



# The mirror trap

## Do managerial perceptions influence organizational responses to crises?

María Andrea De Villa

*School of Management, Universidad Eafit, Medellín, Colombia, and*

Tazeeb Rajwani

*Cranfield School of Management, Cranfield University, Milton Keynes, UK*

### Abstract

**Purpose** – This study aims to examine the influence of managerial perceptions on the strategic responses adopted by four Colombian organizations when facing a political crisis.

**Design/methodology/approach** – To address this research, face-to-face interviews were conducted with Colombian managers, consultants, journalists, government officials, and industry experts, and triangulated with documents and archival data.

**Findings** – The findings show that the response adopted by each organization was significantly influenced by their manager's perception of the crisis and, consequently, was prone to producing a particular performance outcome.

**Practical implications** – The authors' findings constitute a strong warning call to managers and management teams about the possibility of falling into the "mirror trap", through which their organizations will adopt strategic responses influenced by their own perceptions of crises.

**Originality/value** – These findings suggest that managers can affect performance through their individual assessment of a crisis as a threat, an opportunity, or neither one nor the other.

**Keywords** Crisis, Strategic responses, Organizational responses, Managerial perceptions, Performance, Colombia, Perception, Performance management

**Paper type** Research paper

### 1. Introduction

Extreme uncertainty and turbulence are the new "norm" for industries, markets, and organizations (Kotler and Caslione, 2009). Accordingly, increasing uncertainty is raising the value of strategy and challenging the strategic management field to incorporate the study of uncertainty into its research agenda (Eisenhardt, 2010). However, although previous studies have explored how organizations adopt different strategic responses which relate to particular performance outcomes (Miles and Snow, 1978) and managerial perceptions (Bourgeois, 1985; Stubbart, 1989; Sutcliffe and Huber, 1998), they have neglected to examine the influence of managerial perceptions on organizational strategic responses and their related performance outcomes under crises.

This study particularly explores the uncertain Latin-American context, where organizations are constantly challenged by pressures in their competitive, economic, and political environment, which force them to respond rapidly and creatively in order to survive. Although Huff and Reger (1987) have requested further strategy research to consider the environmental context, empirical research that addresses organizational strategic responses to a crisis in Latin America, and particularly, the influence of managerial perceptions on these organizational responses, was not found.

This research intends to contribute to the literature on organizational strategic responses by examining the influence of senior managers' perceptions on their organizations' strategic response to a crisis. The focus is on four Colombian senior



managers from four different organizations, which belong to some of the industries most affected by a political crisis between Colombia and Venezuela. Furthermore, perceptions of six Colombian consultants, journalists, government officials, and industry experts, along with various documents and archival data, are also analyzed to triangulate the understanding of how the strategic responses of these organizations, which were related to a particular performance outcome, had a notable influence from their managers' perceptions. We found that managers and management teams sometimes fall into the "mirror trap," through which their organizations adopt a strategic response related to their own perceptions of a crisis and previous experiences, which might not lead their organizations to the best possible performance outcomes. This metaphor shows that Colombian senior managers need to carefully assess their own perceptions of a crisis to develop the best possible strategic paths and profit for their organizations when facing crises.

This paper is divided into five sections. Section 2 provides a theoretical background on managerial perceptions, uncertainty, and organizational strategic responses literature. Section 3 presents the empirical setting of the study. Section 4 focusses on research methodology, where we describe the research design, and explain the data collection process and analysis approach. The findings are presented in Section 5, and finally, Section 6 discusses the implications and limitations of these findings to outline a set of future research directions.

## 2. Theoretical background

### 2.1 Managerial perceptions

Managerial perceptions have long been viewed as important in dealing with any uncertain environment (Child, 1972). In 1979, Weick warned of the need to take individuals' perception of the environment into account – rather than objective reality – when analyzing the orientation of organizational strategic responses. Whereas conventional approaches have assumed that all managers think and perceive alike (Stubbart, 1989), modern day interpretation of individual perception has revealed that a single reality may lead each manager to draw his/her own image, which may in turn form the basis for their decision making. Perception provides a more or less imperfect view of reality (Mezias and Starbuck, 2003). Such is the case that different individuals' perception may vary significantly when faced with the same event. This leads to what is termed "perceptual relativity" (Bourgeois, 1985). For instance, it has been found that some managers will interpret certain events as opportunities, whereas others will view them as threats, or neither of the two (Kuvaas and Kaufmann, 2004; Lant *et al.*, 1992).

The diversity of perceptions of different managers about the same event is due to each individual's personal characteristics. Perceptions are defined by an individual's cognitive scheme (their process of simplification) and their own personal beliefs (their affective influence). These two elements denote the differences in perceptions between individuals as they are led to adopt a particular view of an environment (Bunderson and Sutcliffe, 1995; Sutcliffe and Huber, 1998). However, individual perceptions have also been found to have a social influence since they are shaped through social interactions by other social actors' understanding and knowledge of an event or environment (Weick, 1979; Weick *et al.*, 2005). Consequently, individual perceptions are not exclusively the result of the characteristics of an isolated individual, but are shaped by social interactions which involve the perceptions of others.

Once managers have made their uncertainty assessment, proving whether it is coherent with reality may be an extremely difficult task. Each individual's knowledge of the factors making up the environment, together with any possible variation, will determine management assessment of the level of environmental uncertainty. Should managers perceive greater uncertainty than may be warranted by external circumstances, they will unnecessarily waste resources on scanning. In contrast, should managers feel over confident, the organization's capacity to respond quickly to any changes which may emerge in the competitive environment will no doubt be impaired (Bourgeois, 1985; Bukszar, 1999).

Such discrepancy may give rise to differences in expectations linked to various strategic responses (Barney, 1986); meaning that organizations may adopt differing strategies (Bourgeois, 1985) and, therefore, some organizations may achieve extraordinary profits. If perceptions within a group of organizations concur, no organization will be at an advantage through having a better perception than any other (Penrose, 1959; Barney, 1991; Sutcliffe and Huber, 1998). Consequently, research suggests that the impact of uncertainty in organizational strategic responses does not come about impersonally, but rather through management perception.

### *2.2 Uncertainty and crises*

Environmental uncertainty refers to management's difficulty in predicting environmental variables which may have an impact on the organization (Miller, 1993). Uncertainty refers to a sense of doubt arising from potentially unpredictable variations (Priem *et al.*, 2002). It is important to note that it is not change that produces uncertainty, but rather changes which are difficult to predict (Milliken, 1987). Within management, environmental uncertainty refers to the doubts managers experience when faced with the difficulty of foreseeing future competitive conditions (McMullen and Shepherd, 2006).

There are three kinds of uncertainty for organizations: state uncertainty (difficulty of knowing in which direction the environment may change), uncertainty of effect (difficulty in assessing the possible impact of these changes on the organization), and response uncertainty (difficulty of knowing which type of organizational response may prove successful) (Milliken, 1987).

All organizations face these types of uncertainties in various degrees in their daily routines and decisions. Kupperman *et al.* (1975) view a crisis as being the highest degree of uncertainty generated by a particular situation which may create managerial obstacles. The higher the level of uncertainty, the more probable it is that an event may be referred to as a crisis; since what is a crisis to one individual or group may not be to another.

Crisis is an often over-used word, with an imprecise meaning which researchers have tried to define over time (Smart and Vertinsky, 1984). For the purpose of this study, as in Hermann (1972), crisis is defined as an unexpected event that seriously threatens major corporate goals and presents a restricted time in which a response can be made. In this sense, a crisis is a change associated with an extreme behavior (Hermann, 1963) or a major disruption.

### *2.3 Typologies of organizational strategic responses*

When facing crises or highly uncertain environments, strategic responses determine the strategic path that organizations will follow.

Anderson and Paine (1975) present different types of organizational strategic responses, according to managerial perceptions of environmental uncertainty and the recognition of organizational need for change. Miles and Snow (1978) further analyze strategic responses and define four strategic types of organizations, which are referred to as: defenders, prospectors, analyzers, and reactors. Each typology has its own unique strategic orientation for its chosen markets and a related performance outcome (Miles and Snow, 1978). However, these studies neglect to explore the influence of managerial perceptions in the development of organizational strategic responses and their related performance outcome.

In this study, the assumption is that managerial perceptions drive organizations to adopt strategic responses which are orientated, in some degree, to one of Miles and Snow's (1978) typologies. Although these typologies are not perfectly exhaustive classifications, they allow the observation of a tendency toward an organizational strategic response which is related to a particular performance outcome (see Table I).

According to Miles and Snow (1978), defenders develop a stable form of organization – they produce only a limited set of products, aimed at a narrow segment of the total potential market. Within this domain, they strive aggressively to prevent competitors from entering their market share. The defender is highly cost efficient, and its performance outcome depends on very efficiently delivering the required goods or services to a single narrow domain (Miles and Snow, 1978).

However, prospectors respond to their chosen environment in a manner, that is, almost the opposite of the defender. Unlike the defender, whose success and performance outcome derives primarily from efficiently serving a stable domain, the prospector's prime capability is that of finding and exploiting new product and market opportunities. For a prospector, maintaining a reputation as an innovator in product and market development may be as important as, or perhaps even more important than high profitability. Therefore, prospectors may find it difficult to consistently attain the profit levels of the more efficient defender. Although the prospector's continuous exploration of change helps to protect it from a changing environment, this type of organization runs the primary risk of low profitability and over extension of resources (Miles and Snow, 1978).

Between the extremes of the defender and the prospector, lies the analyzer. A true analyzer is an organization that attempts to minimize risk while maximizing the opportunity for profit – that is, it combines the strengths of both the prospector and the defender. This strategy is difficult to pursue; the analyzer moves toward new products

Typology	Characteristic	Strategic response	Related performance outcome
Defender	Stability	Offering limited products to a narrow domain (Market penetration)	Depends on efficiency
Prospector	Flexibility	Exploiting new products and markets (Market and product development)	Difficult to attain consistent levels
Analyzer	Balance	Market penetration and market and product development	Mainly generated by stable products and customers
Reactor	Instability	Lacks a response	Poor performance

**Table I.**  
Typologies of  
organizational strategic  
responses

or new markets, but only after their viability has been demonstrated. The analyzer imitates the most successful product or market innovations developed by prominent prospectors. At the same time, the majority of the analyzer's revenue is generated by a fairly stable set of products and customer groups, as with the defender. Thus, the successful analyzer must be able to respond quickly when following the lead of key prospectors, while at the same time maintaining operating efficiency in its stable product and market areas. If successful, the analyzer can grow through market penetration, as well as product and market development (Miles and Snow, 1978).

The defender, the prospector, and the analyzer are all proactive with respect to their environments, although each is proactive in a different way. In contrast, the reactor exhibits a pattern of adjustment to its environment that is both inconsistent and unstable. This typology lacks a set of response mechanisms which it can consistently put into effect when faced with a changing environment. Reactors usually respond inappropriately to environmental change and uncertainty, performing poorly as a result (Miles and Snow, 1978).

Overall, understanding Miles and Snow's (1978) typologies informs theory about how organizations' strategic responses relate to a particular performance outcome. Consequently, these typologies are taken into account by this study that aims to explore the influence of managerial perceptions on organizations' strategic responses which relate to a performance outcome.

### 3. Empirical setting

The specific crisis that sets the extreme uncertain context for this study was triggered in the Latin-American context by Venezuela during July of 2009, when a commercial blockade was installed against Colombian imports as a result of political differences between the governments of the neighboring countries. The Venezuelan government announced the critical rupture of diplomatic and commercial relationships with Colombia, as a signal of disapproval of a cooperation agreement signed between Colombia and the USA. Its stated purpose was to collaborate with the fight against drug dealing and terrorism through the US support in military bases in Colombia. Venezuela declared this agreement as a vehicle for the intrusion of the USA into the region's affairs and a direct threat to the security of Venezuela (*Semana Magazine*, 2010). The Venezuelan government responded by installing a commercial blockade which struck the business environment with a crisis or extreme disruption by immediately confronting Colombian organizations with an uncertain political context that threatened their performance – and even survival.

The consequences of this blockade were severe, because Venezuela is ranked as Colombia's second biggest commercial partner after the USA. Between 2009 and 2010, exports from Colombia to Venezuela had dropped by 72 percent according to Colombia's National Administrative Statistical Department (DANE, 2011). During the following two months after the frontier blockade was announced, commerce became gradually possible between the countries, but suffered significant delays in comparison with timings and proceedings before the crisis. Although commerce started to flow, the Venezuelan government installed official requirements for the payment of Colombian imports, which delayed or detained currency transfers corresponding to the products or services that were sold in Venezuela. Also, even some organizations with Colombian origin investments in Venezuela, had their company sites expropriated in Venezuelan territory.

Colombian managers described this disruption to the regular international transactions between Colombia and Venezuela as stemming from a political crisis between the two countries. The question was if they perceived this disruption as an opportunity, a threat or neither, and how their perceptions had influenced the strategic responses and performance outcomes of their organizations.

#### 4. Research methodology

##### 4.1. Research design

Given that the influence of managerial perceptions on organizational strategic responses and their related performance outcomes under crises in Latin America had not been previously researched as well as the nature of the phenomena, this research employed the case study method. It specifically followed a multi-case design which supports a theory replication logic whereby a set of cases is treated as a series of experiments, each serving to confirm or disconfirm a set of concepts (Yin, 2009). This approach followed guidelines for case study research design provided by Yin (2009) and for the process of building theory from case studies provided by Eisenhardt (1989). Also, suggestions on narrative analysis provided by Langley (1999) through which quotes from the data are used to reflect participants' reality were employed. The research followed an inductive logic. It initiated with the collection of data, followed by data analysis, and then derived generalizations (Blaikie, 2007). The aim was to understand the influence of managerial perceptions on the strategic responses and related performance outcomes of organizations.

##### 4.2 Sources of data

This study used retrospective data to understand the phenomenon of managerial perceptions and its influence on organizational strategic responses (Van de Ven, 1992). Three months were spent on the collection of the data, using three sources: interviews, documents, and archival data. Data were collected through in-depth, semi-structured, face-to-face interviews (Brinkmann and Kvale, 2009) and documentation supporting each organization's strategic response, the changes these involved, official statistics, governmental and organizational press statements referring to the crisis, and archival data about performance outcomes from 2004 to 2009 were also studied. This primary and secondary data triangulation allowed a significant decrease of possible bias arising from solely relying on the perceptions of the interviewees and augmented our insights about each case (Booth *et al.*, 1995).

*4.2.1 Interviews.* A total of ten interviews with senior managers and other external participants were conducted from March to June of 2010.

To conduct the interviews, first, two different interview protocols were developed and tested; one for the senior managers and another for the external participants. The senior managers' interview protocol was tested with two critical Colombian managers from two organizations; one from the garment industry and another from the food industry, different from those included in the research, but which still had strong commercial relations with Venezuela and had also faced the crisis. The senior managers' interview protocol can be found in the Appendix. The external participants' interview protocol was tested with one consultant and one industry expert. All of these pilot interviewees shared the same characteristics of the final research interviewees, so their feedback after the exploratory interviews was relevant for the consolidation of the final interview protocols.

A total of four managers, including one manager from each organization, were interviewed to interpret his/her individual perception about the crisis and its influence on their organization's strategic response. They were all directly involved with the Venezuelan market and the organizations' strategic planning. The other six external participants were interviewed to amplify the understanding of the contextual crisis and to interpret their perceptions on these organizations' strategic responses. The two senior consultants that were interviewed, were renowned for their work with companies with difficulties relating to the Venezuelan market; the industry experts had been closely monitoring the Venezuelan market for more than ten years; the journalist was editor of economic and political news of one of the most credible newspapers in Colombia; and the government official was working on promoting commercial relations with the Venezuelan market. See Table II for a detailed description of the interviewees.

To select the participant organizations where the senior managers came from, first, the most highly affected industries by the particular crisis were identified through records provided during April 2010 by Proexport Colombia (institution that promotes Colombian exports). Second, from the eight industries identified, four industries represented by four organizations accepted the request to participate, each of these organizations representing one of the industries.

The eight industries initially identified as severely affected by the crisis were, from most affected to least affected: automotive, electronic machinery, retail, garment, food, tableware, kitchenware, and paper products. The four industries to which access could be gained were: electronic machinery, garment, tableware, and kitchenware. To gain access, to begin with, a list containing the names of two organizations per industry was elaborated. The organizations included were specifically chosen among others because of their evidenced historical strong commercial relation with Venezuela (exports to Venezuela had taken place for at least ten years and ranged from 20 to 70 percent of total exports); high level of brand recognition; and net profits ranging from USD\$2,000 to USD\$5,000 million. All of the organizations included were founded in Colombia.

The 16 organizations initially identified were asked to participate through telephone and e-mail invitations. The first four organizations that accepted the invitation belonged to four different industries (electronic machinery, garment, tableware, and kitchenware). The other ten organizations, responded that they could not grant access

No.	Participants	Position	Years of experience	Age range	Gender	Nationality
1	Managers	International VP	19	45-50	F	Colombian
2		Amplified market sales manager	11	40-45	M	Colombian
3		Exports director	10	50-55	M	Colombian
4		International business manager	2	30-35	M	Colombian
5	Other external participants	Senior consultant	25	55-60	M	Colombian
6		Senior consultant	22	55-60	M	Colombian
7		Industry expert	27	55-60	M	Colombian
8		Industry expert	20	50-55	M	Colombian
9		Journalist	23	50-55	M	Colombian
10		Government official	20	45-50	F	Colombian

**Table II.**  
Description of interviewees

to this particular research project because it was a very sensitive topic and no official remarks could be provided by any employee. The other two organizations never replied. This means 75 percent of the organizations that were invited did not accept or even reply. These difficulties are commonly faced when the phenomenon of interest is considered a “hot topic.” On the other hand, the four organizations that agreed to participate wanted to do so precisely because they thought that the topic was of much interest to them, other organizations, and academia. Having these two very extreme types of reactions from potential participants is an interesting observation to note.

The names of the participant organizations and interviewees are kept confidential, according to ethical commitments and to maintain the trust of the interviewees in the researcher.

*4.2.2 Documents.* Totally 35 documents – published between 2004 and 2010 – were examined, including primarily internal (strategy plans) and public documents (press releases, articles, and web pages). These documents provided a running history of the development of the crisis and the organizational strategic responses.

*4.2.3 Archival data.* Financial reports from the four organizations were analyzed to identify the performance outcomes before, during, and after the crisis between 2004 and 2009.

### 4.3 Data analysis

Three steps were followed to analyze the data. The first step consisted in the researcher transcribing the interviews which were conducted in Spanish. These transcriptions were audited by a second party who reviewed them while listening to the audio recordings again. The researcher used the transcripts in Spanish for the content analysis of the interviews and only the quotes that were extracted to support the findings were translated into English by the researcher. These translated quotes were cross-checked by a second party to increase accuracy (Booth *et al.*, 1995). During the content analysis of the interview transcripts, the researcher used the NVivo 9 software to record the development of codes. The repetition of several words and expressions by the interviewees triggered the initial emergence of categories and codes. Some of these words and expressions were: “this was an opportunity, if you were able to see it,” “definitely this situation became a threat to our business, and therefore we had to fire several employees,” and “what happened was just another event we had to deal with somehow.” These types of words and expressions allowed the coding of the category “managers’ perceptions about the crisis” as an opportunity, a threat or neither. It is important to note, that particularly the coding of the “managers’ perceptions about the crisis” as an opportunity, a threat or neither, was undertaken initially by the main researcher and then by a second party to increase validity. The results of this exercise showed that the perceptions of all managers about the crisis were identically categorized by both parties. The interviews of the external participants were also analyzed to amplify the understanding of the contextual setting of the research. Finally, through the content analysis of all of the interviews, nine categories with 24 codes were developed to understand the influence of managerial perceptions on the strategic responses and related performance outcomes of organizations facing a crisis.

In the second data analysis step, the previous content analysis of the interviews was triangulated with the content analysis of documents and archival data, which allowed the creation of a rich individual case report for each manager and their organization. To build and keep track of each individual case report, a case study database that



categorized all interview recordings and transcripts, documents, and archival data was created. This case database enabled the tracing of a chain of evidence from the purpose of the research to its conclusions (Yin, 2009).

The content of the documents that were analyzed allowed the researcher to understand and further verify the strategic response that each interviewee had described as adopted by their organization to deal with the crisis. The content analysis of the archival data allowed the elaboration of one graph for each organization that simultaneously showed the evolution between 2004 and 2009 of its overall performance and its specific performance in the Venezuelan market. This analysis of the archival data also allowed the determination of the dependence of each organization on the Venezuelan market. During this stage, the analysis drew attention to the content of the documents and to the information in the graphs "making sense of them," knitting them together with the interviews. Quotes from the interviews were used to support the explanation of the different themes that were found to explicate the influence of managerial perceptions on the strategic responses and related performance outcomes of organizations. Then, using the individual case reports, pattern matching (Miles and Huberman, 1994) guided the interpretation and comparison of similarities and differences in the orientation of the organizations' strategic responses with their related performance outcomes and their managers' perceptions.

The third and final step consisted in the comparison of the orientation of the organizations' strategic responses, their related performance outcomes, and managers' perceptions with the literature. Through multiple iterations between the data and theory (Eisenhardt, 1989), propositions were developed. Taking into account the difficulty of gaining access to conduct this study, as the analysis of the data progressed, the four managers and their organizations were found to provide sufficient insights into the emerging propositions to consider theoretical saturation (Eisenhardt, 1989; Yin, 2009).

### 5. Findings

All research participants and documents described the similarities in taste and climate, closeness between both cultures and territories, competitive position of Colombian products in the Venezuelan market, and high buying power of the Venezuelan consumers as factors which provided all Colombian exporters with an ideal and comfortable Venezuelan market (see Table III). Over time, the documents analyzed, showed that these factors made the Venezuelan market a market that Colombian

Position	Quotation
Senior consultant (5)	Colombian companies gain an even better profit by selling in Venezuela than in Colombia. Venezuela imports around 70% of the goods it consumes and is willing to pay more than the local Colombian market
Industry expert (7)	This market [Venezuela] does not ask for any changes to the local production in Colombia and transport costs from Colombia to Venezuela are low. As a result, various products are positioned very competitively by Colombian firms in this attractive market

**Table III.**  
Dependence on the  
Venezuelan market

**Notes:** The numbers between parentheses in the Position column indicate the interviewee that is quoted. The numbers assigned as codes to identify each interviewee can be found in Table II

organizations heavily depended on for their international sales. Moreover, the archival data that was collected evidenced that the dependence on this market in 2008 was medium (20 percent of exports) for one organization and high for the other three (more than 50 percent of exports). Furthermore, the dependence of these organizations on the Venezuelan market had increased from 2004 to 2008 in all four cases.

The analysis of the interviews and documents showed that three out of the four organizations that participated in this study presented a tendency to adopt different strategic responses to the contextual crisis. The documents analyzed confirmed the orientations of the organizations' strategic responses which were initially suggested by the content analysis of the senior managers' interviews. It was found that one organization adopted a defender type, the other tended toward the adoption of a typical reactor type, and the remaining two strongly related to an analyzer typology. Table IV, shows several quotes from the senior managers which support each organization's strategic response. These are not coded in order to guarantee the senior managers' confidentiality.

The content analysis of the interviews and archival data showed that organizations who presented a strong analyzer strategic response to deal with the crisis, had managed to replace from 50 to 70 percent of their lost sales in the Venezuelan market in other markets. Simultaneously, they had managed to maintain some significant sales in the Venezuelan market. Overall, the effect of their response to the crisis on their performance outcomes had led to an increase from 5 to 10 percent of their total sales profit. In contrast, the organization that adopted a typical defender strategic response to the crisis, managed to sustain its performance outcomes with difficulty. Overwhelmingly, the last organization that presented a typical reactor strategic response to the crisis, faced a reduction of 45 percent of its export sales performance outcomes. It blamed the external context for the decrease in its performance, but had no plans or even intentions of actively confronting this difficult situation. These findings agree with Miles and Snow's (1978) suggestion of a relation between organizational strategic responses and particular performance outcomes. However,

Organizational typology	Position	Quotation
Defender	Manager	This crisis has not changed our intentions to continue doing business in Venezuela. We cannot just leave this traditional, easy, and profitable market, although its political situation is very tense at the moment. The crisis is temporary and our decision has been to stay because we have invested time and money in a natural market that pays off. We must defend this position
Analyzer	Manager	The Venezuelan market is highly significant for our profit. From this crisis, we have learned that we cannot have a comfortable position in which we are highly dependent on a specific market or product
	Manager	We have continued to sell in Venezuela, taking into account its current conditions, but at the same time, we have decided to strongly work on developing new markets and products
Reactor	Manager	Difficult times with the Venezuelan market have come and gone. We are not taking specific actions to address what some call 'crisis'

**Table IV.**  
Organizational strategic responses to the crisis

although other factors besides the strategic response of an organization can be suggested to influence an organization's performance outcome, this qualitative case study approach found organizational strategic responses to the crisis were related to the performance outcomes the organizations had presented. Table V shows senior managers' reflections upon the performance implications of their organizations' strategic responses.

During the interviews, the managers of the analyzer organizations claimed that their positive performance outcomes required high investments of resources, time, and strong managerial and organizational commitment. The two strong analyzer organizations affirmed having to work harder than before in order to deal with the crisis. Their managers perceived that the decision of which strategic typology to adopt toward the crisis was made quite quickly. One analyzer emphasized that a rapid

Organizational typology	Related performance outcome	Position	Quotation
Defender	Sustained with difficulty its performance results by improving efficiency	Manager	We continue our operations in Venezuela, we must defend our market but it has not been easy. We became even more efficient in our production; we revised the whole structure and found processes where we could reduce costs. We did so and this has helped us maintain our profit, although our sales have decreased in Venezuela. We have developed some strategies to secure the relationships with our clients. Our approach to the Venezuelan market has allowed us to maintain our profit
Analyzer	Increased 5% of sales profit	Manager	We have managed to replace the sales we lost through the crisis in Venezuela in other already existing Latin American markets through intense commercial work
	Increased 10% of sales profit	Manager	We are glad to have survived this situation and to be recovering rather fast, even increasing our profit
Reactor	Reduced 45% of its export sales	Manager	We knew the political context in Venezuela was stressing but we continued selling, hoping that the trade wouldn't be affected. Crises come and go; we hope this crisis passes by quickly so the market recovers. We have lost a lot of money but we hope to recover when the market conditions stabilize. As a company, we cannot change the political conflict

**Table V.**

Organizational strategic responses and related performance outcomes

response was crucial, since it allowed the organization to search for new markets and products with the confidence needed to be focussed on this objective with determination. Establishing a plan that specified which new markets to explore, which ones to study how to penetrate further, and what new products could be offered, helped the organization to keep focussed. Table VI shows how the two managers from the analyzer organizations described their organizations' investments and efforts to deal with the crisis.

The interviews revealed that the four Colombian managers perceived that their organization had adopted an adequate response to the crisis, no matter the diversity of such responses among the four organizations. The content analysis of the interviews conducted by the researcher and then by a second party, showed that the manager who perceived the crisis as a threat belonged to the organization which adopted a defender response. The two managers, who described the crisis as an opportunity, belonged to the organizations that adopted an analyzer response. Lastly, the manager who did not perceive the crisis as either a threat or an opportunity was part of the organization that adopted a reactor response. Overall, each manager's perception of the crisis was related to a particular organizational strategic response, which was related to a particular performance outcome as suggested by Miles and Snow (1978). Throughout the interviews, all managers recognized that the perceptions they had of the crisis had developed through their own knowledge and experience and through the conversations and meetings that their management team had had during July-August of 2009. Table VII shows quotes from the managers' interviews that reflect upon their perceptions of the crisis and their organizations' strategic responses.

The content analysis of the interviews showed that most organizations discussed the negative consequences they had suffered because of the crisis; this was the case of the strongly reactor and defender strategic type organizations. On the other hand, reflecting on the positive aspects of difficult situations is more fruitful, especially to learn about how future uncertain scenarios can be dealt with. It was found that only the two analyzer organizations could mention positive consequences of the crisis (see Table VIII).

Organizational typology	Position	Quotation
Analyzer	Manager	It has taken more time and effort than anybody in the company could foresee. The good news is that we have to work harder on searching for profitable opportunities, but at the end of the day, this makes us a more prepared company to confront the real challenges of today
	Manager	We need to look for other markets where we can sell our products. We are going on international trips, learning about other markets and their requirements, and focusing on where we should sell. The company has made changes in its products in order to adapt to new market requirements, and has worked harder to comply with new paperwork and legislative conditions. We decided what we wanted to do and tried to stay focused on this objective. On the way, we were exploring and learning, but this focus was very important to help us to maintain our resources working for the objectives we wanted to pursue

**Table VI.**  
Investments and efforts of analyzers to deal with the crisis

**Table VII.**  
Organizational strategic responses are related to managerial perceptions

Organizational typology	Related performance outcome	Position	Managerial perception of crisis	Quotation
Defender	Sustained with difficulty its performance results by improving efficiency	Manager	Threat	The company made the right decision; we had to stay sustaining our operations. I hope we are able to sustain our business during this crisis, I will be grateful if we survive. When the crisis started, I was very concerned on how it was going to affect our business. As we analyzed the situation, I found my colleagues saw the crisis as a serious disruption to our business with negative consequences It was not easy but we had to decide how we wanted to confront the crisis and we had to make this decision fast. When difficult times arrive, you have to be creative and transform a difficult situation into an opportunity. We agreed we had to make the best out of this situation by looking for other markets We stayed but opened our eyes and went out to look for other opportunities; we decided we had to be active.
Analyzer	Increased 5% of sales profit	Manager	Opportunity	A few colleagues were not as positive about the crisis but most of us thought we had to view the situation as a challenging opportunity It's correct to expect the political conflict to be resolved. We decided we must wait to see how this situation evolves, just as any other event in any other market.
Reactor	Increased 10% of sales profit	Manager	Opportunity	
	Reduced 45% of its export sales	Manager	Neither	

Organizational typology	Position	Managerial perception of crisis	Quotation
Defender	Manager	Threat	To reduce costs, we fired several employees
Analyzer	Manager	Opportunity	Some positive outcomes are the active pursuit of different markets, channels, and opportunities
	Manager	Opportunity	We were forced to have interdisciplinary teams working together, which has enabled a more integrated working environment within departments
Reactor	Manager	Neither	We lost profit and we had to fire 30% of our employees

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**Table VIII.**  
Managerial perceptions of the consequences of the crisis

Position	Quotation
Journalist (9)	Colombian organizations are not in a comfortable competitive position. This crisis has forced them to open new markets and develop crafted strategies to penetrate current ones
Government official (10)	Also, innovation has become a central concern. New products or at least product adaptations are necessary for Colombian companies to effectively compete in more complex markets than that of Venezuela
Senior Consultant (6)	Managerial capabilities are being challenged through crises all over the world. Managers must be aware of this reality and find create ways of leading businesses

**Notes:** The numbers between parentheses in the Position column indicate the interviewee that is quoted. The numbers assigned as codes to identify each interviewee can be found in Table II

**Table IX.**  
Challenges imposed by the crisis

Finally, the external interviewees agreed that when organizations gained considerable profit from their activities with already established routines, some tended to fall into stillness regarding the search for different products or markets. They suggested that to awaken these sleeping organizations, crises were necessary for their whole structure and strategy to be reanalyzed. They highlighted that their experience indicated that organizations, which were highly concerned with their environment, had increased possibilities of surviving or even reaching higher performance outcomes when dealing with change. Table IX shows some of the quotes from the external interviewees that address the challenges faced by Colombian organizations due to the crisis.

## 6. Discussion and limitations

This study shows that the four Colombian managers and their organizations which faced the same crisis, presented different organizational strategic responses to the same event. As Milliken (1987) stated, when dealing with the crisis, these organizations faced the uncertainty of knowing which type of strategic response could prove successful. Evidently, managers' diverse perceptions of the crisis translated into differing managerial and organizational responses that also resulted in significantly varied performance outcomes. These findings resonate with Bourgeois's (1985) concept of "perceptual

relativity.” Some managers saw the crisis as a threat, while others described it as an opportunity, or neither (Kuvaas and Kaufmann, 2004; Lant *et al.*, 1992). The typical defender perceived the crisis as a threat that resulted in firing employees. The reactor perceived it as neither a threat nor an opportunity, and as a result, lacked a proactive response to the crisis, which decreased this organization’s performance outcomes. However, the two organizations which presented an analyzer typology, perceived the same crisis as an opportunity for searching for other markets and investing in product innovation.

The diversity of the managers’ perceptions of the same event is explained by their individual cognitive simplification processes, their affective influence and social interactions (Bunderson and Sutcliffe, 1995; Sutcliffe and Huber, 1998; Weick, 1979; Weick *et al.*, 2005). All managers assessed the uncertain event as a crisis, but they differed in their assessment of the event in regards to their organizations as a threat, an opportunity or neither. All managers recalled having discussions about the crisis and developing a shared perception within their organization’s management team of this event. This finding agrees with Weick *et al.* (2005) who claim that perceptions are socially shaped.

Even though the organizations’ strategic responses to the crisis varied, all four Colombian managers professed to sense a high degree of uncertainty which triggered tension and explained the fast response that their organizations had to the crisis (at least in the case of the defender and analyzer types). Reflecting upon Bourgeois’s (1985) and Bukszar’s (1999) notion of sensing, the two analyzer organizations particularly had a notably balanced sense of the crisis that helped them not to waste resources by over dimensioning the situation, and on the contrary, not to respond too slowly by acting over confidently.

All organizations decided to stay in the Venezuelan market, but adopted different strategic responses to this context. Following Miles and Snow’s (1978) typologies, the organization that presented a reactor type neglected any changes to address the uncertain environment in Venezuela and suffered a decrease in its performance. The organization with a defender orientation concentrated on defending its market participation and reducing costs in order to maintain its sales outcomes, even though sales decreased. However, the two strongly analyzer organizations worked on developing new distribution channels in Venezuela and in other already established markets while they aggressively dedicated resources to developing new markets and products. These last two organizations presented an increase in their performance outcomes.

The four different strategic responses of these Colombian organizations, influenced by their managers’ perceptions, translated into differing performance outcomes. This proves Barney’s (1986) suggestion that sensing and responding differently to uncertainty can provide competitive advantages to some companies. These findings also extend Miles and Snow’s (1978) research on strategic responses by suggesting that the managerial perceptions of a crisis as a threat, an opportunity or neither one or the other influence organizational responses which relate to particular performance outcomes (see Table X).

These findings lead to the suggestion of the following propositions as a result of this study:

- P1. The organizations where managers perceive a crisis as an opportunity tend to adopt an analyzer strategic response.
- P2. The organizations where managers perceive a crisis as a threat tend to adopt a defender strategic response.

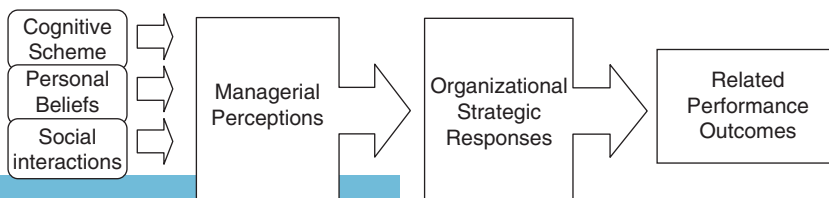
P3. The organizations where managers do not perceive a crisis as either an opportunity or a threat tend to adopt a reactor strategic response.

These findings and propositions track with the conceptual framework presented in Figure 1 that shows the interaction effects of managerial perceptions (shaped by individuals' cognitive scheme, personal beliefs, and social interactions) on organizational strategic responses and their impact on performance outcomes. This research extends the organizational strategic responses literature by highlighting the need to be careful about developing strategies, as they are determined by managerial knowledge and experiences which might lead organizations to respond inappropriately or not as profitably, as managers perceive uncertainty differently. The results and propositions provide useful guidelines for managers in Latin America on possible outcomes based on their perceptions and their organizations' strategic responses to manage a crisis.

Despite making a theoretical and practical contribution, the limitation of this explorative research is the reduced number of organizations and interviews, which could have provided more generalizable results. However, the reduced number of organizations is explained by the difficulty of gaining access to conduct this type of research. Consequently, this qualitative study can be replicated, but its results require caution in terms of their inferences. Having said this, the purpose of this research was to understand the influence of managerial perceptions on organizational strategic responses using a framework that was developed through the data, however,

Typology	Characteristic	Strategic response	Related performance outcome	Managerial perception of crisis
Defender	Stability	Offering limited products to a narrow domain (Market penetration)	Depends on efficiency	Threat
Prospector	Flexibility	Exploiting new products and markets (Market and product development)	Difficult to attain consistent levels	Opportunity
Analyzer	Balance	Market penetration and market and product development	Mainly generated by stable products and customers	Opportunity
Reactor	Instability	Lacks a response	Poor performance	Neither

**Table X.** Organizational strategic responses, related performance outcomes, and managerial perceptions



**Figure 1.** Conceptual framework of the influence of managerial perceptions on organizational strategic responses and related performance outcomes



future studies may want to test the propositions and framework resulting from this study by using quantitative methodologies.

### 7. Conclusion and managerial implications

In conclusion, for all organizations, it was found that their managers' perceptions influenced the strategic response they adopted to deal with the crisis, and this strategic response was related to a particular performance outcome. These empirical findings support the conceptualization of the framework presented in Figure 1 that shows that managerial perceptions (shaped by individuals' cognitive scheme, personal beliefs, and social interactions) influence organizational strategic responses and their related performance outcomes. More importantly, this study identifies how organizational responses to crises are conceived differently by individuals and teams in organizations and how their perceptions will affect the choice of strategic responses which determine the strategic path that will guide an organization toward a related performance outcome.

In terms of future research, we suggest that scholars may further advance this discussion through a quantitative approach or by considering contrasting Colombian managers' perceptions with the perceptions of managers from other countries to provide cultural insights into the study of managerial perceptions and organizational strategic responses.

The practical implications of this study are also of great value. Our findings constitute a strong warning call to managers and management teams about the possibility of falling into the "mirror trap," through which their organizations will adopt strategic responses influenced by their own perceptions of crises. Consequently, managers should carefully reflect upon their own perceptions, as these can drive their organizations toward difficult paths or even negative outcomes; a reality that perhaps has not been explicitly considered by many managers when making pressured assessments of crises or uncertain markets. During crisis meetings, managers need to develop habits to "openly" share their perceptions about crises or uncertain markets and discuss the potential impact of their perceptions on their organizations. With that in mind, our findings support that organizations and managers that respond effectively to their environment will not only survive but may even achieve profitable outcomes in the future. Therefore, we call upon senior managers to rethink their perceptions of crises or highly uncertain markets during their crisis meetings. Perhaps, if they reflect on and modify their perceptions collectively, they might find opportunities and thrive in the midst of crises.

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#### **Appendix. Interview Protocol for Senior Managers**

- (1) For how long has your organization sustained operations in the Venezuelan market?
- (2) What type of operations does your organization have in Venezuela?
- (3) How important is this market for your organization in terms of total sales, performance outcomes, and strategy?
- (4) What was your perception of the political tension that arose between Colombia and Venezuela during July 2009?
- (5) What effect did your perception anticipate that this event could have on your organization's operations in Venezuela and generally speaking?
- (6) How did your organization respond to this event?
- (7) What was the process your organization followed to select how it responded to this event?
- (8) Did your perception of this event influence your organization's response?
- (9) How do you perceive this event benefited or affected your organization?
- (10) What was the effect of this event on your organization's overall performance outcomes and its specific performance outcomes in the Venezuelan market?
- (11) How did this event change the importance of the Venezuelan market for your organization?

Follow-up questions:

- Can you give us an example?
- Can you please explain further?

#### **About the authors**

María Andrea De Villa is a PhD candidate at Cranfield University in the UK. She is currently an Assistant Professor in the Department of Organization and Management at Universidad Eafit in Medellín, Colombia. Her research focuses on studying strategy in high uncertainty contexts and corporate political activity during organizational internationalization. María Andrea De Villa is the corresponding author and can be contacted at: [mdevilla@eafit.edu.co](mailto:mdevilla@eafit.edu.co)

Tazeeb Rajwani is a lecturer in Strategic Management at Cranfield School of Management in the UK and has a PhD from Imperial College, London. He has written a number of articles, chapters in books and reviews about dynamic capabilities and corporate political activity. His research has also been reported on in the press.

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