

## Risk

“If you don’t invest in risk management, it doesn’t matter what business you are in, it is a risky business.” — Gary Cohn

### Human Resources: A key Role to play in Crisis Management & Organisational Sustainability Preparedness

A CRISIS can be defined as an event/situation that results in a: (1) total or partial disruption of key business and operational processes due to harm to people/ relationships or damage to property, equipment or the environment (2) and/or influence stakeholders’ perception negatively.

Which, as a consequence of the direct impact and of the stakeholders’ negative responses, may dramatically impact an organisation’s profitability, reputation and hence long-term operational sustainability potential.

Crises can occur at any time and hence the challenge of identifying, preventing, and managing crisis events has become a critical concern for many organisations.

The HR function has a key role to play not only in protecting the welfare and safety of affected employees but also in supporting organizational sustainability. Why? The simple and obvious reason is that there is always a human side to a crisis as people are likely to get hurt physically and/or psychologically. Unfortunately, one of the critical errors in crisis management planning is the strong tendency to focus the attention and efforts on reinforcing systems, operations, infrastructure and public relations, with people issues coming in last on the list of concerns and as a result often ending up neglected. Organizations should not wait for something terrible to happen to find out just how unprepared they and their employees are. This neglect is a serious problem as organizations really need to pay greater attention to the impact of critical events on their employees, their families and the community as a whole as effective crisis management, business survival and recovery cannot happen without well-prepared, safe and motivated employees.

For organisations with inadequate HR crisis plan in place, the effects of any crisis will be catastrophic and may include:

#### 1. Impacts on the People

- Get physically injured, have permanent disabilities and/or die
- Be psychologically traumatized, change of personality & values

#### 2. Impact on the Organization

- Loss of key staff and intellectual knowledge
- Absenteeism & high turnover
- Underperforming staff due to trauma, low morale & demotivation
- Increasing health benefits costs
- HR-related legal concerns and costly litigations

- Negative publicity for the organization and badly damaged reputation

### Looking at the Human Side of Crisis Management Is Essential For Business Sustainability

Today’s business environment requires a robust, enterprise-wide plan to deal with risks and crises. Company reputation and brand, as well as the trust and loyalty of stakeholders, are all critical assets at stake during a crisis. It should be obvious to everybody that a Crisis and its Management has a lot to DO with PEOPLE:

**First, people are a source/factor of risk**, e.g., people making wrong decisions, people doing sloppy work, being complacent, etc.

**Second, people are victims of risk**, e.g. injuries, deaths, psychological impact, etc.

**Third people are essential in managing risk**, e.g., people using their knowledge, skills, experience and ingenuity to resolve expected and unexpected risk issues.

Hence based on the abovementioned reasons, the Human Resources function should be play a strategic and proactive role in Risk, Crisis & Business Continuity Management because they are the primary caretaker of an organization’s human capital welfare and motivation. HR is in the best position to ensure that an organization’s human capital can be prepared, preserved and can continue to create value under any adverse circumstances.

#### Defining HR’s Role in Crisis Management

In today’s Information & Knowledge Economy, Organizations increasingly rely more on Human Capital (knowledge workers) to build competitive advantages and generate their profits, rather than just on equipment, technology and systems. Hence no matter their size, durability and successes, organizations are very VULNERABLE when something go wrong with their people. At the same time, people are the solution too!

HR leaders have a strategic role and responsibility to ensure their organizations are aware of internal vulnerabilities on the human side to different types of crises and to ensure their crisis management plan covers all potential risks and concerns.

To be included as a strategic partner in crisis management, with other functions such as risk management and business continuity management, HR professionals have to understand and speak the “lingo” of crisis management.

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HR has the opportunity to ascertain that the human capital is taken care of in all crisis management and business continuity plans. HR can offer real value protection or enhancement through deliverables such as crisis communication plans, crisis resource planning, safety and security training, talent management and succession planning to help reassure and prepare employees.

In partnership with other organizational leaders, HR can develop an infrastructure for crisis management by motivating the company’s human capital to support what need to be done. The support and commitment that an organization will need from its employees during and after a crisis can be facilitated by HR professionals who can understand both the business and employees’ perspectives.

### Preparing an Organization & its Human Capital For Crisis

HR professionals can influence the organizational culture and capabilities to provide effective preparation and capacity building before the crisis and effective management and leadership during and after a crisis. Effective crisis response requires an understanding of what people need from management, and how to provide it. Some recommended strategic and practical steps regarding crisis management planning are as follows:

- To establish a diagnostic of the human side vulnerability of your organization to crisis to ensure adequate attention to human needs in the wake of a disaster
- To identify and prepare specifically for crisis scenarios affecting employees To Develop HR policies and procedures specifically related to crisis management to avoid panic ad hoc actions and to ensure effective delivery of crisis-related human services
- To Provide training to address specifically the human side of what happens during a crisis

- To provide employees with an opportunity to understand and learn to cope with the effect of stress and traumatic events by conducting crisis simulation exercises
- To train and program employees to know what to do during a crisis
- To establish an online resource with information about crisis management, employee benefits and other employee-related policies and programs linked to crisis.
- To provide employees with 24-hour easily accessible information and communication means

Additionally, a number of other activities may be necessary such as to protect and backup HR records, to identify and reserve emergency office space and to provide sufficient manpower for business recovery and so on.

- In summary, HR should take responsibility to :
- ensure their organizations are aware of the impact of internal strengths & vulnerabilities on the human side to different types of crises and
- to ensure the crisis management plan covers all potential HR risks, concerns and needs.

To be most effective, HR leaders should work collaboratively with other key organizational functions involved in crisis management such as risk management and business continuity management, build the business case and obtain top management commitment to support the development of enterprise-wide crisis readiness plans that fully integrate the human side of crisis.

**Source:** RIMAN, Wikipedia, Marcos Ronez

### RIMAN Upcoming Programmes

Best Practice Methodology & Framework In Audit of Risk Models & Financial Results. 24<sup>th</sup> June, 2021