



## The Roles of Human Resources in Organizational Crisis Management

*While large organizations may be resourced with a Loss Prevention department, for many the responsibility for crisis management is not assigned to any one department. By integrating a crisis management model with an HR competency model, the following Research Briefing offers a systematic framework for HR professionals to build their organization's responsiveness to unforeseen challenges.*

### **Background**

More and more organizations are seeing the need to develop crisis management plans. The results from the Society for Human Resources Management (SHRM) 2011 poll of Disaster Planning in Organizations found that 76% of the 300 US organizations surveyed had a formal plan in place. However, only 33% of the organizations believed they were prepared to a great/very great extent, and 42% felt prepared to a moderate extent. The disconnection between a high level of preparation and a low level of readiness could be explained by a lack of comprehensive crisis management programs and systematic planning processes across all organizational units (Wang, Hutchins, & Garavan, 2009).

Crises that threaten the sustainability and survival of organizations today can take a variety of forms, ranging from corporate scandals, cyber breakdowns, disease outbreaks, natural disasters, violent/fatal attacks on or between employees and now even terrorist attacks. Organizations may be overwhelmed by the number and complexities of potential crises that could occur and only plan for events they consider highly probable or can deal with, such as a fire evacuation (Wang, et al., 2009). One solution is to have systematic crisis management planning that can be applied to a wide range of crisis situations and is sufficient to deal with the complexities at each stage of a crisis. In this regard, crisis management is about developing an organization's capabilities to react flexibly and promptly to various forms of crises (Lockwood, 2005).

### **Crisis and Crisis Management**

A crisis is a low probability, high-impact event that is unexpected, unfamiliar, and precipitated by people, organizational structures, economics, technology or natural disasters.

Organizational crisis management is a series of procedures to sustain or resume normal business operations, minimize stakeholder loss, and use learning to improve current practices (Pearson & Claire, 1998, as cited in Wang et al., 2009). Mitroff has established a useful framework for understanding organizational crisis management:

- *Signal Detection*: identifying and responding to early signals of potential crises to prevent subsequent business losses.
- *Crisis Preparation*: systematic planning and preparation which may include crisis training, business continuity plans, crisis communication strategies, and crisis management teams as critical components.
- *Crisis Containment*: actions to mitigate further loss and prevent escalation.
- *Crisis Recovery*: resuming partial or full business operations and helping stakeholders to recover.
- *No Fault Learning*: making time to review and assess — without looking to attribute blame — any learnings from the experiences.
- *Redesign*: adjusting the crisis management process, including how information is used in the signal detection phase (Mitroff, 2005, as cited in Wang et al., 2009).

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By combining the HR Competency Model (see inset) with Mitroff's crisis management framework (above), HR professionals can tactically conceptualize their roles in preparing for and responding to organizational crises.

First, to establish its credibility in this area, HR can:

- Lead or participate in simulation training. Such exercises help constituents to mentally prepare for events.
- Speak and understand the “lingo” of crisis management (Lockwood, 2005).
- Apply a small-scale crisis plan within the HR department including: identifying any risks and vulnerabilities inherent in HR processes and programs; developing and implementing procedures (e.g., housing HR records in another geographic location, protecting and backing up HR records) to mitigate risks; and publicizing the efforts and results to management and employees.

The purpose of proactively looking for and solving problems within the HR department is to overcome senior management's possible skepticism of HR's competency in leading a large-scale organizational crisis management program.

### Human Resource Competency Model

According to Ulrich and Brockbank's 2012 model, HR professionals need to take on six roles or competencies to successfully impact an organization.

- Credible Activist
- Strategic Positioner
- Capability Builder
- Change Champion
- HR Innovator & Integrator
- Technology Proponent.

Once becoming a successful Credible Activist in organizational crisis management, HR can be more influential in leading the subsequent phases.

During Signal Detection, the job for HR is to be a Strategic Positioner who identifies internal and external hazards that may threaten an organization's sustainability.

After identifying all risk factors, HR can then conduct a risk assessment and help senior leaders ask: what is the impact of the crisis on business and people?; how realistic is the potential crisis?; can any action halt or mitigate it?; does current policy stand up to public scrutiny?; what resources are available?; is the will to act present?; what would be the impact if no action was taken? (Reger & Larkin, 2005, as cited in Lockwood, 2005). Information assembled during this phase guides the next planning phase.

During the preparation/planning phase, HR, as a Strategic Positioner, needs to align crisis management plans with business goals through comprehensive knowledge of all aspects of the business and collaborate across organizational functions. The more a crisis leader understands all aspects of business and is able to span organizational boundaries, the more comprehensive a crisis plan is likely to be (Wooten & James, 2008).

A crisis management plan generally includes emergency response procedures, evacuation plans, activity priorities, and a clear chain of command.

It covers all levels of employees, with specific attention to employees with disabilities, as well as visitors, customers, subcontractors and vendors on site.

It is important to consider external contexts such as legislation, economic conditions, geographical locations, social responsibilities and stakeholder expectations. Plan builders need to think creatively and plan all possible actions for each identified risk factor. If an organization prepares for the "worst-case scenario," such as total inability to use the organization's resources and infrastructure for an extended period of time, it can handle other situations as well (Lockwood, 2005).

Finally, the strategic positioner needs to be sensitive to changes in the internal and external environments and assess how the changes affect the plans. Crisis management plans should be reviewed on a regular basis and kept up-to-date.

Once the overall crisis management plan is established, the plan is to be integrated into company operations.

Sources of organizational crises:

- technology
- organizational structures
- human errors
- organizational culture
- management's crisis awareness

(Mitroff & Pearson, 1993, as cited in Hutchins & Wang, 2008).

It is also time for HR to translate the plan into actions and deliverables, which means aligning HR programs with the overall organizational crisis management effort and developing organizational capabilities in response to any crisis.

As a Capability Builder, HR can help their organizations to:

- Build a knowledge base of crises and coping capabilities through training, e.g., education about the nature and causes of crisis events, how to look for signs and how to deal with crises when occurring.
- Develop a crisis-prepared organizational culture and awareness through training, communicating the importance of crisis readiness, challenging the “it cannot happen here” assumption, and rewarding good crisis prevention behaviour.
- Provide crisis leadership training to ensure leaders develop accurate perceptions of risks and appropriate handling skills. This training can focus on critical skills such as creativity, decision-making, communication, strategic thinking, empowerment, emotional intelligence and empathy (Wooten & James, 2008).

As an HR Innovator and Integrator, HR can:

- Identify in advance any skills or certificates (e.g., first aid certificate) employees have that can be helpful in a crisis.
- Identify key positions that need to be staffed during and after a crisis. Have the required talent and succession plans in place to ensure the necessary work of an organization can continue.
- Have plans to keep employees engaged during business recovery. Consider accommodating employees’ needs for additional time off to rebuild homes and take care of families. Consider addressing work issues, such as accessibility of the worksite, new roles and tasks, and compensation.
- Provide training to management on how to support employees after a crisis.
- Establish crisis communication channels, such as a company intranet home page, telephone hotlines or daily e-mails. This is the place where Technology Proponent is coming into play. HR can identify what and how to use technology to enable efficient and accurate communication before, during and after a crisis.

To fully integrate a crisis management plan to operation, there may be changes to existing policies, procedures and even organizational structures. As a Change Champion, HR plays a key role in leading the changes at all organizational levels, communicating clear messages of the necessity and importance of the changes, clarifying expectations, leading by example, and actively testing out all components of the planning scenarios. HR also has a responsibility to sustain these changes through continuous communication, training, and rewards.

When a crisis occurs, the crisis planning team initiates the execution of the crisis management plan. HR needs to provide an up-to-date employee contact list and emergency contact list so that organizations can reach employees and their families immediately. HR also needs to keep connected with employees via technology and social media (Technology Proponent). Effective communication is critical to successful crisis containment.

During recovery, it is important to be aware that the impact of a crisis continues long after it has ended for employees, their families, organizations and communities. HR can:

- Educate business leaders and employees on recognizing the effects of stress and suggest where they can get help, e.g., employee assistance program (EAP) (Capability Builder).
- Create a company intranet page with information about employee benefits and other employee-related policies and programs.
- Execute the talent and succession plans and move the workforce to another temporary location if needed so that business can resume.

During no-fault learning, HR works as a Capability Builder to promote learning from the crisis experience. The goal is to build an organization's crisis knowledge base and develop critical thinking and reflection skills. Employees compare and share their crisis experiences and reflect on what was done well and what would be done differently; meanwhile, HR documents lessons learned and any other comments or feedback.

HR is also involved in the redesign phase. Existing plans and systems may need to be revised as a result of previous crisis experience. As a Change Champion, HR communicates changes and develops interventions to facilitate the changes.

## **Conclusion**

Studies show that organizational leaders' perceptions of risk and their ability to deal with it have a direct influence on an organization's plans for crisis preparation, prevention, and reactions (e.g., Pearson & Claire, 1998, as cited in Hutchins & Wang, 2008). Human Resources can prepare their organizations to respond better to the complexities and ambiguities inherent in today's crisis events by taking a systematic and capability-driven approach. It helps to shape a common goal and integrate efforts towards crisis management, create a crisis-prepared culture, and develop organizational readiness and capabilities to survive in crises.

Research Briefing  
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*This research briefing is a service from HRMA's research group. Our aim is to make it easier and quicker for HR professionals to find and apply the latest and best people management insight to their challenges and projects.*

This briefing is based on the following research papers:

Hutchins, H. M., & Wang, J. (2008). Organizational crisis management and Human Resources Development: A review of the literature and implication to HRD research and practice. *Advances in Developing Human Resources*, 10(3), 310-330.

Lockwood, N. R. (2005). Crisis management is today's business environment: HR's strategic role. © Society for Human Resource Management, Alexandria, VA. Used with permission. All rights reserved.

Ulrich, D. & Brockbank, W. (2012). The 2012 HR competency model. Human Resource Competency Study. Details of the 2012 HR Competency Model © The RBL Group. (All rights reserved) can be found from the RBL Group website <http://rbl.net/index.php/hrcs/index/overview>.

Wang, J., Hutchins, H. M., & Garavan, T. (2009). Exploring the strategic role of HRD in organizational crisis management. *Human Resource Development Review*, 8(1), 22-53.

Wooten, L. P., & James, E. H. (2008). Linking crisis management and leadership competencies: The role of human resources development. *Advances in Developing Human Resources*, 10(3), 352-379.

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