The Effect of Conflict Type and Organizational Crisis on Perceived Strategic Decision Effectiveness: An Empirical Investigation

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Abstract

The current study aims to investigate the effects of cognitive and affective conflict on two important attributes of perceived strategic decision effectiveness: perceived strategic decision quality and commitment. Specifically, we identify cognitive conflict as a nonlinear phenomenon and test whether the presence of an organizational crisis alters the relationship between conflict types (cognitive and affective) and perceived decision quality and commitment. Our analysis of data from 264 executives comprising a total of 64 strategic decision-making (SDM) teams indicates that the effect of cognitive conflict on perceived strategic decision outcomes is, in fact, nonlinear. Furthermore, the findings of the study also revealed that organizational crisis is a significant moderator of the relationship between both level of cognitive and affective conflict and perceived strategic decision quality. These results help clarify the mixed findings about the effects of cognitive conflict within SDM teams and provide some insight on how SDM teams can maximize conflict in the decision-making process, without incurring its costs. More important, our findings indicate that high crisis contexts tend to lessen the influence of both cognitive and affective conflict on perceived strategic decision quality, suggesting that intrateam conflict dynamics among top management teams to some extent could be superseded by the urgent need for prompt decision making and collaboration. Implications for research and practice are discussed.

Keywords

conflict, strategic decision making, organizational crisis, top management teams

Introduction

Strategic decision making (SDM) among top management teams is an important area of scholarly inquiry as it is considered to influence organizational resource allocations and performance (Baum & Wally, 2003; Eisenhardt & Zbaracki, 1992; Elbanna, 2006). An extensive body of empirical research has explored the various process issues that influence SDM effectiveness (Dean & Sharfman, 1996; Fredrickson, 1984; Papadakis, Lioukas, & Chambers, 1998; Roberto, 2004). These process issues tend to emphasize the mechanism through which top management teams gather and process information as well as interact among themselves as they deliberate on specific course of action (Dess & Lumpkin, 2005; Rajagopalan, Rasheed, & Datta, 1993). A prominent variable that affects the process of SDM is intrateam conflict.[1] The role of conflict in SDM has particularly received significant scholarly attention (Amason, 1996; De Wit, Greer, & Jehn, 2012; Jehn & Mannix, 2001). Along with the proliferation of empirical work on this issue, our understanding of the role of conflict in SDM is evolving. For instance, current literature has demonstrated that

cognitive (task-related) and affective (interpersonal) conflicts, as two major types of conflict, affect SDM differently (Amason & Schweiger, 1994; De Dreu & Weingart, 2003). Specifically, past research suggests that cognitive conflict enhances and affective conflict hampers SDM effectiveness (Amason, 1996; Amason & Sapienza, 1997; Pelled, Eisenhardt, & Xin, 1999). Thus far, the relationship between conflict type and SDM effectiveness has been conceptualized as linear. Recent studies, however, have indicated that the effects of cognitive conflict may in fact be curvilinear, emphasizing that either extreme low or high level of conflict among top management teams is detrimental to the effectiveness of strategic decisions (e.g., De Dreu, 2006; Jehn, 1995). Furthermore, despite our understanding of the

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role of conflict types on the decision-making process and outcome, research focusing on various contextual factors that could shape the relationship between types of conflict and SDM effectiveness is limited.

This study empirically explores the effect of conflict types on perceived strategic decision effectiveness. Specifically, we investigate the effects of cognitive and affective conflict on two important attributes of perceived strategic decision effectiveness: perceived strategic decision quality and commitment. More important, we empirically test the moderating role of organizational crisis on the relationship between conflict types and these two aspects of perceived SDM effectiveness. In doing so, we seek to make the following contributions. First, we argue and empirically test a curvilinear relationship between cognitive conflict and perceived quality and commitment of SDM. Consequently, we provide a more accurate explanation of the influence of perceived conflict intensity on perceived strategic decision effectiveness. Second, by explicitly studying organizational crisis as an important context, we contribute to a better understanding of the influence of conflict types on perceived SDM effectiveness. Recent studies have identified such a contingency research approach as an important future research area (De Wit et al., 2012). Finally, by focusing on specific aspects of perceived strategic decision effectiveness, we provide further empirical evidence on why specific types of intrateam conflict influence the perceived speed and commitment of SDM, which has been shown to influence organizational performance (Baum & Wally, 2003; Eisenhardt, 1989).

Theory and Hypothesis Development

Overview of Strategic Decision Effectiveness

Decision effectiveness can be defined in terms of the process that is used to arrive at a decision, or it could be defined in terms of the output of the decision, though there are fewer outcome-related measurements of decision effectiveness due to the difficulty of establishing a causal link between the decision and performance (Schilling, Oeser, & Schaub, 2007). Process-related measurements of decision effectiveness are established on perceived quality of the decision process; however, decision-making processes are significantly related to decision success (Dean & Sharfman, 1996; Schilling et al., 2007). Therefore, assessing decision effectiveness in terms of the process used to arrive at the decision is widely supported (Dean & Sharfman, 1993, 1996; Schmidt, Montoya-Weiss, & Massey, 2001; Slotegraaf & Atuahene-Gima, 2011; Timmermans & Vlek, 1996).

Researchers interested in conflict's effects on decision making have typically relied on process-related measurements of decision effectiveness (Amason, 1996; Carmeli, Sheaffer, & Halevi, 2009; Parayitam & Dooley, 2009;

Schwenk, 1990). Because this study is concerned with the effect of conflict on the SDM process, a definition consistent with its conceptualization among conflict researchers was used. Thus, perceived decision effectiveness was defined in terms of both quality and commitment. That is, a decision was considered effective if its decision makers perceived it to be high in quality, while also maintaining a high level of commitment to its successful implementation/ execution.

Role of Conflict Types in Strategic Decision-Making Process

Conflict is a multidimensional construct conveying both constructive and destructive overtones (Amason, 1996; Baron, 1991). Within a decision-making context, conflict can have positive as well as negative effects, which collectively are considered paradoxical because they can simultaneously lead to improved group decisions along with decreased member commitment (Amason, 1996; Jehn, 1995; Jehn & Mannix, 2001). Whereas numerous forms of conflict have been identified by researchers (e.g., goal, interest, value, process, affective, cognitive; Jehn & Mannix, 2001; Rahim, 1986; Weider-Hatfield & Hatfield, 1995), conflict has essentially been abridged into two primary types: (a) cognitive (task related) and (b) affective (interpersonal) based on its perceived utility to an organization (Amason, Thompson, Hochwarter, & Harrison, 1995; Jehn, 1997).

Proponents of conflict research have long touted the beneficial effects of conflict in the decision-making process while cautioning about its possible harmful impact (Amason, 1996; Amason et al., 1995; Jehn, 1997; Peterson & Behfar, 2003). Conflict is considered positive, or functional, when it is cognitive, that is, focused on the task (Amason et al., 1995; Baron, 1991). Negative (i.e., dysfunctional) conflict has been categorized as affective, or relationship centered, and is considered detrimental to teams and the decision-making process because it is extremely emotional and personalized (Amason et al., 1995; Jehn, 1995; Jehn & Mannix, 2001; Mooney, Holahan, & Amason, 2007). Researchers caution that cognitive conflict can lead to affective conflict because a person's comment can be taken out of context and interpreted as personal criticism, or because one party becomes suspicious that another's comments or actions are signs of a veiled agenda (De Dreu & Weingart, 2003; Mooney et al., 2007). Within top management teams, affective conflict is likely to arise when one member perceives that he or she is being personally criticized or simply when interpersonal incompatibilities exist (Amason, 1996; Jehn, 1995).

Top management teams are, in essence, a collection of high-powered, high-ranking, influential individuals who often operate distinctly from each other and therefore are

prone to self-centered behavior and interests (Hambrick, 1995). Thus, top management teams often have some degree of conflicting objectives, which are exacerbated by the increasing complexity of SDM (Ehie, 2010; Eisenhardt & Zbaracki, 1992). However, top management teams must be capable of working together effectively, particularly with respect to SDM (Mankins & Steele, 2006; Simons, Pelled, & Smith, 1999). If top management teams get derailed with dysfunctional forms of conflict, the overall performance of the organization may be jeopardized (Eisenhardt, Kahwajy, & Bourgeois, 1997a; Hambrick, 1987).

One of the most common problems plaguing top management teams, which poses a particular challenge to top management team leaders, is conflict within the decision-making process (Amason & Mooney, 1999; Hambrick, 1995). Researchers have demonstrated that cognitive conflict can be valuable to an organization and particularly to top management team decision effectiveness because it improves decision quality and builds understanding of, and commitment to, the teams objectives and choices (Amason et al., 1995; Eisenhardt et al., 1997a; Jehn & Mannix, 2001; Parayitam & Dooley, 2009). Cognitive conflict is a mechanism that can improve SDM by facilitating the exchange of information among top management team members (Amason & Sapienza, 1997). Improvements in decision making arise because of the synergistic benefits derived from the diversity of abilities, perspectives, knowledge, and experiences, which interact to produce a more comprehensive solution or alternative to a problem (Amason & Sapienza, 1997; Bantel & Jackson, 1989; Page, 2007). Furthermore, creative and innovative solutions are often best achieved through cognitive conflict, which is often present in high-performing teams (Badke-Schaub, Goldschmidt, & Meijer, 2010; Ehie, 2010).

Effect of Cognitive Conflict and Strategic Decision Making

The overwhelming consensus among researchers suggests that cognitive conflict has direct favorable outcomes (Amason et al., 1995; Baron, 1991; Jehn, 1995; Simons & Peterson, 2000). However, cognitive conflict does appear to have a threshold beyond which individual and team performance deteriorate, because of task type (Brown, 1983; Jehn, 1995), because of the mediating role of cognitive to affective conflict (Mooney et al., 2007), or because the team never moves beyond the conflicting discussion (Gersick, 1989). The threshold separating the favorable and unfavorable effect of cognitive conflict is not well defined. Strategy researchers contend that high levels of cognitive conflict are necessary for effective decisions whereas conflict researchers suggest that the benefits of cognitive conflict occur below a moderate level (Eisenhardt, 1999; Jehn, 1997; Jehn & Mannix, 2001). In spite of the natural

propensity to disagree, top management teams do not always engage in conflict, due to numerous barriers (e.g., natural dislike of confrontation, fear of retribution) that prevent its emergence (Eisenhardt et al., 1997a). In this study, we argue that there is a curvilinear relationship between cognitive conflict and perceived SDM effectiveness. Because it is recognized that higher levels of cognitive conflict can quickly turn unproductive (Eisenhardt, Kahwajy, & Bourgeois, 1997b; Mooney et al., 2007), the following hypotheses related to cognitive conflict are put forth:

> **Hypothesis 1a:** There is a curvilinear relationship between the level of cognitive conflict and strategic decision quality among top management teams such that low to moderate levels of cognitive conflict will have positive effect and high-level cognitive conflict will have negative effect.
> **Hypothesis 1b:** There is a curvilinear relationship between the level of cognitive conflict and strategic decision commitment among top management teams such that low to moderate levels of cognitive conflict will have positive effect and high-level cognitive conflict will have negative effect.

A review of the conflict literature finds a general agreement among researchers that the direct effects of affective conflict on strategic decision outcomes are negative (Amason et al., 1995; De Clercq, Thongpapanl, & Dimov, 2009; De Dreu & Weingart, 2003; Jehn, 1995). Because affective conflict is categorized as relational, highly personalized, and emotional, researchers assert that affective conflict has the potential to undermine decision effectiveness because it promotes distrust concerning other's motives and behavior, promotes cynicism, and prevents understanding and commitments to team decision outcomes (Amason, 1996; Baron, 1990; Eisenhardt, 1989; Jehn, 1995). Furthermore, affective conflict has the potential to reduce cooperation among the team and foster a lack of receptiveness to the ideas of other team members (Baron, 1991; Janssen, Van De Vliert, & Veenstra, 1999; Jehn, Northcraft, & Neale, 1999). Thus, we propose the following hypotheses:

> **Hypothesis 2a:** There is a negative relationship between the level of affective conflict and perceived strategic decision quality among top management teams.
> **Hypothesis 2b:** There is a negative relationship between the level of affective conflict and perceived strategic decision commitment among top management teams.

The Moderating Role of Organizational Crisis

We adopt the definition of organizational crisis by Pearson and Clair (1998) as "a low-probability, high-impact event

that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly" (p. 60). As the definition suggests, an organizational crisis is mainly characterized by its unusually high level of ambiguity, infrequent occurrence, and potentially significant impact on the organization's operation (Desai, 2011; Weick, 1988). An organizational crisis can emerge internally (e.g., product recalls, product tampering, environmental spills, workplace violence/death, high-profile scandals, class action lawsuits) or externally (e.g., hostile takeover, natural disasters, terrorism, extortion/bribery). Given the prevalence of organizational crises, both scholars and practitioners have extensively investigated the components of effective crisis management (Mitroff, Shrivastava, & Udwadia, 1987; Naglewski, 2006; Pearson & Mitroff, 1993; Sapriel, 2003).

In this study, we propose that the perceived intensity of organizational crises moderates the relationship between conflict types and perceived SDM effectiveness. Past studies have empirically shown that the presence of a crisis influences the behavior of organizational leaders (D'Aveni & MacMillan, 1990; Hwang & Lichtenthal, 2000; Madera & Smith, 2009). The occurrence of a crisis influences leaders' behavior by affecting their information search, interpretation, attribution, and sense making (D'Aveni & MacMillan, 1990; Smart & Vertinsky, 1977; Vessey, Barrett, & Mumford, 2011; Weick, 1988). For instance, D'Aveni and MacMillan (1990), in their study of crisis communication among failing and turnaround firms, found that the communication pattern of failing firms mainly included denial, lack of emphasis on long-term problems, and external attribution of the causes of the crisis. In the context of decision making, organizational crisis necessitates elevated attention toward the evolving crisis, prompt deliberations, and overall information exchange among decision makers (Dowell, Shackell, & Stuart, 2011; Naglewski, 2006; Snyder, Hall, Robertson, Jasinski, & Miller, 2006).

Given the important role of conflict in SDM, the question then becomes this: How would the presence of an organizational crisis influence the level of conflict, particularly cognitive conflict? We argue that the presence of an organizational crisis actually lessens the impact of cognitive conflict on SDM outcomes. As the organization faces the repercussions of the unfolding crisis, it becomes imperative that its leaders make swift decisions to identify the causes of the crisis and make critical decisions in order to manage the crisis (Shrivastava & Mitroff, 1987). Accordingly, spending an extended amount of time searching and evaluating diverse ideas and positions in the middle of the crisis can be perceived by the leaders and various stakeholders as inefficient (Dowell et al., 2011; Snyder et al., 2006). Furthermore, such a requirement for prompt decision making is also facilitated by executives' tendency to act based on their "enacted"

environment and their interpretation of the "right" course of action (Pearson & Clair, 1998; Weick, 1988). Finally, past studies have found empirical support for the significant benefit of "strong and decisive" leadership during high-crisis contexts (Abebe, Angriawan, & Liu, 2010; Dowell et al., 2011). For instance, Abebe et al. (2010) found that for firms facing a survival-threatening financial crisis, chief executive officer (CEO) power is positively related to performance especially in stable environments. Similarly, Dowell et al. (2011) also found some empirical support for the argument for strong powerful leadership during a financial crisis. These and other related studies in general suggest that during an organizational crisis, the rational approach of methodical and exhaustive decision making may be modified to reflect the sense of urgency and need for "decisiveness" in subsequent decision making. In light of the above arguments, we propose that the influence of cognitive conflict on SDM outcomes weakens at high-crisis situations. Hence, we propose the following hypotheses:

> **Hypothesis 3a:** The level of organizational crisis moderates the relationship between the level of cognitive conflict and strategic decision quality among top management teams.
> **Hypothesis 3b:** The level of organizational crisis moderates the relationship between the level of cognitive conflict and strategic decision commitment among top management teams.

In addition to reducing the influence of cognitive (task-related) conflict on strategic decision outcomes, organizational crises can influence the interpersonal relationships among the SDM team. Under normal circumstances, the level of affective (interpersonal) conflict negatively affect decision outcomes (De Dreu & Weingart, 2003; Mooney et al., 2007). In crisis contexts, however, decision makers tend to temporarily downplay interpersonal differences and disagreements in order to deal with the unfolding organizational crisis (Naglewski, 2006; Staw, Sandelands, & Dutton, 1981). Because crises often threaten the performance and, in some instances, survival of the organization, they tend to generate unusual attention from decision makers (crisis management teams) and create an unlikely alliance among parties that may have otherwise disliked, or disagreed with, each other in the past (Shrivastava & Mitroff, 1987). Given the gravity and urgency of the organizational crisis, interpersonal (affective) conflicts tend to be reduced as decision makers focus disproportionately on avoiding or minimizing the adverse impacts of the organizational crisis (Staw et al., 1981). This particular line of argument particularly draws from interteam conflict literature and the widely accepted empirical finding that, in a competitive environment involving threats, positive affect among group members tends to rise along with an increase in interteam hostility (Sherif &

Sherif, 1953; Staw et al., 1981). More recently, Svedin (2009) similarly noted the tendency of higher intrateam positive affect and associated behavioral dynamics during collective threat as "rallying around the flag" (p. 35). In sum, to the extent that the crisis presents a significant threat to the organization, we argue that it mitigates the influence of intrateam affective (relational) conflict on strategic decision outcomes. Hence, we propose the following hypotheses:

> **Hypothesis 4a:** The level of organizational crisis moderates the relationship between the level of affective conflict and strategic decision quality among top management teams.
> **Hypothesis 4b:** The level of organizational crisis moderates the relationship between the level of affective conflict and strategic decision commitment among top management teams.

Method

Sample and Data Sources

To test our hypotheses, we gathered data from 64 top management SDM teams (264 individual responses) of mid- to large-sized firms in both public and private sector organizations representing numerous industries, including financial services, health, education, public administration/municipality, construction, and manufacturing. Because federal criteria for medium-sized firms is lacking in the United States, we relied on international standards identified by the Organisation for Economic Co-operation and Development (OECD) for our classification of medium-sized business. According to the OECD, most countries recognize a medium-sized business as one with employees numbering between 50 and 250, with some countries setting the upper limit at 200 employees. By these standards, 34% of the organizations in our study were classified as medium sized, with the remaining 66% classified as large organizations. Including mid-sized firms increased our probability of obtaining a sufficient sample size because mid-sized firms comprise a large portion of organizations in the United States (Amason & Mooney, 1999; Hufft, 2008). Target organizations were obtained from economic development membership directories, local and state trade associations, and local chamber of commerce organizations. Directories were screened to eliminate family-owned businesses and sole proprietorships. Once target firms were identified, participants from each list were randomly selected using a simple random number generator.

Survey Procedures

Data collection occurred in two separate phases. Phase one consisted of phone calls directly to the CEO. In some cases, phone calls led to face-to-face visits with the CEO and his/ her executive team. The study was discussed in great detail, including questions about the manner in which, and by whom, strategic decisions were made. Each of the organizations that participated in the study used a team-based approach (i.e., CEO and his/her top management team) to SDM. Furthermore, each top management team had a history of, and plans to continue, working together. Seventy-one percent of the executives that participated in the study had a minimum of 5 years tenure in the organization. Thirty-two percent of the executives had been with the organization a minimum of 15 years. The researchers stressed that any participation by the CEO or top management team was completely voluntary and anonymous. Those CEOs who agreed to participate in the study were asked to identify the most recent strategic decision made by the organization. By focusing on the most recent strategic decision, bias in decision selection is minimized (Amason & Mooney, 1999). The CEO was also asked to identify the team members who were involved in the SDM process. We believe this approach is appropriate because a number of past studies defined the top management team as the top managers involved in the SDM process (Amason & Sapienza, 1997; Carpenter, Geletkanycz, & Sanders, 2004). The following items were sent to the organization: one survey and self-addressed stamped envelope per top management team member, a statement reassuring confidentiality and anonymity, and written instructions to complete the survey with respect to the specific strategic decision identified and described by the CEO. This assured that all survey participants recalled the same decision scenario when completing the survey.

Phase 2 consisted of data collection efforts. One week after mailing the surveys, a follow-up e-mail was sent to verify receipt and address any questions the participants might have. Two weeks later, CEOs from nonresponding organizations received a phone call informing them that the surveys had not been received yet and to determine whether the participants required a replacement survey instrument. The process was repeated every 2 weeks until a minimum of three surveys per organization were received, or until the CEO stated that his or her organization would no longer be able to participate in the study. Follow-up correspondence emphasized anonymity of the responses, the significance of the study, as well as the importance of the respondents' participation. Following these survey administration procedures, response rates have typically reached 50% (Dillman, 1991). The response rates for this study were 43% (overall response rate) and 82% (within-team response rate), which are consistent with response rates attained in similar conflict studies (Buchholtz, Amason, & Rutherford, 2005; Mooney et al., 2007; Parayitam & Dooley, 2009). Male employees accounted for 62.9% of the sample, whereas female employees accounted for 37.1%. Over 87% of the sample had earned a college degree with 54% of those

Table 1. Factor Analysis and Reliability Results for Study Variables.

Construct	Items	Factor loadings	Cronbach's α
Affective conflict (AC)	AC1	0.834	.903
	AC2	0.818	
	AC3	0.786	
	AC4	0.641	
Cognitive conflict (CC)	CC1	0.716	.867
	CC2	0.709	
	CC3	0.769	
	CC4	0.781	
Organizational crisis (OC)	OC1	0.848	.837
	OC2	0.905	
	OC3	0.851	
Decision quality (DQ)	DQ1	0.751	.877
	DQ2	0.876	
	DQ3	0.868	
	DQ4	0.812	
Decision commitment (DC)	DC1	0.502	.756
	DC2	0.863	
	DC3	0.848	

having also earned advanced (master's or doctoral) degrees. Team sizes, reported by the CEO, averaged 5.02 members, with the largest having 9 and the smallest having 3 members. The distribution of responses provided ranged from a minimum of three to a maximum of seven responses. On average, 4.13 members per team responded. The average age of respondents was 49 years.

Variable Measures

We used previously developed measures, which had demonstrated high reliability and validity in other studies, to operationalize study variables. To fit the current context of our study, the wordings on some of the items were slightly modified. All responses were measured on a 5-point Likert-type scale with anchors ranging from 1 = *very small extent* to 5 = *very large extent*. All constructs were measured using multiple-item scales. The scales used in this study, along with their respective factor loadings and reliability coefficients, are presented in Table 1.

Dependent Variables. Our dependent variables consisted of two perceptual measures: *Perceived decision quality* and *decision commitment. Decision quality* was defined as the extent to which a decision was perceived to be the best available alternative, best helped the organization to achieve its goals, and was believed to contribute the most to the organization's overall effectiveness (Dooley & Fryxell, 1999). We adapted Dooley and Fryxell's (1999) four-item scale. For example, CEO and top management team members were asked, "To what extent was the decision based on

the best available alternative?" The four-item scale in this study yielded Cronbach's alpha of .877. *Decision commitment* was defined as the extent to which team members were willing to engage in maximum efforts to make a decision successful, as well as willing to promote the decision as being good for the organization (Dooley & Fryxell, 1999). We adapted Dooley and Fryxell's three-item scale. For example, CEO and top management team members were asked, "To what extent were you willing to put in a great deal of effort to see that the decision was successful?" The three-item scale yielded Cronbach's alpha of .756.

Independent Variables. Consistent with other studies (Amason et al., 1995; Jehn, 1995), we defined *cognitive conflict* as the form of disagreement that remains focused on substantive, issue-related, task-related differences of opinion. We adapted Jehn's (1995) four-item measure. For purposes of this study, the scales were slightly modified to reflect the specific conflict context as described by the CEO. For example, one question in Jehn's study, which asked, "How frequently are there conflicts about ideas in your work unit?" (p. 268) was reworded as "To what extent did conflict about ideas among team members frequently occur during the decision-making process?" This instrument yielded Cronbach's alpha of .867.

Affective conflict was defined as a disagreement over personalized, individually and emotionally oriented matter (Amason et al., 1995) and was measured with four items, originally developed and validated by Jehn (1995), to measure the degree of relationship/emotional conflict present in work units. Again, these items were adapted and modified to reflect the specific conflict context as depicted by the CEO. For example, one question in Jehn's study asked, "How much tension is there among members in your work unit?" (p. 268). This question was modified as "To what extent was there tension among members when making this decision?" In our study, this instrument yielded Cronbach's alpha of .903.

An *organizational crisis* was defined as "a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly" (Pearson & Clair, 1998, p. 60). This construct was measured with a three-item scale developed from conceptual descriptions of the construct (Hwang & Lichtenthal, 2000; Pearson & Clair, 1998; Snyder et al., 2006). Examples of the organizational crisis scale included, "To what extent did the organization experience a condition that threatened the firm's ability to continue operations?" and "To what extent did the organization experience a condition that was disruptive to its operating state?" This instrument yielded Cronbach's alpha of .837.

Control Variables. Consistent with other SDM studies, gender, age, educational level, firm size, and team size were

Table 2. Descriptive Statistics and Correlations (*N* = 264).

	M	SD	Decision quality	Decision commitment	Cognitive conflict	Affective conflict	Organizational crisis	Gender	Age	Education	Firm size	Team size
Decision quality	4.03	0.83	1									
Decision commitment	3.91	0.85	.514**	1								
Cognitive conflict	1.54	0.31	−.061	−.045	1							
Affective conflict	1.54	0.33	−.085	−.053	.737**	1						
Organizational crisis	2.37	0.98	−.062	.064	.159*	.194**	1					
Gender	—	—	.054	−.001	−.033	−.014	.017	1				
Age, years	49	10.33	.018	.038	−.052	−.034	.053	−.079	1			
Education, years	17	0.93	.147*	.138*	−.112	−.091	−.148*	.035	.096	1		
Firm size, N	399	109	.111	.124	.072	.071	−.047	.041	−.018	.306**	1	
Team size, N	5.02	1.59	−.022	.139*	.178**	.193**	.070	.046	−.117	.076	.369**	1

*p < .05, two-tailed. **p < .01, two-tailed.

included as control variables (Simons et al., 1999; Parayitam & Dooley, 2009). Following the example of Parayitam and Dooley (2009), team size was measured as the number of team members identified by the CEO as participants in the decision-making process.

Before testing specific hypotheses, the data were examined to assess whether common method variance and nonresponse bias were present in the study. When making common method variance assessments, researchers advocate the use of Harman's single factor test (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003). In accordance with those recommendations, all the constructs were loaded onto a single factor. The total variance explained by the single factor was minimal (20.19%). Thereafter, a principal component factor analysis with varimax rotation was performed. Four factors emerged with eigenvalues greater than 1.0 and those factors accounted for 62.39% of the cumulative variance. The individual factors accounted for 19.302%, 15.417%, 15.398%, and 12.274% of the variance, respectively. With no single factor emerging, common method variance was deemed nonexistent in this study. To guard against nonresponse bias, a statistical test (*t* test) of demographic characteristics between early and late respondents was performed. No statistically significant differences emerged. Past studies of conflict have indicated that affective and cognitive conflict, evidenced by high correlation coefficients, are interrelated and often occur together (Amason & Mooney, 1999; Jehn, 1995; Simons & Peterson, 2000). Consistent with these studies, responses to conflict questions were factor analyzed with a varimax rotation to assure that affective- and cognitive-conflict measures used in this study quantitatively supported the theoretical depictions of the two conflict types (see Table 1).

Finally, when data analysis involves interaction terms, there is often a concern with multicollinearity between the interaction term and the other independent variables (Aiken & West, 1991). To minimize the effect of multicollinearity, the main independent variables and interaction terms were transformed with a data centering technique, which yields a proper interpretation of the regression model (Aiken & West, 1991).

Results

Table 2 presents means, standard deviations, and correlations for all of the variables in the study. We checked for multicollinearity using the measure of tolerance. Ideally, tolerance values should be high (e.g., ≥0.90; Hair, Anderson, Tatham, & Black, 1998). The smallest tolerance value in the study was 0.96, providing evidence that multicollinearity was not a problem.

Table 3 presents the hierarchical regression analysis results for the direct and nonlinear effects of cognitive conflict on SDM quality and commitment. Hypotheses 1a and 1b predicted that cognitive conflict has a curvilinear relationship with perceived decision quality and commitment, respectively. To test for a curvilinear effect, a hierarchical regression analysis was conducted in three sequential models: control variables were entered in Model 1, the main effect variable (i.e., cognitive conflict) was entered in Model 2, and the quadratic (nonlinear) term (cognitive conflict^2) was entered in Model 3. The direct effect of cognitive conflict (Model 2) on decision quality (β = −0.042, *p* = .517) was not significant. Though this relationship is contrary to that found in the conflict literature, this was not a surprise given the negative correlation (*r* = −.061) in Table 2. Model 3, which considers the combined effect of the linear term cognitive conflict and nonlinear term (cognitive conflict^2) on perceived strategic decision quality, was significant (*F* = 1.999, *p* = .05), accounting for 5.5%t (R^2 = .055; adjusted R^2 = .028) of the variance in perceived decision quality. The change in R^2 (ΔR^2 = .021), from a value of 3.5 to a value of 5.5, was significant (*F* change = 5.253, *p* = .021). Both the linear and nonlinear terms were significant (cognitive conflict β = 0.669, *p* = .036; cognitive conflict^2 β = −0.723, *p* = .023). Of the control variables, only level of education was a significant predictor (β = 0.136, *p* < .05).

Table 3. The Influence of Cognitive Conflict on Strategic Decision-Making Outcomes.

	Dependent variable = Strategic decision quality			Dependent variable = Strategic decision commitment		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Gender	0.049	0.047	0.041	−0.009	−0.011	−0.021
Age	0.004	0.003	0.011	0.041	0.040	0.052
Education	$0.120^{\dagger}$	$0.114^{\dagger}$	0.136*	$0.111^{\dagger}$	0.103	0.136*
Firm size	−0.070	−0.063	−0.056	$0.119^{\dagger}$	0.129	0.138*
Team size	0.099	0.101	0.090	0.047	$0.050^{\dagger}$	0.033
Cognitive conflict		−0.042	0.669*		−0.058	1.025***
Cognitive conflict^2			−0.723*			−1.103***
R^2	.033	.035	.055	.039	.042	.091
Adjusted R^2	.013	.010	.028	.019	.018	.064
R^2 change	.033	.002	.021*	.039	.003	.048***
F	1.637	1.431	1.999*	1.966	1.773	3.404*

Note. Standardized betas are reported.
$^{\dagger}p < .10.$ *$p < .05.$ **$p < .01.$ ***$p < .001.$

Table 4. The Influence of Affective Conflict on Strategic Decision-Making Outcomes.

	Dependent variable = Strategic decision quality		Dependent variable = Strategic decision commitment	
	Model 1	Model 2	Model 1	Model 2
Gender	0.093	0.089	−0.022	−0.026
Age	−0.007	−0.005	0.059	0.061
Education	0.142*	0.128*	0.101	0.086
Firm size	−0.090	−0.075	0.094	$0.111^{\dagger}$
Team size	0.109	$0.116^{\dagger}$	0.090	0.098
Affective conflict		$-0.101^{\dagger}$		$-0.116^{\dagger}$
R^2	.049	.059	.044	.057
Adjusted R^2		.037		.035
R^2 change		$.01^{\dagger}$		$.013^{\dagger}$
F	2.682	2.699*	2.375*	2.587*

Note. Standardized betas are reported.
$^{\dagger}p < .10.$ *$p < .0.$ **$p < .01.$ ***$p < .001.$

The direct effect of cognitive conflict (Model 2) on perceived decision commitment (β = −0.058, *p* = .369) was not significant. Model 3, which includes the combined effect of the linear term cognitive conflict and nonlinear term (cognitive conflict^2) on perceived strategic decision commitment, was significant (*F* = 3.404, *p* < .001), accounting for 9.1% (R^2 = .091; adjusted R^2 = .064) of the variance in perceived strategic decision commitment. The change in R^2 (ΔR^2 = .048), from a value of 4.2 to a value of 9.1, was significant (*F* change = 12.678, *p* = .000). Both the linear and nonlinear terms were significant (cognitive conflict β = 1.025, *p* <.001; cognitive conflict^2 β = −1.103, *p* = .001). Among the control variables, firm size (β = 0.138, *p* < .05) and level of education (β = 0.136, *p* < .05) were both significant. Overall, these regression results provide support for Hypotheses 1a and 1b.

Tables 4 presents the results for the effect of affective conflict on perceived strategic decision quality and commitment. Hypotheses 2a and 2b predicted that affective conflict was a negative predictor of perceived strategic decision quality and commitment. As can be seen in Table 4, the direct effect of affective conflict on perceived strategic decision quality was not significant (β = −0.101, *p* = .10). The direct effect of affective conflict on perceived decision commitment did not receive statistical support (β = −0.116, *p* = .10). Accordingly, affective conflict was not found to be a significant predictor of both perceived strategic decision quality and commitment. Thus, Hypotheses 2a and 2b were not supported.

Hypotheses 3a predicted that the degree of organizational crisis would moderate the relationship between conflict type and perceived strategic decision quality. The moderated regression results in Table 5 show that organizational crisis

Table 5. The Moderating Effect of Organizational Crisis on Cognitive Conflict and Strategic Decision-Making Outcomes.

	Dependent variable = Strategic decision quality			Dependent variable = Strategic decision commitment		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Gender	0.017	0.022	0.017	−0.035	−0.043	−0.042
Age	−0.009	−0.005	0.002	0.042	0.035	0.038
Education	0.123†	0.110†	0.129*	0.104	0.101	0.109†
Firm size	0.087	0.037	0.079	0.052	0.059	0.789
Team size	−0.071	−0.030	−0.060	0.106	0.121	0.119†
Organization crisis		−0.045	−0.066		0.066	0.058
Cognitive conflict²		−0.078	−0.059		−0.130*	−0.123*
Cognitive conflict² × organization crisis			−.140*			−0.052
R^2	.029	.038	.057	.036	.054	.057
Adjusted R^2	.010	.012	.027	.018	.028	.027
R^2 change	.029	.009	.018*	.036†	.018†	.003
F	1.557	1.456	1.914*	1.942†	2.089*	1.914†

Note. Standardized betas are reported.
†$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$.

did significantly moderate the relationship between level of cognitive conflict and perceived strategic decision quality (β = −0.140, $p = .027$). The moderated regression model was significant (F = 1.914, $p = .05$), accounting for 5.7% ($R^2 = .057$) of the variance in perceived strategic decision quality. The interaction between the nonlinear cognitive conflict variable and degree of organizational crisis accounted for a significant incremental increase in the variance in perceived decision quality (Δ$R^2 = .018$, $p < .05$). The interaction plot is presented in Figure 1. Under a high-crisis situation, low levels of cognitive conflict are associated with high perceived strategic decision quality; however, under a high-crisis situation, perceived strategic decision quality steadily decreases with increasing levels of cognitive conflict. Under a low-crisis situation, perceived strategic decision quality increases as levels of cognitive conflict rise. Based on the significant beta coefficient from Table 5 and the significant interaction in Figure 1, we concluded that Hypothesis 3a was supported.

Hypothesis 3b predicted that the degree of organizational crisis would moderate the relationship between cognitive conflict and perceived decision commitment. However, the moderated regression results did not support this prediction (β = −0.052, $p = .403$).

Hypothesis H4a predicted that the degree of organizational crisis would moderate the relationship between affective conflict and perceived decision quality among top management teams. The regression results in Table 6 demonstrated that the degree of organizational crisis did significantly moderate the relationship between affective conflict and perceived decision quality (β = −0.143; $p = .024$). This model accounted for 7.8% ($R^2 = .078$; Adjusted $R^2 = .049$) of the variance in perceived decision quality. Furthermore, the interaction term accounted for a significant incremental increase in perceived decision

quality (Δ$R^2 = .019$, $p = .05$). As can be seen in the interaction plot in Figure 2, high-crisis situations negatively affect perceived decision quality as affective conflict increases, whereas low-crisis situations positively affect perceived decision quality with increasing levels of affective conflict. Furthermore, perceived decision quality is highest under a low-crisis situation. Given the significant beta coefficient from Table 6 and the significant interaction in Figure 2, we concluded that Hypothesis 4a was supported.

Hypothesis 4b predicted that the degree of organizational crisis would moderate the relationship between affective conflict and perceived decision commitment among top management teams. The regression results in Table 6 indicate that the interaction of organizational crisis and affective conflict was not statistically significant (β = −0.112, $p = .080$). Thus, Hypothesis 4b was not supported.

Discussion

This study sought to empirically investigate the relationship between two types of conflict (i.e., cognitive and affective) and perceived SDM outcomes (i.e., decision quality and commitment) among top management teams. The results of our data analysis indicate a strong support for the relationship between the level of cognitive conflict and perceived strategic decision quality and commitment. Specifically, we found that the level of cognitive conflict has a curvilinear relationship with both perceived decision quality and commitment suggesting that low- and moderate-level cognitive conflict tends to improve perceptions of both strategic decision-making outcomes. We believe that this finding contributes to the current literature by highlighting the nonlinear influence of cognitive conflict in SDM. Although past studies mainly treated this
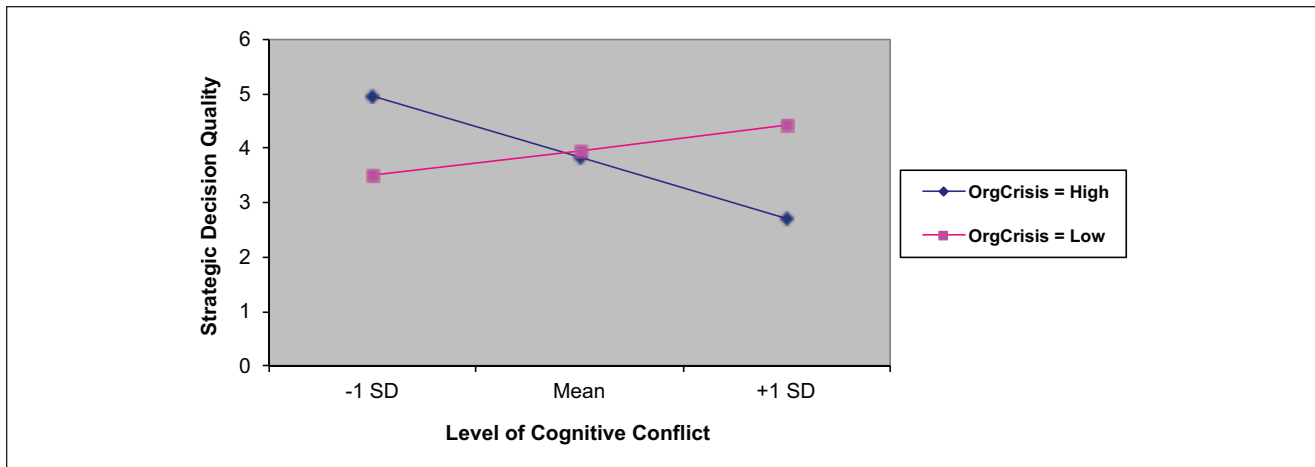
Figure 1. Effect of organizational crisis on the relationship between cognitive conflict and decision quality.

Table 6. The Moderating Effect of Organizational Crisis on Affective Conflict and Strategic Decision-Making Outcomes.

	Dependent variable = Strategic decision quality			Dependent variable = Strategic decision commitment		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Gender	0.093	0.090	0.098	−0.022	−0.026	−0.020
Age	−0.007	−0.003	0.011	0.059	0.059	0.070
Education	0.142*	0.126*	0.141*	0.101	0.088	0.100
Firm size	0.109	0.115†	0.107	0.090	0.098	0.092
Team size	−0.090	−0.074	−0.078	0.094	0.110†	0.108†
Organization crisis		−0.017	−0.056		0.023	−0.007
Affective conflict		−0.096	−0.095		−0.123†	−0.122†
Affective conflict × organization crisis			−0.143*			−0.112†
R^2	.049	.060	.078	.044	.057	.069
Adjusted R^2	.031	.034	.049	.025	.032	.040
R^2 change		.010	.019*		.013	.011†
F	2.682*	2.315*	2.700**	2.375*	2.229*	2.353*

Note. Standardized betas are reported.
†p < .10. *p < .05. **p < .01. ***p < .001.

relationship as linear (e.g., Amason, 1996; Simons & Peterson, 2000), this study considered a more accurate perspective on cognitive conflict by suggesting that the intensity of cognitive conflict needs as much attention as the presence or absence of such conflict type. Indeed, lower and moderate levels of cognitive (task conflict) conflict could facilitate debate and consideration of multiple divergent perspectives and ideas during SDM (Simons et al., 1999). This finding further strengthens recent research efforts to look at a nonlinear relationship between conflict types and group decision making (e.g., De Dreu, 2006; Parayitam & Dooley, 2011).

Overall, the findings of this study suggest the important role of conflict in the SDM process. Specifically, the findings indicate that the presence of moderate levels of cognitive conflict improves not only team members' confidence in the quality of the decisions but also their expressed commitment to follow through with the decisions. These findings are consistent with empirical observations from other studies (e.g., Jehn & Mannix, 2001; Olson, Parayitam, & Bao, 2007). Past research has shown that the level of perceived strategic decision commitment significantly influences overall team and organizational performance (Jehn & Mannix, 2001; Simons et al., 1999). While increased cognitive conflict introduces divergent opinions and arguments to SDM, it seems that having a moderate level of cognitive conflict improves team members' perceptions and confidence in the appropriateness of the strategic decisions. Furthermore, the perception among team members that their points of view were reasonably considered will more likely lead them to support the implementation of these decisions. These findings are also important because strategy formulation and implementation are
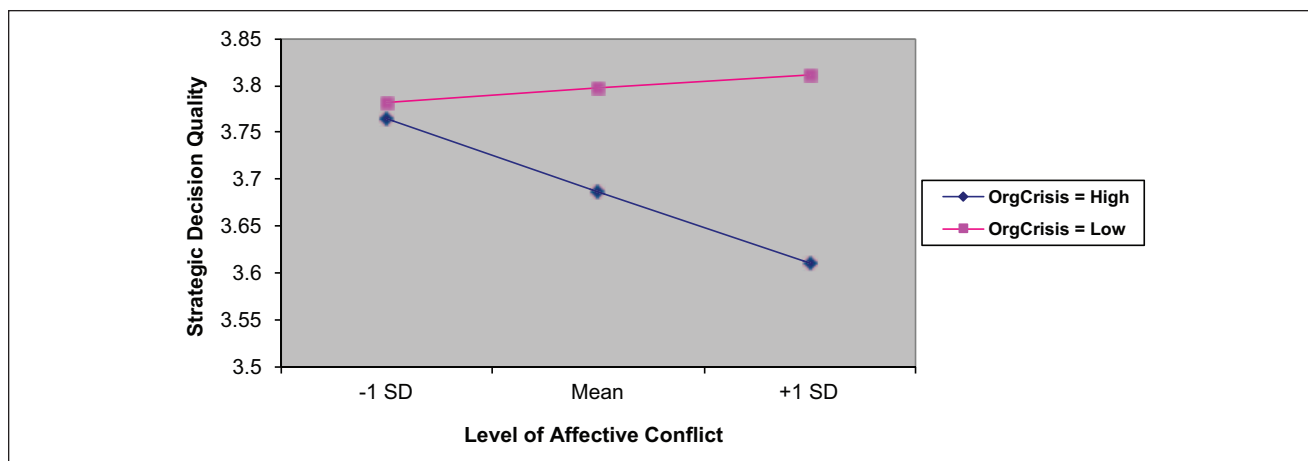
Figure 2. Interaction effects of organizational crisis on the relationship between affective conflict and decision quality.

closely linked and that agreement among top management team members on strategic decision outcomes will likely enhance organizational performance (Carmeli et al., 2009; De Dreu & Weingart, 2003).

Despite our significant findings on the influence of cognitive conflict on perceived SDM, we did not find a significant relationship between the level of affective conflict and both perceived strategic decision quality and commitment. One plausible explanation for this finding may be related to the manner in which the CEO wielded his or her power. While we did not formally capture this in our data set, during our phone conversations with the CEOs, many revealed they did not exercise their position to control meeting outcomes. Rather, they attempted to lead from a decentralized perspective, allowing each team member equal participation in the SDM process. Evidence has shown that balanced power structures tend to mitigate interpersonal issues (Eisenhardt et al., 1997b). Another conceivable explanation may be related to the study's perceptual design. Recent research has revealed that affective conflict may lead to positive behavioral changes aimed at resolving conflict and building collaboration among team members (Khanin & Turel, 2009) . These positive behavioral changes may have been experienced among team members prior to participation in the study, which in turn may have influenced members' responses related to perceived strategic outcomes.

Perhaps the most significant contribution of this study is the empirical examination of organizational crisis as a moderator of the conflict decision-making relationship. We proposed the argument that the presence of an organizational crisis alters the established, routine relationship among team members. Specifically, we theorized that under high-crisis contexts, the effect of both cognitive and affective conflict on perceived strategic decision quality and commitment will diminish as team members seek to rally around preventing the perceived adverse impact of

the organizational crisis. The results of our empirical analysis provided support for this argument. Specifically, we found that organizational crisis is a significant moderator of the relationship between both level of cognitive and affective conflict and perceived strategic decision quality.

This study has a number of scholarly implications. First, our proposed curvilinear relationship between the level of cognitive conflict and perceived quality and commitment of strategic decisions was one of the few efforts in the extant literature. Accordingly, we have theorized and empirically showed that the relationship between cognitive (task) conflict and SDM is indeed nonlinear. This is a major departure from many previous studies that treated this relationship mainly as linear. Second, we believe that our findings extend the current knowledge on the role of conflict in SDM by providing empirical evidence of organizational crisis as an important context. While there has been an extensive amount of empirical work that explored whether and how conflicts shape strategic decisions, our understanding of the significant impact of organization crisis on conflict types and SDM is limited. Most studies exploring the conflict decision-making relationship often assume a stable and routine decision-making context. This study, however, considers a condition where the organization is confronted with a crisis situation. In doing so, we show empirically how an organizational crisis influences the dynamics between conflict types and perceived strategic decision quality and commitment among top management teams. In particular, our findings indicate that high-crisis contexts tend to lessen the influence of both cognitive and affective conflict on perceived strategic decision quality suggesting that intrateam conflict dynamics among top management teams to some extent could be superseded by the urgent need for prompt decision making and collaboration that is referred to by some as "rallying around the flag" (Svedin, 2009, p. 36).

Along with its scholarly contributions, we believe the study also provides some insights to practicing managers. As our findings suggest, there is a significant relationship between team member cognitive (task) conflict and the perceived quality and commitment of strategic decisions. This, of course, suggests that effective top management teams often emphasize a moderate level of cognitive conflict so that they consider diverse opinions in their decision making to achieve perceptions of high-quality strategic decisions. More important, our findings suggest that a more effective crisis management strategy should involve ensuring that the level of intrateam conflict is minimized. That way, top management teams will be able to achieve perceptions of a high level of strategic decision quality. Our findings also provide some insight into the role of affective conflict in strategic decisions during an organizational crisis. Our findings suggest a more dysfunctional role of affective conflict especially in high-crisis situations. Accordingly, this provides some insight into the importance of minimizing the occurrence of affective conflict among top management team members during highly uncertain, urgent, and potentially high-consequence events such as crises (Pearson & Clair, 1998).

Despite its contributions, this study is not without limitations. First, the study did not consider the increasing interrelationship between cognitive and affective conflict. Several studies have begun to address how these two conflict types influence decision making (Mooney et al., 2007; Parayitam & Dooley, 2009). Accordingly, future research could explore the interrelationship between these two types of conflict using organizational crisis as a main context. Second, given the scope and objectives of the study, we did not explore how conflict influences decision making in a longitudinal setting. Using a longitudinal research design to study how conflict affects decision making in a crisis context could provide interesting insights. Third, we empirically examined perceived SDM effectiveness, including perceived decision quality and commitment instead of actual SDM effectiveness. Although a number of previous studies in the literature similarly used perception measures (e.g., Amason, 1996; Dess & Robinson, 1984; Olson et al., 2007), there is a considerable emphasis among scholars on investigating objective (actual) SDM effectiveness in top management teams (Dean & Sharfman, 1996; Ensley, Pearson, & Amason, 2002). Fourth, given our findings on perceived strategic decision effectiveness, future research could explore the mediating role of top management team perceptions on the relationship between the degree of intrateam conflict and actual strategic decision effectiveness moderated by organization crisis. Similarly, the measure we used in this study for organizational crisis is a subjective perception of top executives of sample firms. Future studies could empirically explore the dynamics between intrateam conflicts and SDM effectiveness under an actual crisis context (e.g., workplace accidents,

high-profile scandal, product liability litigations, and security breaches; Dowell et al., 2011). Fifth, our study did not distinguish between internal or external crises. While each share common elements, the effect of an internal crisis (e.g., malicious rumor) may or may not be as pronounced as that of an external crisis (e.g., environmental spill). Thus, future studies should focus on specific types of crises to ascertain their influence on the relationship between conflict and SDM outcomes. Sixth, we did not consider individual attributions during the conflict scenario. Attribution theory presumes people attempt to ascertain why an event occurred, and it is particularly relevant during a conflict episode as people attempt to make sense of another's actions (Martinko, 1995). An individual's reactions to conflict may be influenced to the degree that they ascribe responsibility to the other party (Gibson & Schroeder, 2003; Kelley & Michela, 1980). For example, attributions of harmful intent have been linked with antisocial responses toward the actor (Weiner, 2000). Future studies could consider whether specific attributions influence perceptions of strategic decision quality and commitment during a conflict event. Finally, our sample constitutes only U.S. respondents, making generalizability in other cultural contexts rather difficult. Future research should explore how different national and cultural contexts shape the dynamics among conflict types, organization crisis, and strategic decision outcomes using cross-cultural samples.

Conclusion

This article contributes to our understanding of conflict, particularly cognitive conflict, in an SDM context. Our results reveal that the effects of cognitive conflict are not as direct as once perceived and help explain why its outcome can be positive in one study (Jehn, 1995), yet negative in another (De Dreu & Weingart, 2003). Though researchers have known that cognitive conflict's benefits are functional up to a point, this point has not been consistently defined (Eisenhardt & Zbaracki, 1992; Jehn, 1995; Mooney et al., 2007). Our results indicate that the threshold of functional cognitive conflict is at a moderate level. With respect to affective conflict, our findings were consistent with prior studies (Amason, 1996; Baron, 1990; Parayitam & Dooley, 2009). However, the important findings stemming from our moderation analysis raise interesting questions regarding the context in which conflict occurs and its subsequent effects. Indeed, more contextual research is needed to truly understand the ramifications of each conflict type on perceived decision outcomes. Taken together, these findings suggest that to "gain the benefits of conflict without the costs" (Eisenhardt & Zbaracki, 1992, p. 34), managers should allow a moderate amount of cognitive conflict, while continuing to thwart the emergence of affective conflict.

Declaration of Conflicting Interests

Funding

Note

1. In this study, we distinguish between perceived intrateam conflict and strategic decision outcomes such as quality and commitment. We focus on perception of intrateam conflict as a major process variable while the variables perceived strategic decision quality and commitment are empirically examined as decision outcomes.

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