words, leaders develop a mental template for the future, but as Mumford et al. (2007) point out, this development is complex and occurs over time. The development of a new prescriptive mental model is critical because the stability of leaders' cognition in the face of a changing external environment has been found to be a contributor to inertia and organizational failure (Barr et al., 1992; Hodgkinson, 1997).

As an understanding of descriptive mental models and the development of a prescriptive mental model for the future are both cited as key to fully understand leaders' sensemaking under crises, a longitudinal research perspective is required. Sensemaking under crises involves cycles of information processing, communication and problem solving, which are likely to be interspersed with action, to make sense and give meaning to events (Smircich & Morgan, 1982; Weick et al., 2005). In most settings such a complex longitudinal process invariably involves collective leadership drawing on different experiences and expertise within management teams (Friedrich, Vessey, Schuelke, Ruark, & Mumford, 2009). While individuals within management teams will likely interpret change differently, ultimately, consensus needs to be built around an envisioned future (Strange & Mumford, 2002).

The development of a viable prescriptive mental model provides a basis for vision formation in a crisis (Mumford & Strange, 2002; Strange & Mumford, 2005). However, we know little of how the content, or the assumptions and beliefs, contained within leaders' mental models develop and change during the course of a crisis. With the exception of an empirical study by Markóczy (2001) there is little direct cognitive empirical evidence to help understand how consensus is developed over time within the mental models of individual managers within the same firm as they grapple with the same change events. To help understand how leaders develop a prescriptive mental model for the future when responding to a crisis, we map cognitive diversity and consensus in individuals adopting leadership roles within management teams in the same firm over time.

Sensemaking

As part of a growing stream of research into management cognition (see Hodgkinson & Healey, 2008; Hodgkinson & Sparrow, 2002; Narayanan, Zane, & Kemmerer, 2011; Walsh, 1995 for reviews) scholars have long considered the importance of sensemaking based on interpretive work conducted by the leaders of organizations, such as the CEO or top management team, to make sense of change when it is encountered (Gioia & Chittipeddi, 1991). Weick (1995, p. 57) points out that the sensemaking perspective is associated with understanding the cognitive filters that people use and what these filters include and exclude. Thus, a hallmark of sensemaking is the simplification of complexity through individuals' mental models so as not to be overwhelmed by data (Daft & Weick, 1984; Walsh, 1988).

Leaders enact or produce part of the environment they face (Daft & Weick, 1984; Weick, 1995) such as the enactment of a strategic group within their mental models signifying a very limited perception of competition (Porac, Thomas, & Baden-Fuller, 1989). Consequently, the sensemaking perspective highlights that the environments that leaders deal with are, at least in part, socially constructed (Weick, 1995). This social construction of environments distinguishes the sensemaking perspective from much of the work on behavioral economics, such as the work which focuses on the cognitive limitations of humans in general operating in objective environments (Hodgkinson & Healey, 2008; Weick, 1995). While the social aspects of sensemaking is a theme running through the literature, some researchers put more emphasis on sensemaking as an individual cognitive process (Maitlis & Christianson, 2014).

Another theme debated within the literature on sensemaking is in connection with its temporal dimension. Weick (1995) initially highlighted the retrospective nature of sensemaking, while more recent work raises the possibility of prospective future oriented sensemaking that may be linked to resolving a crisis (Weick et al., 2005). Leaders can make presumptions about the future (Weick et al., 2005) and give meaning to others (Smircich & Morgan, 1982) such as through categorizing and labeling a disruptive change as an 'opportunity' signifying a positive way to deal with change (Dutton & Jackson, 1987). The communication of meaning, such as through the labeling of a disruptive change by trusted leaders is likely to result in more consensus which in turn is more likely to result in organizational action (Dutton & Jackson, 1987; Schwenk, 1984).

Leaders' sensemaking under crises

While a strict definition to encompass all crises is problematic, they are often associated with sudden threats to high priority goals and the need to dramatically change prior practice (Hunt, Osborn, & Boal, 2009). Crises involve a movement away from stability to established new goals (Lichtenstein & Plowman, 2009) and also imply a time pressured change relative to standard operating procedures (Mumford et al., 2007; Williams, Pillai, Deptula, & Lowe, 2012).

Sensemaking within an organizational change process is related to understanding and is cognitive in nature (Gioia & Chittipeddi, 1991). In the leadership literature, research has highlighted the importance of context specific cognition, which underpins sensemaking and leaders' behavior as well as its influence on outcomes such as performance (Antes & Mumford, 2012; Barrett, Vessey, & Mumford, 2011; Lord & Hall, 2005; Mumford, Connelly, & Gaddis, 2003; Mumford et al., 2007). Leaders are critically important in the context of sensemaking under crises. They are bombarded with a stream of often conflicting data associated with ill-defined events and possible problems (Dutton & Jackson, 1987). It is their key role to make sense of this critical situation and to convey

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