

CRISIS MANAGEMENT AND DISASTER PREPAREDNESS: AN EMPIRICAL STUDY

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ABSTRACT

This research examines empirically the current state of readiness of U.S. employers and employees to cope with a serious crisis or disaster. 2,283 employees were surveyed in for-profit, public (government), and non-profit organizations using a 45-item instrument. Response rate is approaching 20%. Publicity and heightened awareness of our preparedness is instrumental in developing appropriate emergency plans and policies for both private and public employers and for public policy decision makers.

CRISIS MANAGEMENT

While crisis management and disaster prevention/preparedness have long been topics of interest in the strategy, planning, decision-making, and public administration literatures, nothing really prepared America's organizations for the terrorist attacks that occurred on September 11, 2001. Amazingly, over two years after 9/11, corporate security chiefs say that nearly half of their companies are not prepared in basic security areas [10]. Crisis management experts believe corporate executives are much more aware of their vulnerabilities now, but organizations are still not making concerted efforts to implement well-planned comprehensive emergency preparedness procedures. There are indications in the literature that executives are not making crisis planning and preparedness a top priority. There is evidence that spending has escalated tremendously on short-term security measures, such as added security guards, uniforms, badges, and so on, but spending on longer-term comprehensive crisis planning and preparedness strategies is still minimal. One week after 9/11, at the *Disaster Recovery Journal's* Fall World Conference in Orlando, it was found that 75% of the companies represented already had crisis management plans in place (self selection due to nature of the conference). *However*, 97% of those firms reported their crisis management plans needed to be changed.

As noted by leading professors in Emergency Administration and Planning at the University of North Texas, many of the previously published articles have debated the theoretical differences and varying applicabilities of existing disaster-related paradigms, such as the disaster-resistant community, disaster-resilient community, and sustainable development/sustainable hazards mitigation concepts [3]. Academic journals have published articles attempting to integrate crisis management research [4], guide comprehensive government decision making in crisis management [6], and help plan for coping with crises in our schools [5] [2]. Many of these articles, however, fail to guide scholarly and practitioner efforts in ways that can effectively reduce organizational disasters and help organizations that do experience a crisis survive.

Prior to 9/11, many organizational decision makers seemed either one, ignorant about the need for their involvement in crisis management and disaster preparedness, and/or two, reluctant and unwilling to

allocate resources appropriately to develop effective crises management and disaster preparedness plans for their employees.

The success stories generated on 9/11 garner their own support for the value of being prepared. The 1993 bombing of the World Trade Center spurred the Board of Trade and some other firms in and around the Twin Towers to better protect their employees and data. For example, for Morgan Stanley Dean Witter, the World Trade Center's largest tenant, with 3700 employees, sticking with the evacuation plan was critical to saving lives. Even though someone on the south tower's public address system informed workers it was safe to return to their offices, Morgan's security officer kept employees moving down dozens of flights of stairs. All but six employees escaped. Everyone knew about the contingency plan. Oft-repeated drills saved others as well. Employees of the Japanese firm Mizuho had emergency kits with burn cream, smoke hoods, and glow sticks strapped to the backs of their chairs. While it may not be practical to provide all U.S. employees with chemical gas masks, it is economical to supply standard painter's masks to protect from soot and smoke [8].

Because the possibility of a crisis striking an organization is greater than ever before, this topic has been catapulted into national attention. The *Wall Street Journal* published an entire section entitled "How Vulnerable Are You?" on Monday, September 29, 2003 dealing with the issue of workplace security [10]. An interview with Lee Korins, Monfort College of Business Executive Professor, was recently published in the *Academy of Management Executive*, [1]. Mr. Korins recounted his personal experience escaping from the North Tower of the World Trade Center immediately following the terrorist attack.

Potential legal and other complications could face managers who remain unprepared for managing crises or disasters. Managers could be held liable for failing to do so, analogous to other expected accountabilities of the past, such as unsafe working conditions. This suggests a new area of focus that needs to be considered by managers, educators, and public officials. Other areas within organizations have been impacted as well. For example, there are volumes of research on the advantages and disadvantages of centralization versus decentralization in decision-making, organizational structures, physical locations, technologies, and processes. The tragedy that occurred on 9/11 has caused some analysts to reexamine the issues of centralization and decentralization of organizational structures and processes as they relate to crisis prevention and preparedness [8]. Trophy buildings, high profile locations, single locations, advertising of brand names on vans and buses, employee uniforms, employee criminal records, air travel, management succession, among a number of other issues, have all come under new and heightened scrutiny [8]. Private jet air travel is booming under the assumption that private airports may be safer.

The useful(less)ness of forecasting has also come under siege since 9/11. "The company's numbers-crunching, data-loving managers have found...forecasts and historical antecedents...useless" [9]. Softer, heuristic forecasting techniques have been thrust back into the limelight. Reexamining team decisions has also come into question. "In a crisis, too many decision makers may frustrate carefully laid plans," [7].

METHODOLOGY

Thirty-two items examining these aspects of organizational readiness appear on the survey instrument. In addition, respondents are asked to rank the likelihood of various crises that could occur at their organization. Five categories of organizational crises appear on the questionnaire. Eight demographic variables are included.

The research survey instrument was mailed to 2,283 University of Northern Colorado, Monfort College of Business Alums, with a cover letter explaining the research, asking them to respond. The response rate at the time of this *Proceedings* deadline is approaching 20%. One important aspect of this research is to examine our state of readiness from the *employee's* perspective. Unless nearly all employees in an organization are familiar with what to do in case of a crisis or disaster, our organizations remain unprepared. Surveying only top level officers of organizations could result in biased results, since the officers may say they have crisis plans in place, when in fact the majority of their employees know nothing about them. For this reason, the Alumni data base should provide a cross section of organizational members at various levels, types, sizes, and locations of organizations. These aspects will be captured in the demographic items on the questionnaire.

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