

CRISIS RESPONSE DECISION MAKING

Amy E. Hurley-Hanson

Argyros School of Business and Economics
Chapman University
One University Drive
Orange, CA 92866
(714) 628-7312
Fax (714) 532-6081
ahurley@chapman.edu

Cristina M. Giannantonio

Argyros School of Business and Economics
Chapman University
One University Drive
Orange, CA 92866
(714) 628-7320
Fax (714) 532-6081
giannant@chapman.edu

ABSTRACT

September 11, 2001 had a profound effect on the world, organizations, and the field of Human Resource Management. Human Resource Management professionals were forced to quickly perform their jobs in the aftermath of the 9/11 attacks. The types of immediate duties that needed to be performed included locating their workforce, providing a workspace for displaced employees, and establishing short term and longer term communication networks between their companies and their workers. This paper examines the longer term impact of the attacks of 9/11 on HR professionals' crisis response decision making and crisis response plans and will describe the elements human resource professionals need to incorporate into a company wide response to crisis plan.

INTRODUCTION

September 11, 2001 had a profound effect on the world. Lives and careers were changed as a result of the attacks of 9/11. It is imperative that organizations learn from this terrorist attack on the United States. Organizations need to have comprehensive plans to respond to, not only terrorist attacks, but many different types of crises. Organizations do not need to develop a

plethora of plans, having a different plan for each possible crisis that may occur. A well-developed comprehensive Response to Crisis plan should enable all organizations to respond to unexpected disasters or crises. It would be wise for organizations to utilize their human resource (HR) departments in orchestrating these plans.

Every department in an organization needs to be prepared for a crisis. However, human resource departments are in a unique position to facilitate the implementation of crisis response plans. Human resource departments should already have in place relationships with all other departments in their organizations. These relationships should be used to help departmental managers prepare and train their employees for a possible crisis (Mainiero & Gibson, 2003). Human resource professionals are usually already responsible for the training of departmental employees as well as for handling all personnel issues for their employees.

An organization needs to have an organization wide Response to Crisis plan (Mainiero & Gibson, 2003). However, this plan needs to be carried out at the departmental level. Every department needs to be responsible for carrying out their crisis response plan. There may be many elements of every department's plans which are similar but there may be some aspects that differ between departments. For example, the plan for the R & D department, where all employees work in one location, may differ from the plan for the sales department, where most of the employees are working out in the field. The human resource department will be instrumental in assisting departments in creating these plans. The human resource department should also be responsible for alerting departments to the components that are necessary in their specific plans. Also, HR should be able to greatly assist in creating the portions of the plans that are similar for every department and to help managers to figure out how their department plans need to differ from other departments. Needless to say, in order for human resources to play such a large role in the crisis response plan, they need to be a strategic partner in their organization where they "sit at the table".

The importance of having a crisis response plan in place cannot be underestimated. While there has been a large body of research supporting this, the events of 9-11 and Hurricane Katrina have shown the un-preparedness of many firms to respond to crises. The fact that for some firms it was extremely difficult to account for their employees during 9/11, is an example of how crisis response plans need to be in place. There have been surveys showing firms are still not prepared for a crisis (SHRM, 2001).

It is important to note that although this paper will describe many examples from 9-11, this paper is not meant to address only terrorist attacks. A good crisis response plan should enable organizations to respond to both natural disasters and those caused by human actions. Whether they are natural disasters, workplace violence, fires, factories blowing up, or terrorist attacks, organizations need to have a crisis response plan in place that will allow them to respond to any crisis. It is not inconceivable that organizations will experience another terrorist attack.

SHORT TERM

The most important parts of a crisis response plan are the immediate actions needed in the short run. Once the short terms issues are addressed, there are several long term aspects of a crisis response plan that need to be addressed. In the short term, a well-thought out crisis response plan will have 8 actions items. The acronym for the elements in the plan is H.R. S.A.F.E.T.Y. The letters stand for Human contact; Records; Space; Alternative plan; Family; Evacuation; Tracking; and Yell. Each of these elements will be briefly discussed below.

Human Contact. The first and foremost action in a crisis response plan is to locate all of a firm's employees. The events of 9-11 showed that there needs to be a well developed communicated plan to contact all employees after a crisis. Within hours of the terrorist attacks, many organizations made it their first goal to locate each of their employees. This was true for New York based enterprises, as well as national firms that may have had an office in New York or employees traveling in the area. This called for HR professionals all over the country to immediately shift into high gear (Overman, 2001). Human Resources professionals who worked for companies in the World Trade Center, immediately following the tragedy consulted their disaster recovery plans (if one existed) and geared up to contact all members of their companies. HR professionals in companies not directly hit by the attack also needed to take action, to consult their disaster recovery plans (if one existed), and to make sure that they knew where all of their employees were.

HR professionals used various methods, from low-tech written communications, to high-tech web-based communications to locate their employees (Overman, 2001). For example, American Insurance Group enlisted its west coast HR professionals to place phone calls to its east coast workers and families because the local phone lines on the East Coast were tied up (Hinkley, 2001). Deloitte & Touche used its voicemail system to leave information to employees across the country, asking everyone to contact a toll-free number to account for their whereabouts. Deloitte & Touche also used its travel agency to confirm whether any employees were booked on the hi-jacked flights, or scheduled to travel into the affected areas (Salgado, 2001).

Organizations need to devise a plan to contact all employees that realizes different crises may create different obstacles to contacting employees. Phone lines may be non-operational in cities. Cell phones may not work. Employees may not have access to telephones or news outlets. Employees need to think outside of the box when devising a contact plan. Of course there should be immediate contact with all employees working directly in the building if possible. Telephone calls should be placed to all employees not working in the building. It may be necessary to have a system where someone in another region calls the employees. New York firms could hire a California firm to handle contacting their employees from California. There is also the possibility of setting up a system where employees know to call into or email to a phone line set up in another region to report their whereabouts at their first opportunity. There may be a local site where employees are told to report after a crisis has happened and employees can be checked off the logs at that site.

Records. Complete records of organizational personnel and equipment. Employees will not be able to contact their employees if they do not have current lists of their employees and ways to contact them. The hardest part of this step is the word "current". Not only do employee's whereabouts change daily in organizations but the employees themselves change. Organizations need to have a complete list of who works for their firm and how to contact them. The list of employees could easily be generated by human resources and distributed to departments on a daily basis. An issue is where to keep the list. Organizations may want to send daily lists of employees to offices in other regions. They may want to find an offsite location where lists may be kept. Once the issue of how and where to keep a list of current employees is taken care of, the more difficult task begins. How do organizations keep track of how to contact their employees from day-to-day. Employers may keep lists of employee cell phones and home phones.

Organizations could request all employees use one travel agency and have that travel agency forward a daily list of where traveling employees are. Employees could be asked to enter daily into a computer program or phone system where they will be located on that day. Since employees may not take this responsibility seriously, frequent “location drills” could be done where the firm attempts to contact every employee according to the most recent information an employee has given and see if the info has been updated daily. If the employee contact list is not current it will hinder the first step of contacting all employees and waste valuable resources in a time of crisis.

In addition to having an employee list, organizations should have a record of what equipment and supplies they will need to set up immediate temporary headquarters and work out of alternative work spaces. Although this does not carry the daily urgency of an employee location list, this list will help departmental managers when developing their emergency plans to make sure they are able to collect or duplicate the equipment and supplies needed to get back to work. This will alleviate a lot of wasted time while trying to set up alternative work areas.

Space. Once the people issues are addressed, the next concern for companies facing a crisis is finding a new workspace. Getting a company up and running after a disaster is any company’s ultimate goal. This may involve finding a way to continue paying people, as Aaron Feuerstein, owner of Malden Mills Industries, did after a fire destroyed his mill in Massachusetts (Murray, 2003), or it may mean running a smaller operation, or it may mean becoming fully functional by the next day. Approximately 20 million square feet of office space was damaged or destroyed in the World Trade Center and about two-fifths of the Pentagon was shut down. HR professionals coordinated employees’ movement to other offices within their companies and rental spaces in New York and nearby New Jersey and Connecticut. Pentagon employees were moved to leased space near the building (Overman, 2001).

After the 1993 bombing of the World Trade Center the New York Board of Trade built two alternative sites in Queens. The sites were empty until September 11, 2001 (Argenti, 2002). Shortly after 9-11, Aon has moved to new space in Manhattan to accommodate most of its displaced workers. It also has satellite offices in New Jersey and Connecticut. An interesting side note is that some companies offered workspace to their competitors immediately after 9-11. For example, Ryan Beck & Company, an investment banking and brokerage firm, offered space to business rivals, Sandler O’Neil and Keefe Bruyette (Overman, 2001).

Alternative plan. Organizations need to have a plan as to how they will get their company up and running as soon as possible after the crisis to continue operations. An integral part of this plan will be having alternative workspace and having the equipment needed so the company can start working again.

Family. Employees may need flexible schedules to allow them to respond to their family’s emotional responses to the crisis in addition to their own. While some employees may feel the need to work at home (Mainiero & Gibson, 2003); virtually all employees will need to contact their families following a crisis.

Evacuation. Organizations must develop an evacuation and relocation plan. In the World Trade Center, Morgan Stanley had repeatedly rehearsed their plan for a crisis. On September 11, 2001 Morgan Stanley employees were instructed to follow their well rehearsed crisis drill (Coutu,

2002). Morgan Stanley also had in place three alternative sites for their work activities to continue in case of a crisis. Employees knew about these alternative sites before 9-11 happened. They knew they were to continue working at these sites if a disaster occurred (Coutu, 2002).

Tracking. Organizations need to have a method of calculating the costs of the crisis to the firm. A law firm in the World Trade Center maintained a database that enabled them to determine which of their files had been destroyed. They had an insurance policy which covered loss of files and recreating files (Barr, 2003).

Yell. Communicate over and over again with your stakeholders. Communication may be the most important element of this plan. Department managers need to know all details of the crisis response plan and they need to communicate this to their employees. “Information – accurate, timely, and voluminous – is an HR department’s best weapon for calming employees in emergencies like the September 11th attacks and the subsequent anthrax scare” Catherine D’Arcy, VP of the corporation that operates Citizens Bank indicates that “in the absence of information, people will go get information – any way they can. Employers might as well provide the information themselves, to at least ensure it’s accurate” (Flood, 2001, p. 1).

“Companies near and far from ground-zero held all-staff meetings, made rounds to check the organization’s pulse and reminded staff about their employee assistance programs” (Clark, 2001, p. 1). On Friday after the attack, Dun & Bradstreet’s disaster continuance team held a special session to take care of people’s technology, space and emotional needs. HR representatives explained the firm’s counseling benefits. Fortunately, since they did not lose any employees, so they did not focus on death benefits. The team worked to keep communications open to update employees on what was happening and also to provide services to customers. Since they are an information provider, they used their website to report on the status of other companies in the WTC area (Overman, 2001). Another organization directly affected by the terrorist attack helped employees cope by communicating with them about the employee assistance programs already in place in the organization and the availability of outside counselors that were brought in to speak with employees (Ryan et al., 2003). The previously mentioned law firm in the World Trade Center used various means of communication such as their web site, previously set up toll free numbers and the media to let their employees in New York and D.C. and their clients know they were still functioning (Barr, 2003).

Immediately after a crisis it is imperative that the company leaders communicate immediately with their employees. This communication needs to be open and honest (Mainiero & Gibson, 2003). Employees are looking to the leadership of the company as role models for how to react to the crisis. Leaders need to speak directly to employees and let them know their well being is a priority of the firm. Written statements are not as effective as verbal statements (Argenti, 2002). The psychological well-being of a firm’s employees needs to be a priority for firms after a crisis (Argenti, 2002).

LONG TERM

The long term items in a crisis response plan form the acronym R.E.S.P.E.C.T. These letters stand for Response; Economy; Security; Psychology; Employee Rights; Community; and Toll. Each of these aspects will be briefly discussed below.

Response. First and foremost a new crisis response plan needs to be developed. Each time a crisis response plan is used, a new plan needs to be developed. This plan should include learning experiences from implementing the previous crisis response plan. Organizations can learn from crises and always improve their crisis plans (Argenti, 2002).

Some companies were more prepared than others. A SHRM survey indicated that fifty-four percent of the respondents had a disaster recovery plan in place when 9/11 occurred. However, the comments in the survey indicated that most plans were not comprehensive enough to cover a disaster like 9/11 (SHRM, 2001). For example, Aon Corporation had a disaster recovery plan in place. Melody Jone's noted, "I don't think any business would have planned for something of this magnitude." She indicated that even so, the plan helped because "it kept us focused. There's a helplessness that you feel, and this gave us a sense of the things we knew we had to do." Although Aon's primary concern was for the victims, survivors, and their families, the plan enabled Aon to continue to serve clients (Overman, 2001, p. 8).

It can be expected that organizations will be turning their attention to writing and updating existing disaster recovery plans. Emphasis will be placed on disseminating these plans in new employee orientations and throughout the organization to current employees (SHRM, 2001). Those companies that had plans in place were able to get back to business quickly after September 11th. Although the plans may not have been comprehensive enough to deal with the tragedy, they gave HR professionals and others something to focus on. Many companies are already working toward this. For example, Deloitte & Touche is creating a "phone-tree" system in order to reach each of its employees in the case of an emergency as part of its updated disaster recovery plan (Salgado, 2001). In 2001, 34% of the surveyed HR professionals predicted that there would be more training about crisis management. In 2002, only 18% reported having more training regarding crisis management (SHRM, 2002).

Economy. Following any crisis, organizations can expect at least an economic downturn in their organization if not in their region or country as a whole. During an economic downturn, HR professionals are often involved in lay offs. There have been lay offs in many industries since September 11th. HR professionals have been, and will continue to be involved in gathering information to determine who will be laid off, communicating the news, providing severance packages, etc. (Shea, 2001).

Security. Greater emphasis needs to be placed on security. This emphasis can be seen in aspects of everyone's daily life. From airport security checkpoints, to increased security guards at shopping malls and loading docks, Americans are paying more attention to their environments. Along with airplane hijackings, companies are focusing on other types of threats, such as biological weapons. Timothy A. Dimoff, president of SACS Consulting and Investigative Services, says the best way to ward off an attack with biological weapons is to ensure that no one is in a position to employ them. That means making sure that only employees and authorized non-employees enter the workplace (Thompson, 2001). For example, Aon has always had security policies including ID badges to get into buildings and parking garages. Those are expected to continue (Overman, 2001).

"Employers should promptly take steps to make their workplaces less vulnerable to terrorist attacks and to reassure employees about safety." Consultants have indicated that ways to improve security include doing a better job of preparing employees to recognize and prevent attacks and intrusions, and making better use of policies, personnel and technologies that are

already in place (Thompson, 2001, p.2). It is also important that executives communicate the actual plans for increasing security rather than just reassuring employees that they are concerned for their safety (Mainiero & Gibson, 2003). When SHRM (2002) surveyed its members one year after the attacks, the largest responses difference was in establishing a task force to look at safety and security. Thirty-four percent has established a task force in 2002 as compared to 14% in 2001.

Psychology. HR professionals were one of the first groups called on to perform their roles in organizations on 9/11. Whether at home or at work, everyone stopped what they were doing to witness and try to process what they saw and heard. For a time, it seemed as though only those involved in the rescue in some way were engaged in work” (SHRM, p.2). Despite their shock, many HR professionals were the first back to work. “In an effort to establish a semblance of normal business operations, HR professionals have been putting in long hours finding workspace for displaced staff members, keeping scattered employees informed, providing counseling and benefits, and putting temporary security measures into place.” (Overman, 2001, p. 1).

Their next task was to help get their companies back up and running by acquiring temporary office space, organizing memorial services, Employee Assistance Programs (EAPs), counseling, etc. HR professionals for companies not directly hit by the attack also needed to take action. They too needed to consult their disaster recovery plans (if one existed) and make sure that knew where all of their employees were. Once a decision was made about whether to close their organizations, HR professionals needed to inform the employees of the decision. Many organizations stayed open and their HR professionals needed to help their employees with relocating their work space because of fears of another attack on major business centers.

Because HR professionals were among the first back to work, many may not have had opportunities to deal with their own emotions. “People who hold their emotions in check are much more likely to experience post-traumatic stress complications.... That includes CEOs, HR Managers and others in a position of responding. In the short term, they’re busy. They don’t have time to deal with all of those emotions. “They need very purposefully to make sure they take the time to be debriefed” (Clark, 2001, p. 6). HR professionals will continue dealing with their own emotional responses while getting everyone else back to work.

SHRM also indicated that “HR professionals from across the country jumped on the SHRM bulletin board Tuesday and Wednesday after 9/11, telling peers what they had done for workers in their companies and asking for advice on what more they could do (McConnell, 2001). For the most part, the chatters on the SHRM bulletin boards wanted to share their feelings of grief and outrage in the face of all of the destruction (McConnell, 2001.) Kurt Chapman, HR Director at Erickson-Air Crane indicated, “I had to have a calm exterior for our employees, yet on the board I could vent some things that I couldn’t do in front of employees. It was a way to see what fellow professionals were thinking, as well as a release mechanism.” (McConnell, 2001, p. 3).

The SHRM survey also polled HR professionals as to how both they and their organization’s employees were coping. Approximately two-thirds indicated that both HR professionals and the employees were coping as one might expect. Interestingly, 11% felt that they were coping worse than they would have expected, whereas only 2% of employees fell into this category. “It may be that HR professionals have greater difficulty in coping due to the fact that they are frequently the ones charged with overseeing and dealing with organizational aspects of the aftermath” (Poll, 2001, p. 9).

Employee Rights. Currently, there is a huge issue regarding employee privacy and prescreening to prevent attacks in organizations. Many organizations have initiated steps to find out more about a potential employee's background than they had previous to 9/11. However, there have been many challenges to these practices. Employees have complained of invasion of privacy and that employers are legally overstepping their legal rights to conduct background searches on potential employees. Organizations must balance the need to protect individual rights against the need to secure the safety of all employees in their organizations.

Community. Companies must be sensitive to diversity issues faced by all members of their organizational communities. "The recent tragic events in New York, Washington D.C., and Pennsylvania are having ripple effects throughout our society. Inevitably, one of those effects will be for appropriate feelings of anger, outrage and newfound patriotism to sometimes spill over into anger and persecution against many innocent people of Arab Origin or the Islamic faith. This will pose a significant challenge for employers who still must strive to foster harmony in the workplace, and must work to ensure the fair and equitable treatment of all of their employees" (Grio, 2001, p. 1) .

Employers must be aware of these issues for two reasons. First, discrimination against employees based on religion, race or national origin is prohibited by Title VII of the 1964 Civil Rights Act. "To the extent that employers fail to take steps to prevent and remedy harassment or discrimination against Arab or Muslim employees, they may find themselves on the wrong end of a lawsuit." On the more practical side, friction between employees as a result of the events of September 11th could damage the ability of the workforce to function efficiently. This could have a negative effect on the employer's productivity. (Grio, 2001).

Because the fastest growing religion in the world is the Islamic religion and the American workplace has gotten increasingly diverse in this regard, it is likely that more training will occur in a good faith effort to increase understanding and minimize the possibilities of problems in the future (SHRM, 2001). In 2002, 20% of the companies surveyed by SHRM had implemented new diversity training programs to improve awareness about issues of ethnicity and race (SHRM, 2002).

Despite these concerns, Americans apparently are getting along better at work since the September 11th terrorist attacks. Complaints of employment discrimination after the attacks dropped 27 percent compared with the same period a year ago, according to the Equal Employment Opportunity Commission. Data show declines across racial, gender and religious lines, with the exception of Muslims and people of Arab descent (Flood, 2001).

Toll. Crises take a terrible toll on organizations. Organizations should employ programs such as stress management and employee assistance after a crisis to reduce the psychological toll on their employees (Ryan, et al, 2003). A crisis creates many psychological effects in organizations. On September 20th, 2001 500 HR professionals convened in midtown Manhattan to listen to the advice of psychiatrists, attorneys and coaches on handling the myriad problems in the wake of the destruction. Bob Nadel, president of the Human Resources Association of New York, stated, "We are the people-people. We help our companies manage their workforce and their issues in normal times. When these issues turn to horror, it is our role as HR professionals to help our companies deal with the horror." HR professionals have urged managers to be sensitive to the range of human emotions that might emerge in response to the events (Clark, 2001, p.6).

Companies that did not suffer loss of life were still affected by the crisis. For example, Mellon Financial Corporation had Manhattan offices close enough to the twin towers to be struck by debris. Betsy Leavitt, manager of Mellon' EAP, which employs seven staff counselors stated, "we started working with CMI (Crisis Management International) on September 11th. When [the attacks occurred] we realized this was bigger than we were. We brought in 25 counselors." During the first days, the crisis team worked to determine who was affected directly. They put together small groups to educate employees, raise concerns and deal with the emotional impact and loss. (Clark, 2001, p.6)

September 11th has brought emotions out in the open in organizations. A survey found that employees felt managers needed to become concerned with how they would deal with the emotions of their employees after a crisis (Mainiero & Gibson, 2003). This same survey also found that employees had very sensitive reactions to how their managers behaved during the crisis. Many studies have been following the long term psychological effects of 9-11 on people.

Leaders and managers in organizations are going to need long-term training in dealing with crises and responding to employees' emotions. Their training is going to need to include psychological aspects of responses to crises (Mainiero & Gibson, 2003). It is also important for executives to realize that outside psychologists may need to be employed for a long duration after the crisis.

CONCLUSION

The sentiment throughout many companies was that the HR professionals, working as a team member with other functions, were essential to coping with the tragedy, and getting organizations up and running after the events of 9/11. Several CEOs commented that the HR teams will now have a "seat at the table," because when dealing with issues that affect all of their people, HR professionals are the ones with the knowledge (Clark, 2001). HR professionals reported, one year after the attacks, that HR is relied upon more now for its expertise and input and HR has had a greater presence over the past year (SHRM, 2002).

To help business continue moving forward, HR professionals will help workers continue to cope. Even in businesses where they have not been actively involved in business planning, many are beginning to have a "seat at the table." People issues are on everyone's minds since 9/11, and HR is often seen as the link between the business and the people.

The total impact of the events of September 11th on people and businesses has yet to be seen. The attacks will continue to affect people in their home and work lives, and have affected the way businesses operate and treat their people. HR professionals will continue to have a significant role in the changing work environment and decisions made in their organizations.

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