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What are Some Best HR Practices in Response to Natural Disasters in Terms of Training and Communication?

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Abstract

Today's world is defined by, among other characteristics, borderless and unconventional threats, global challenges, and fast-paced change. HR has not been initially designed to organize or oversee crisis management. However HR's role in training and development can contribute to an organization's overall crisis management capacity, as well as to effective crisis communication in particular. Studies show that crisis-prepared companies have fewer crises to grapple with, stay in business longer and fare better in financial terms.

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EXECUTIVE SUMMARY

QUESTION

Sustainable Development: What are some best HR practices in response to natural disasters especially in terms of training and communication? In addition, is there evidence or data to show that these practices truly have an impact on business and employees?

INTRODUCTION

Today's world is defined by, among other characteristics, borderless and unconventional threats, global challenges, and fast-paced change. HR has not been initially designed to organize or oversee crisis management. However HR's role in training and development can contribute to an organization's overall crisis management capacity, as well as to effective crisis communication in particular.[1] Studies show that crisis-prepared companies have fewer crises to grapple with, stay in business longer and fare better in financial terms.[2]

THE BUSINESS CASE

In today's competitive environment, business managers want to know the return on investment of HR initiatives. There are multiple ways to evaluate the question of 'worth what paid for.' Some entail financial payback, others risk mitigation, and still others reputational protection. Below, we present a few studies that demonstrate the value of HR crisis management practices.

- Sanchez et al. (1995) conducted a pioneer study in the aftermath of a natural disaster and discovered that "tangible support," especially support aimed at primary post-disaster needs (e.g. food, transportation, and housing) may help reduce employees' health-related strains. In this way, relief efforts may serve to control absenteeism and workers' compensation costs, which will likely increase when a disaster has affected most of a workforce.[6]
- Regression analyses from a 2005 study on working individuals in Quebec, Canada affected by a two-week power outage revealed that "perceptions of procedural fairness of the human resource decisions made during a natural disaster predict the later work attitudes of job satisfaction and organizational commitment."[8] The authors claim "such perceptions of fairness seem critical during a time when employees and management are faced with extreme conditions that threaten their livelihood and that of the community."[9] The findings from this study support the notion it's not only what management does or what benefits employees receive that matters, but *how* the decision was made and communicated.
- In 2008, a team of researchers conducted a qualitative study and interviewed victims of Hurricanes Katrina and Rita at a FEMA Service Center in Houston, TX. After analyzing the victims' responses, the researchers found "strong, consistent relationships" between HR practices at the organizations before and after the hurricanes, and the resulting attitude towards employers as well as perceptions of organizational justice, trust, and commitment.[7]
- In 2011, survey data was collected from 206 survival employees in 33 enterprises affected by the Wenchuan Earthquake. The researchers found, in comparison with that of before the earthquake, survival employees' absenteeism, intrinsic and extrinsic job satisfaction, and general job satisfaction all decreased significantly.[5]
- That same year, SHRM published a report about HR's role in advancing sustainability (see Appendix B), and it found the top positive outcomes from sustainability initiatives include improved employee morale, more efficient business processes, stronger public image, enhanced employee loyalty, better brand recognition, increased consumer/customer confidence, and higher employee retention.[3] Of the companies surveyed, 49% reported their involvement in sustainability was very important in creating a positive employer brand that attracts top talent, 40% reported sustainability was a major contributing factor in improving employee retention, and 33% reported sustainability played a critical role in developing the organization's leaders.[4]

In times of upheaval, bewildered and frightened employees are hungry for leadership.[10] HR addresses the needs of both individual employees and their employers in crisis through change management, communication, and training and development practices.

BEST PRACTICES: Training & Development

The National Investigation Commission attributed the Deepwater Horizon oil spill to management failures that crippled "the ability of individuals involved to identify the risks they faced and to properly evaluate, communicate, and address them."[11] The key to crisis

management "lies not so much in drafting manuals as with developing learning processes that give executives the mental capabilities, confidence, and flexibility to envisage abnormal crises."[12] The tenets of traditional crisis management are not serving us well anymore. Something critical is missing: the ability to think comprehensively about crises.[13] As the organizational change agent, HR is at the forefront of developing innovative approaches to build crisis management competencies.

- "Wheel of Crisis" (see Appendix A) is a training tool developed to help executives go beyond the confinement of traditional crisis planning. [14] The crises are grouped into seven families. Participants in a training session take turns to spin the wheel and come up with two different crises in a certain category. Then participants combine two crises that belong to different categories to create a seemingly improbable crisis. This compels participants to relate to the crises that they never thought would happen to their industry. By including at least one from each of these seven categories, companies can create a crisis portfolio and discover vulnerabilities that might have escaped their notice.
- In a simulation activity called "Internal Assassins," facilitators ask small groups of participants to imagine themselves as internal assassins and internal terrorists.[15] The role-play setting frees them to suspend their rationality and moral codes. With their in-depth knowledge of the company's products, procedures, and systems, participants were surprisingly able to come up with destructive plans. A $1 billion U.S. medical insurance company's executives identified swindle loopholes that the organization would not ordinarily be able to detect in their system by using this exercise.
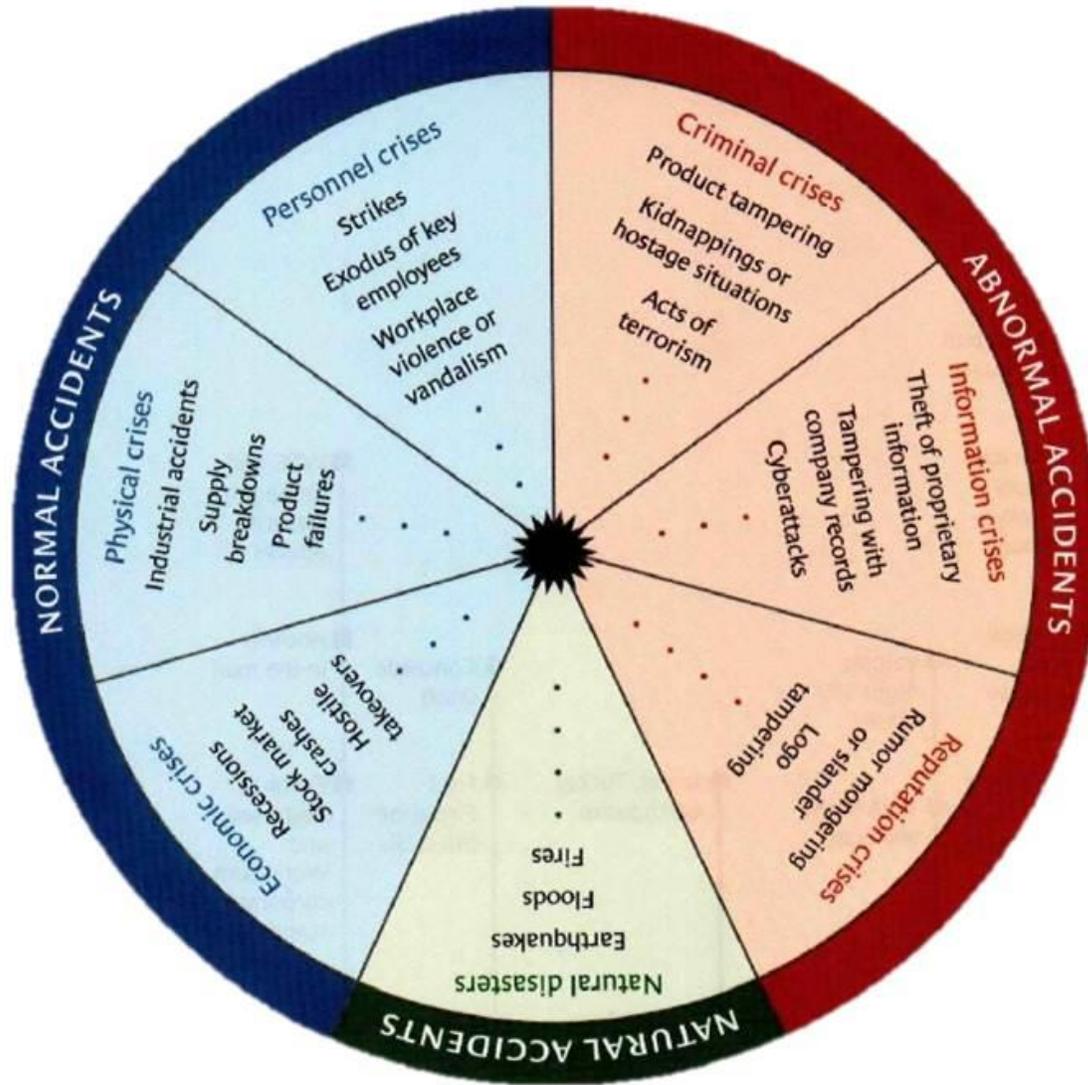
BEST PRACTICES: Communication

A critical indicator of a firm's preparedness for crisis is the quality and responsiveness of both internal and external communication.[16] The HR department is the one area of the company with access to all employees, [17] and HR must be ready to communicate with both external and internal stakeholders of the organization.[18] Oxford U. and the Sedgewick Group conducted a study which found that there was a 22% difference in stock price for the companies that responded well to crises versus the companies that did not respond effectively.[19] A study also showed that in crisis burnout companies, poor communication is associated with employee mistrust.[20]
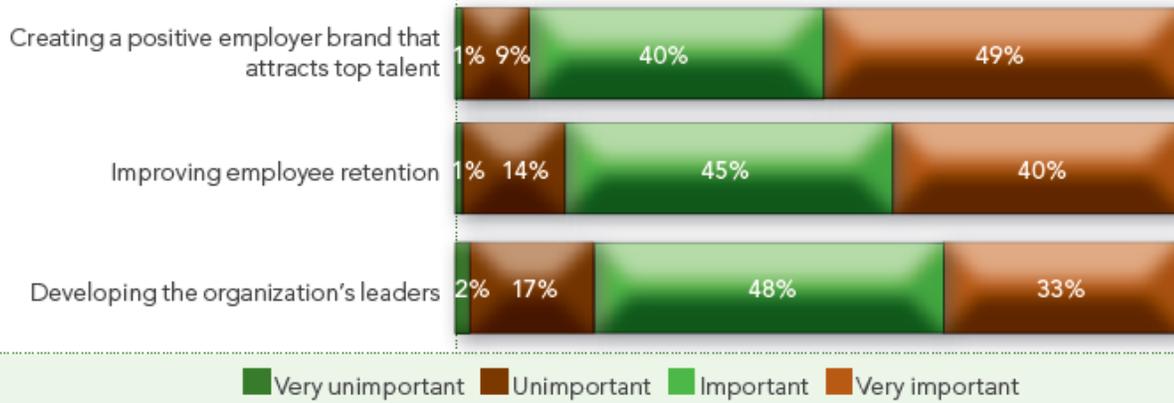
- **J.W. Marriott:** As many companies discovered after hurricanes Rita and Katrina, email will be ineffective if the organization's email server or service provider is inoperable because of the disaster. In addition to contracting with an out-of-area provider, companies can use an emergency email system, which can be activated quickly by phone or the internet if an organization's email system goes down.[21] J.W. Marriott, Jr., CEO of Marriott International, said "Safety through email. The most important thing in dealing with any crisis is communication, so we moved our email system out of New Orleans and up to Washington, D.C, before Katrina hit. Our people were able to send emails and pictures through the system, and we were able to find out the status of each hotel."[22]
- **Ham Radio:** To reach their people, managers often had to be creative in using unusual communication channels.[23] During hurricanes Rita and Katrina, ham radio worked better than any other method of communication.[24] Alien Pitts of the Amateur Radio Relay League suggested that organizations may want to consider using employee-licensed ham radio operators for emergency communications.
- **American Airlines[25]:** Some employees will trust a message that has been mediated by independent gatherers and distributors of the news more than one that comes directly from the company or appears as a paid advertisement. This filtering effect is especially useful at companies where employees tend to be suspicious of statements from management. American Airlines has had a history of troubled relations with two of its unions, the Association of Professional Flight Attendants and the Allied Pilots Association. CEO Don Carty speaking directly to employees through media outlets such as CNN's Larry King Live and the network morning shows has built bridges and created understanding between management and labor. In the aftermath of 9/11, both unions waived a number of their members' rights to help American Airlines get its planes back in the air.

CONCLUSION

Natural disasters and other major crises not only disrupt the operations of a business, but they also have a huge impact on the lives of employees. Traditionally crisis management has focused on systems, operations, infrastructure, and public relations, with people last on the priority list.[26] However, many experts in the fields of HR and crisis management argue that not only are employees essential for business recovery, but employers have an ethical and legal duty to protect their employees as well as the integrity of the business.[27] Employees are essential for the sustainable development of a company because "sustainability exists in every aspect of the workplace, including people and company reputation."[28]

Appendix A

Figure 8 | Importance of Sustainability in Attracting, Retaining and Developing Employees

Creating a positive employer brand that attracts top talent	1% 9%	40%	49%
Improving employee retention	1% 14%	45%	40%
Developing the organization's leaders	2% 17%	48%	33%

■ Very unimportant ■ Unimportant ■ Important ■ Very important

(n = 375–381)

Note: Excludes organizations that answered "not sure" and those not engaged in sustainable workplace or business practices.

Source: Advancing Sustainability: HR's Role (SHRM, 2011)

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Additional suggested readings

Sonya, F. P., & Breaux, D. (2007). Crisis management of human resources: Lessons from hurricanes Katrina and Rita. *HR. Human Resource Planning*, 30(3), 39-47. Retrieved from http://search.proquest.com/docview/224595500?accountid=10267

Abstract:
"Hurricanes Katrina and Rita taught many businesses on the Gulf Coast a valuable lesson about the ability of management to plan for every contingency -- it cannot. What managers can do is learn from tragedy when it strikes and try to be better prepared the next time. This article examines crisis management from a human resource perspective and offer insights into how to minimize losses and disruption should disaster occur. HR managers' centralized location for employee relations, and expertise in communications, writing human resource policies and procedures, and employee training and development offers them the opportunity to make valuable contributions in crisis management planning and implementation. Through lessons learned from these recent storms, the article offers specific recommendations on how HR managers can do so. Using examples of how organizations responded to these crises, we illustrate what worked well and what did not in HR."

Wooten, L. P., & James, E. H. (2008). Linking crisis management and leadership competencies: The role of human resource development. *Advances in Developing Human Resources*, 10(3), 352. Retrieved from http://search.proquest.com/docview/221180420?accountid=10267

Abstract:
"Most executives are aware of the negative consequences associated with an organizational crisis and focus on communications and public relations as a reactive strategy. However, many neglect the other leadership responsibilities associated with organizational crises. This may result from lack of formal training and on-the-job experiences that prepare executives to lead crises. Executives who enable their organizations to recover from a crisis exhibit a complex set of competencies in each of the five phases of a crisis - signal detection, preparation and prevention, damage control and containment, business recovery, and reflection and learning. In this article, through the use of qualitative research design and the analysis of firms in crises, the authors examine leadership competencies during each phase of a crisis. In addition, this article links the important role of human resource development to building organizational capabilities through crisis management activities."

Bruce T Blythe. (2004). The human side of crisis management. *Occupational Hazards, 66*(7), 37-39.

Abstract:
"Human complexities must be prepared for and managed. Past approaches to crisis preparedness and response have tended to concentrate on the urgent, tangible challenges: putting out the fires, literally or figuratively; getting emergency medical care quickly to the wounded; securing sites and ensuring that there is not a cascade of related incidents; handling the media; and so on. In the chaos, corporate managers often only skim the surface of the human-side needs, often relinquishing their responsibilities to an Employee Assistance Program (EAP). But a well-developed crisis management system takes account of the people issues that follow horrific incidents. You must be prepared to effectively address the myriad and disruptive people complexities that need full management attention."

Schouten, R., Callahan, M., & Bryant, S. (2004). Community response to disaster: The role of the workplace. *Harvard Review of Psychiatry, 12*(4), 229-237. doi: 10.1080/10673220490509624

Excerpt:
"Workplaces can take various steps to mitigate the effects of disasters, both potential and real. These steps include prevent planning and training, responding competently during the event itself, and providing social support and post-event services.40 From a business perspective, workplace involvement in disaster planning is important for multiple reasons. Of special note are (1) mitigation of the physical, psychological, and business impact of disasters, (2) legal obligations to engage in such planning, and (3) the positive effect of such activities on employees' relationships to the workplace. Organizations that engage in these activities and experience a disaster would be expected to see benefits in terms of job satisfaction, retention of employees, increased productivity, and decreased health consequences, as well as a reduction in possible legal liability."