

HR'S STRATEGIC ROLE IN TERMS OF CRISIS MANAGEMENT

Nizamidou Christina¹, Dr. Vouzas Fotios²

Department of Business Administration

University of Macedonia

Thessaloniki, Greece

¹c.nizamidou@mail.com, cnizamidou@uom.edu.gr

Abstract— Almost in an every-day basis, people all over the world become receivers of a plethora of unexpected tragic incidents like product tampering, air plane crashes, terrorism expansion and attacks. Crisis management is one of the opportune topics of today's business world. Despite the nature or the causes of these crisis events, they all have a common denominator of hyper importance: human beings. Human beings may be affected and unwillingly participate on a crisis either as a part of an active consumer society or as employees. Understanding the human factor and its attributes in all types of crises as well as how the employees can be affected or harmed, leaves no other path than the Human Resource Department to set a new agenda of actions and roles. Human Resource Department is the strategic partner in planning, developing, and imposing strategies and performing actions, within the crisis management framework, having as a top priority the protection, anamorphosis and recovery of the employees with the alongside benefit of the minimization of losses for the company, both in terms of time and cost. The aim of this article is to analyze the literature review concerning the HR's strategic role in terms of crisis management and present the scientific research, which will take place within the preparation of the PhD Thesis in the University of Macedonia, Greece. The scientific research will be implemented regarding the role of Human Resource Department as a member of the crisis management team and the degree of impact and influence it may have on the employees in order to deal with a crisis effectively.

Index Terms— HR - Human Resources – Crisis Management – strategic – role

I. INTRODUCTION

Indisputably, nowadays, the field of Crisis Management is considered to become progressively a top priority for all organizations. Unexpected and unpleasant incidents such as product tampering, fire, oil or gas leakage, terrorist attacks, shootings, scandals, airplane crashes are to name just a few, which apart from challenging the operational functions of companies, consist major threats for societies themselves [1],[2],[3]. Crucial events like these have become an integral part of the business entity world as well as of all the other parties involved such as shareholders, investors, suppliers, employees, government organizations and many others [4],[5],[6]. The above mentioned are just the calls that have driven businesses to pay much more attention, giving a greater

emphasis in the field of crisis management for the purpose of being effectively prepared to deal with a crisis. In some cases, an absolute preparation may prevent the business from being affected from the crisis before it even takes place and in other cases it may play a catalytic role in overcoming the crisis within the less possible time and with the lowest possible financial losses, thus returning to its pre-crisis operational mode.

It is worth mentioning that it is merely easier to restore what is already being destroyed or affected from a crisis in terms of material resources. The most difficult and trickiest part of all is to allocate feasible methods, which will induce the employees in returning to a normal working productive state. The question that rises is what shall be done in order for the employees to stand on their feet again, after the catastrophic consequences of a crisis [7], [8]. Who is considered to be the most appropriate and responsible in organizing, planning and acting on behalf of the working force of an organization, having as a priority the common wealth and the interest of the employees? The answer is found on the Human Resource Department which definitely holds the responsibility of the strategic role in protecting, re-organizing and inciting employees in undertaking their tasks again [9], [10]. The HR Department is also responsible for preparing the employees, having the appropriate knowledge and skills in order to precisely act as they have to, and communicate effectively when a crisis emerges. In addition, employees may use these skills and knowledge for the prevention of a crisis, protecting the business and their interest as well.

During a crisis the Human Resource Department is entitled in identifying key personnel [11], required for restoring efficiently the business operations. Furthermore the actions that have to be followed must be predetermined in the sense of providing extra safety and security to the employees [12]. This is a key element for the physical and mental protection of the employees for returning to their former working position.

Finally, at the post-crisis stage, the Human Resource Department is the most appropriate in monitoring the state of the employees for the purpose of ensuring that they can perform and retrieve the normal operational flow of the business without suffering from any possible negative effects such as post-trauma, fear, anxiety, stress and any other

abnormal feelings that may emerge after a crisis [13], [14], [15].

The purpose of this current paper is to explore the role that the Human Resource Department play in preparing the employees as well as helping them deal with a crisis and recover from it as soon as possible with the least feasible damages. After the extended review of literature in the fields of crisis management and Human Resources and according to the scientific findings made from distinguished scientists from both fields, [16], [17], [18], an insufficient level of attention has been given to the strategical and essential part that HR can have in terms of crisis management. The reason is that in most cases HR unfortunately is not considered as an equal and important member within Crisis Management Team. There are plenty crisis management teams in many organizations that do not include HR Department. In addition, it is more convenient and painless, to deal with the restoration of the material resources after a crisis. It is common to set people –and employees- in the background, especially when the organization and the Top Management are totally unfamiliar with crisis management.

The present article constitutes of a brief description of the structure of the preparation of PhD Thesis in the University of Macedonia of one of the authors. Initially, after the review of the literature and the missing gap that was identified, an extensive analysis of the role that the HR Department holds in the three stages of crisis' precrisis - during the crisis- and postcrisis is cited. The next stage, following the presentation of the new agenda of the Human Resource Department, is a scientific research that is going to take place for the purpose of collecting both qualitative and quantitative data in order to ascertain the level of involvement of crisis management in Greek companies and the way HR can influence the employees in these companies to be prepared, deal and recover from a crisis when it takes place. Additionally, this research focuses on the mode that HR Department interacts within the company under the threat of a crisis event. The research is going to take place in the branch of Greek Industry "Food- Agricultural Products". This specific branch was selected mainly for the following reasons:

- a) This particular section has been perceived by experts in crisis management to be of a high risk exposure and vulnerability in public crisis [19],
- b) The food and agricultural industry has been and still is, one of the leading outbound industrial sector of the Greek economy, being the largest of the Greek industrial activity.

II. CRISIS MANAGEMENT AND THE ROLE OF THE HUMAN RESOURCES DEPARTMENT

A. The importance of the Human Resources Management and the Role of HRM Department in crisis circumstances

Based on contemporary facts, a higher level of importance has to be given to crisis management, not just in

Europe, but in a global scale. Incidents, which until recently could only belong to the sphere of imagination and could only take place on the other side of the Atlantic may occur anywhere in Europe as well. A realistic representation of the expansion of sudden unpleasant incidents in numerous places in Europe, are the actual news headlines of the first quarter of year 2015. Terrorist shootings at the Charlie Hebdo newspaper in Paris (8/1/2015), shootings in Copenhagen, in Denmark (14/2/2015), the airplane crash of Germanwings airplane (24/3/2015) and the denial of the pilots to proceed to their working positions one day after the incident, are just a few.

Crisis can happen anywhere, in every type of business, in any country at any given time, shaking all humanity [20], [21], [22], [23] & [24]. It is miraculous to consider, that the employees of Charlie Hebdo found the courage and had the mental state to return to their newspaper' offices, exactly the next day of the incident. Human Resources is not just resources of a material state, they take actions, decisions, plan strategies and think on behalf of human beings. The Department of the HR is empowered with an integrated strategic role in the fields of crisis management. A strong strategic partnership emerges, where the activities of the HR Department line up with crisis management actions with the general actions and strategy of the organization's for the purpose of achieving the organizational's goals [25], [26]. Operational sustainability as well as business continuity cannot be achieved by any means without devoted, secure and protected employees.

As Wang, Hutchins and Garavan (2009) stated "However, absent from extent literature is consideration about the strategic role that Human Resource Department may assume in helping organizations plan, handle and recover from crises" [27] sharing the same point of view with other researchers [28],[29] & [30]. According to Premeaux and Breau (2007) "In crisis management planning, a common mistake is only thinking about the company's human capital only after plans are made for the organizations systems, operations and infrastructure. Organizations must give more consideration to the effects of critical events on their employees"[31]. Additionally, Lockwood (2005) strongly suggests that a business cannot recover without its employees [32]. The Human Resource Department has a significant role in managing, planning and confronting a crisis, given the fact that it cannot be avoided. Moreover, Human Resource Department is maybe the first department that can identify the first signals of an arising crisis. Enhancing the inner communication between the employees or encouraging them to openly express their sayings are both considered to be very essential tasks. In several cases, crises could have been avoided, if any form of efficient communication relationship had been formerly established between the employees or if the employees had been urged to inform the HR' department for serious issues. Characteristic example are the psychological problems, Germanwings' pilot was suffering from. Training the employees to be always prepared for unexpected, unfortunate situations not only may save companies a pile of money at the

end of the day, but it can save hundreds of human lives as well, as the 2.500 employees of Morgan Stanley working in Tower 2 the day of 9-11 have proved, due to constant training and practice [33]. These people managed to save their lives, on their own, under severe conditions just and only because they knew how to evacuate a multistory office building in the least possible time, a technique familiar to them, due to past crisis incidents. The 1993 World Trade Center evacuation was too slow unfortunately.

B. The activities of HR in the three stages of crisis

The HR Department is probably the most appropriate sector of a business to motivate and encourage personnel in all three stages of a crisis' precrisis, during crisis and postcrisis. A sufficient and effective level of communication plays a protagonistic and significant role at every stage of crisis.

- **The Pre-Crisis Stage:**

As it was mentioned above, in the precrisis stage, the employee preparation and training is crucial. The preparation process has to include identification crisis tactics. Detecting a failure or an issue that may or may not ignite a crisis is very important. Reporting it to the competent people is second to none. Research has shown that employees have to feel safe in order to proceed in reporting an unusual incident, otherwise they will either ignore it or cloak it [34]. No one can estimate, how many crises could have been avoided if there was a higher level of trust and integration between the employees and from the employees towards the Human Resource Department, or even if the employees had an active role within their working position framework. Some of these crises, which were not avoided, or their expansion was not restricted on time, have not only led to astronomical financial losses but they have caused irreparable damages to physical resources. An illustrative example is the Exxon Valdez oil spill which was estimated to exceed the \$8 billion mark in costs and was responsible for the creation of an enormous environmental damage. The ulterior igniter of this crisis was the drinking problem of Captain Hazelwood. The negative effects of his addiction, emerged almost five years before the incident, but no one reported it [35].

Mitroff (2005) is a strong supporter that every individual has to be prepared emotionally, physically, intellectually and spiritually, otherwise valuable time and energy will be lost [36], [37]. The employees must be informed before a crisis takes place what channels of communication they are going to use in order to contact not only with HR Department but with the company as well. The existence of an alternative plan B is of high importance. Everybody must be informed about it, in case that something fails in the existing methods communication in order to avoid losing precious time, for example failure of telephone lines.

- **The Crisis Stage:**

By natural instinct, when a crisis occurs, human beings are likely to abandon their working places and run home to protect

their families. "The Human Resource Department can help identify key personnel essential to the recovery effort, potential places to work in the event of a crisis and communication options. However, depending on the type of the organization, certain key functions may need to be staffed" [38]. During crisis there must be a 24-7 communication. The employees have the need to be informed from the company about the extent of the crisis, how crisis itself and the impact of crisis can affect them or even harm them. It is not only unethical but also very disruptive and can even create feelings of betrayal, if the employees stay informed or even learn all the latest news from third parties outside the organization, like media and newspapers.

Motivation and empowerment are equally important in the priority scale for the Human Resource Department. These two elements will contribute to the full recovery of the employees and restore their confidence, bringing them back to normal pace. As Mankin and Perry (2004) mention "fear has a lasting impact, it takes your attention and refuses to give it back" [39]. Fear is hidden in everyone, although it makes its appearance in different levels in every individual. At this point the Human Resource Department is called to seek for support throughout external independent professional counselors, having as a main objective the minimization of all negative psychological consequences the employees may have. Simultaneously, these actions must be targeted in reviving the employees' morale state and in reinforcing the integrated relation between them and the company itself.

- **The Post-Crisis Stage:**

Last but not least, regarding the after crisis or postcrisis stage, the Human Resource Department is solely responsible in motivating the employees. Specialists from the HR department have to focus in monitoring the employees' performance and behavior, in order to allocate any potential issues of post – traumatic stress or any other psychological effect. Likewise the previous two stages of crisis, communication is very important at the postcrisis stage. Employees are motivated and encouraged to talk and not suppress their feelings and their point of view, if they know that someone exists from the company- and that someone cannot be other than HR- that looks out for them and helps then cope with all the negative feelings that follow a crisis. This helps then feel more dedicated, work harder and return to some kind of normalcy much sooner.

The immediate intervention aiming in dealing with such issues, will enhance the employees in returning to their working position, as soon as possible with the minimum loss for the company. As Brockner and James (2008) pointed out, crises are more apt to be seen as sources of opportunity, rather than threats [40]. In particular, the Human Resource Department is the one that has to take advantage of this opportunity for learning, renewing and redesigning a new framework of actions, functioning as an integrated system, resistant enough to new potential catastrophic threats.

Naturally, the role of the Human Resource Department is not restricted to all of the above. On the contrary, the HR has numerous tasks and responsibilities. The present article illustrates a selection of them, underlying their importance as well as emphasizing in their deeper meaning, in terms of crisis management, within an organization. HR has a leading role, not only as an integral part of the Crisis Management Team but as the connecting link between Top Management and employees. HR should take actions, implement and impose strategies in all three crisis stages. It is obvious that further extensive attention must be paid to precrisis stage not only to prepare the employees for the potential crisis but also if it is possible to prevent it from happening. The best crisis managed is the one that was prevented proactively before it even took place. A thorough analysis is required in examining other aspects as well.

III. CONCLUSIONS

Undoubtedly, the relationship between the Human Resource Department and crisis management has not yet received the attention and thoroughness it deserves by HRD scholars, non championed by HRD practitioners as the experts on the subject claim [41],[42],[43]. As time changes rapidly, so does the role, the responsibilities and the activities of every department in every organization. A new challenging agenda is emerged for the HR in terms of crisis management and it is the perfect time to become capable and gifted leaders among employees. At the present article, there has been an effort in outlining the significance and the magnitude of the fundamental role of the Human Resource Department as a strategic pawn in the business management chessboard. It is crystal clear that the urgent need in preparing, motivating and inspiring employees, when a crisis occurs, is a dominant responsibility of the HR department, which in turns, is liable against the company in saving the two most valuable material assets, time and money.

As it was mentioned beforehand this paper aims to examine and analyze the exact status of HR role in Greek reality, in particular the level of intimacy of Greek organizations with crisis management practices as well as the level of the impact and the integration of the HR Department as the intermediate link between the employees and the Top Management. For the purpose of illustrating and proving the strategic role of the Human Resource Department within a crisis, an extensive and thorough empirical research is already being organized so as to collect both qualitative and quantitative data, by which the applicability and effectiveness of the given recommendations, will be put to the test bench. The survey will be implemented in the "Food- Agricultural Products" branch of the Greek industry, since the specific section of the industry has been perceived by experts in crisis management, to be of a high risk exposure and vulnerability in public crisis [44].

IV. COPYRIGHT FORMS

The authors transfer to Global Research & Development Services during the full term of copyright, the exclusive rights comprised in the copyright of this current article. The authors have signed the relevant Copyright Transfer Form.

REFERENCES

- Fink, S. (1986). *Crisis Management: Planning for the inevitable*. New York: AMACOM.
- Mitroff, I.I. and Anagnos, G. (2001). *Managing crises before they happen: What every executive and manager needs to know about crisis management*. New York: AMACOM.
- Pearson, C.M. and Mitroff, I.I. (1993). From crisis prone to crisis prepared: A framework for crisis management. *Academy of Management Executive*, 7 (1): 48-59.
- Coombs, W.T. (2007). *Ongoing crisis communication: Planning, managing and responding*. 2nd Edition. Thousands Oaks, CA: Sage.
- Heath, R. (1998). *Crisis Management for Managers and Executives: Business Crises - the Definitive Handbook to Reduction, Readiness, Responses and Recovery*. United Kingdom: Pearson Education Ltd.
- Pauchant, T.C. and Mitroff, I.I. (1992). *Transforming the crisis-prone organization*. San Francisco: Jossey- Bass.
- Mitroff, I.I. (2004). *Crisis Leadership. Planning for the Unthinkable*. New Jersey: Willey & Sons, Inc.
- [1] McCracken, M. and Wallace, M. (2000). Exploring strategic maturing in HRD and hyphen; rhetoric, aspiration or reality. *Journal of European Training*, 21: 425-46.
- [2] Wooten, L.P. and James, E.H. (2008). *Linking Crisis Management and Leadership Competencies: The Role of Human Resource Development*. *Advances in Developing Human Resources*, 10 (3): 352-79.
- [3] Ruona, W.E.A., Lynham, S.A. and Chermack, T.J. (2003). 'Insights on emerging trends and the future of human resource development'. *Advances in Developing Human Resources*, 5 (3): 272-82.
- [4] , [32], [38] Lockwood, N.R. (2005). *Crisis Management in Today's Business Environment: HR's Strategic Role*. 2005 SHRM Research Quarterly (accessed on 19 June 2014). <http://www.shrm.org/research/articles/articles/documents/1205rquartpdf.pdf>
- [5] Coombs, W.T. (2006). *Code Red in the Boardroom*. Westport, Connecticut: Praeger Publishers.
- [6] Parrett, W. (2007). *The Sentinel CEO. Perspectives on Security, Risk, and Leadership in a Post – 9/11 World*. New Jersey: John Wiley & Sons, Inc.

- [7] ,[19], [44] Barton, L. (1993). *Crisis in organizations: Managing and communicating in the heat of chaos*. Cincinnati, Ohio: South Western Publishing Co.
- [8] ,[39] Mankin, L.D. and Perry, R.W. (2004). *Commentary: Terrorism Challenges for Human Resource Management*. *Review of Public Personnel Administration*, 24(1): 3-17.
- [9] ,[27], [33], [41] Wang, J., Hutchins H.M. and Garavan, T.N. (2009). *Exploring the Strategic Role of Human Resource Development in Organizational Crisis Management*. *Human Resource Development Review*, 8 (1):22-53.
- [10],[28], [43] Hutchins, H. M., Annulis, H. and Gaudet, C. (2008). *Crisis planning: Survey results from Hurricane Katrina and implications for performance improvement professionals*. *Performance Improvement Quarterly*, 20 (3-4): 27-51.
- [11][29],[42] Hutchins, H.M. and Wang, J. (2008). *Organizational Crisis Management and Human Resource Development: A Review of the Literature and Implications to HRD Research and Practice*. *Advances in Developing Human Resources*, 10 (3):310-30.
- [20] Albrecht, S. (1996). *Crisis Management for Corporate Self-Defense. How to Protect Your Organization in a Crisis... How to Stop a Crisis Before it Starts*. New York: AMACOM.
- [21] Payne, D. (1989). *Copying with failure: The therapeutic uses of rhetoric*. Columbia: University of South Carolina Press.
- [22] Pearson, C.M. and Clair, J.A. (1998). *Reframing crisis management*. *Academy of Management Review*, 23 (1): 59-76.
- [23] Kooor-Misra, S. (1996). *Moving Toward Crisis Preparedness: Factors That Motivate Organizations*. *Technological Forecasting and Social Change*, 53: 169-83.
- [24] James, E.H. and Wooten, L.P. (2005). *Leadership as (un)usual: How to display competence in times of crisis*. *Organizational Dynamics*, 34 (2): 141-52.
- [25] Wooten, L.P. (2005). *Framing crisis management: A multiple lens perspective*. Darden executive briefing series on crisis management. Charlottesville, VA: Darden Press, Batten Institute.
- [26] Garavan, T. N. (1991). *Strategic human resource development*. *Journal of European Industrial Training*, 15 (1): 17-31.
- [30] Liou, D. and Lin, C. (2008). *Human resource planning on terrorism and crises in the Asia Pacific region: Cross-national challenge, reconsideration and proposition from western experiences*. *Human resource Management*, 47: 49-72.
- [31] Premeaux, S.F. and Breaux, D. (2007). *Crisis Management of Human Resources: Lessons from Hurricanes Katrina and Rita*. *Human Resource Planning*, 30(3):39-47.
- [34] Weick, K. and Sutcliffe, K.M. (2007). *Managing the Unexpected: Resilient Performance in Age of Uncertainty*. 2nd edition. San Francisco: Jossey-Bass, pp.50-51.
- [35] Seeger, M.W, Sellnow, T.L. and Ulmer, R.R. (2003). *Communication and Organizational Crisis*. Westport, Connecticut: Praeger Publishers, pp. 113-121.
- [36] Mitroff, I.I. (2005). *Why Some Companies Emerge Stronger and Better from a Crisis. Seven Essential Lessons for Surviving Disaster*. New York: AMACOM, pp. 27-50.
- [37] Kooor-Misra, S., Zammuto, R.F. and Mitroff, I.I. (2000). *Crisis Preparation in Organizations: Prescription versus Reality*. *Technological Forecasting and Social Change*, 63: 43-62.
- [40] Brockner, J.B. and James, E.H. (2008). *Toward an understanding of when executives see opportunity in crisis*. *Journal of Applied Behavioral Science*, 44 (7): 94-115.