



Organisational Crisis- Preparedness: The Importance of Learning from Failures

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Organisational crises are relatively low-probability, high-impact situations that threaten the competitiveness and viability of an organisation. As such, a key managerial challenge is to design and implement an organisational system that is capable of coping with these traumatic events. The results of this study indicate that learning from failures is an important facilitator of preparedness for both present and prospective crises. Although crisis experience and an industry's technological risk were not significantly related to crisis-preparedness, high-performing organisations reported higher levels of crisis-preparedness. We discuss how these findings may help managers to prepare their organisations more effectively for crisis situations.

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'Good people are good because they have come to wisdom through failure. We get very little wisdom from success, you know.' William Saroyan

Introduction

A steady flow of natural disasters throughout the world, together with the threat of viral pandemics, underscores how poorly prepared organisations are in the wake of crises. But although such catastrophes threaten the viability of organisations, it is more common for them to face crises that arise from organisational and market dynamics than from natural forces. After all, natural disasters such as earthquakes are acts of nature, over which humans have no control.¹

An organisational crisis is a low-probability, high-impact event that threatens the organisation's survival and is characterised by ambiguity of cause, effect and means of resolution, as well as by a belief that decisions must be made swiftly.² Yet although events that precipitate crises are