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Action or Reaction? Handling Businesses in Crisis After September 11

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Has it been business as usual since 9/11? Or have workers reached out to one another in new ways? How have business and personnel policies changed, if at all, in response to these world events? The results of a survey of almost 6,000 online participants show that not only have firms been underprepared for widespread crisis events of this magnitude, but their HRM policies have been far too limited to handle the issues attendant to such a crisis.

American business was certainly caught with its collective pants down by the events of September 11, 2001. This, in and of itself, is not surprising. What is surprising is that so often firms become so complacent and off their guard that few proactive strategies are put in place to cope with extraordinary events. Twenty years ago, Johnson & Johnson was rocked to its core by a Tylenol scare when a killer injected cyanide into the capsules sold by the company on the open market. Procter & Gamble had to take immediate action when its Rely tampons came under medical scrutiny. The Exxon Valdez oil spill off the lower coast of Alaska brought that corporation a public relations crisis of unheralded proportions. Union Carbide never fully recovered from the devastating events that caused poisonous gases to be released from its plant in Bhopal, India, killing several hundred people.

But the events of September 11 caught everyone off guard. Instead of hitting a single business or industry, their reach was global, with the promise of more to come. Businesses that were directly affected by the terrorist attacks, such as Aon, Sandler O'Neill, American Express, Marriott, and Cantor Fitzgerald, now know well the importance of disaster planning. When the CEO of Cantor Fitzgerald appeared on the news, tearful and visibly upset at losing more than 600 employees at the World Trade Center, it was clear what level of devastation that firm would endure.

The aftershocks of 9/11 were felt from the streets of New York City to the boardrooms of corporate America and beyond. Prior to those events, most American corporations had been lulled into a false sense of security. The sudden realization that (1) these events were real and (2) they were happening on American shores was shocking and surprising. Microsoft was the first to announce plans to increase security at its headquarters and in its satellite locations. Pfizer's headquarters in Manhattan, located in close proximity to the UN Building, added physical concrete security barriers to the front entrance of its building. The Nuclear Regulatory Commission sent out alerts to managers of power plants to boost security.
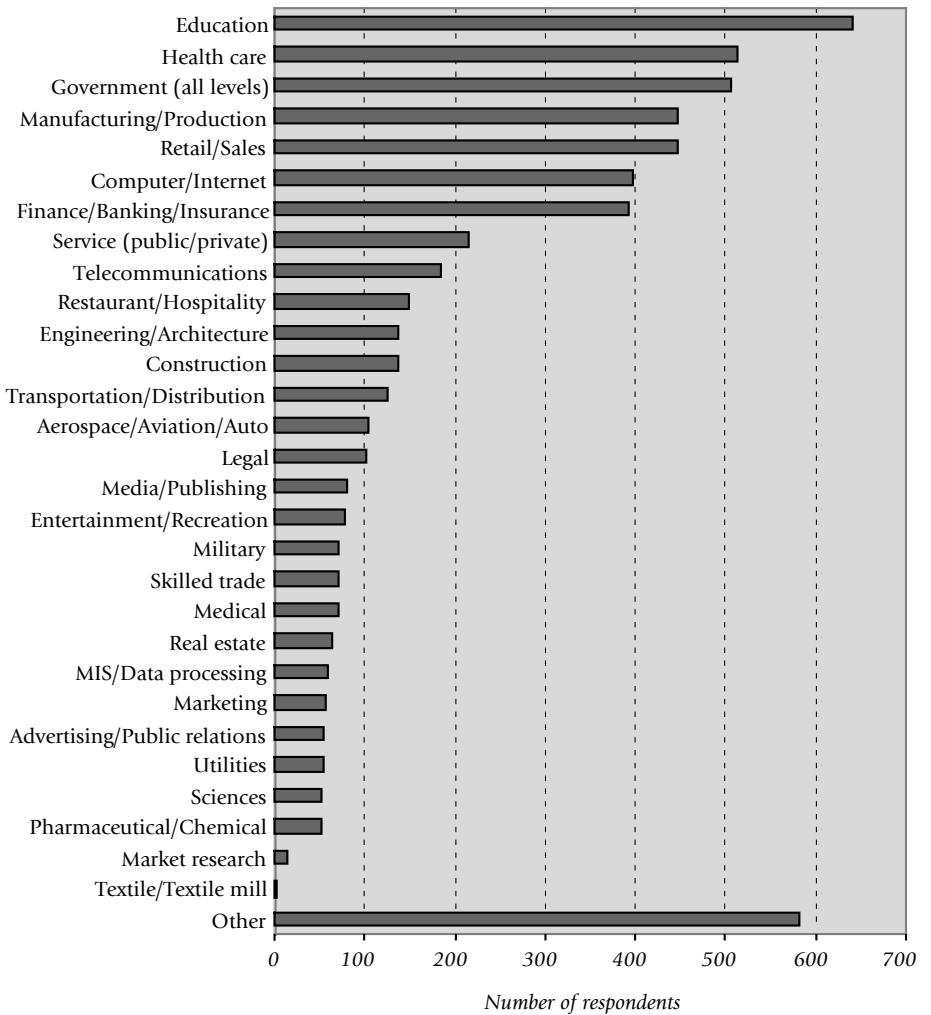
Today, any complex organization is susceptible to major crisis events like those we have seen in the news over the past year. Every event can escalate exponentially, damaging corporate reputations and overturning market dominance. Crisis management can uniquely test a company's mettle. And the true test of worthiness is the ability to rebound from crisis. To Johnson & Johnson's credit, its subsequent handling of the Tylenol scare by securing medications in airtight, sealed containers was widely heralded. Firms can recapture potential damage to reputation by quick, decisive actions taken under crisis conditions. Failure to respond leaves a firm vulnerable to public scrutiny and employee outcry.

But what can—and should— average firms do to prepare for the inevitable crisis precipitated by the next terrorist attack? Corporations cannot function at peak capacity if they are responding to uncertainty. In the weeks that followed September 11, CEOs and their staff members held meetings to assess whether or not their security measures were adequate, their locations secure, and, if not, what needed to be done.

Figure 1
Industry representation

Number of respondents

The 9/11 survey

To better understand how companies have been handling post-9/11 security, business, and employee policy concerns, an online Internet survey of 5,860 employees was conducted three months after the attacks. The survey captured the reactions of employees in a wide range of industries: advertising, aerospace, education, engineering, entertainment, finance, government, health care, Internet, legal, manufacturing, medical, public relations, publishing, retail, services, telecommunications, transportation, and utilities, among others (see **Figure 1**). A broad spectrum of employees were surveyed, approximately 60 percent female and 40 percent male, mostly Caucasian but representative of all different races, ages, and income and educational levels. The pool of respondents was slightly more college-educated and showed slightly disproportionate representation in the areas of education, health care, and government (see **Figure 2**). Information was also gleaned

from people who lived in close proximity to the World Trade Center or the Pentagon, as well as those who lived far from the major crash sites.

The purpose of this survey was to "take the temperature" of the workplace to discern whether or not managers and executives felt the need to alter their corporate, personnel and/or security policies in response to the crisis. On the business side of the question, issues such as the need to increase cybersecurity, more visible positioning of security guards, and the handling of the mailroom were addressed. In addition, the survey's intent was to monitor the personal reactions of employees to the crisis. Are they having difficulty concentrating on their work? Have they limited their airline travel, been more anxious about their personal safety, or delayed a major purchase? The survey asked questions to determine whether there were personal or behavior changes affecting workplace productivity and job satisfaction.

Figure 2
Demographic data of survey respondents

Gender

Male

Female

0   1,000   2,000   3,000   4,000

Education

High school

College

Postgraduate

0   1,000   2,000   3,000   4,000

Marital status

Married 54%

Single 23%

Not noted 1%

Living with a partner 11%

Separated, divorced, or widowed – 11%

Race

Asian - 3%

Other – 2%

Hispanic – 2%

Black – 4%

Not noted – 2%

Caucasian 86%

Native American – 1%
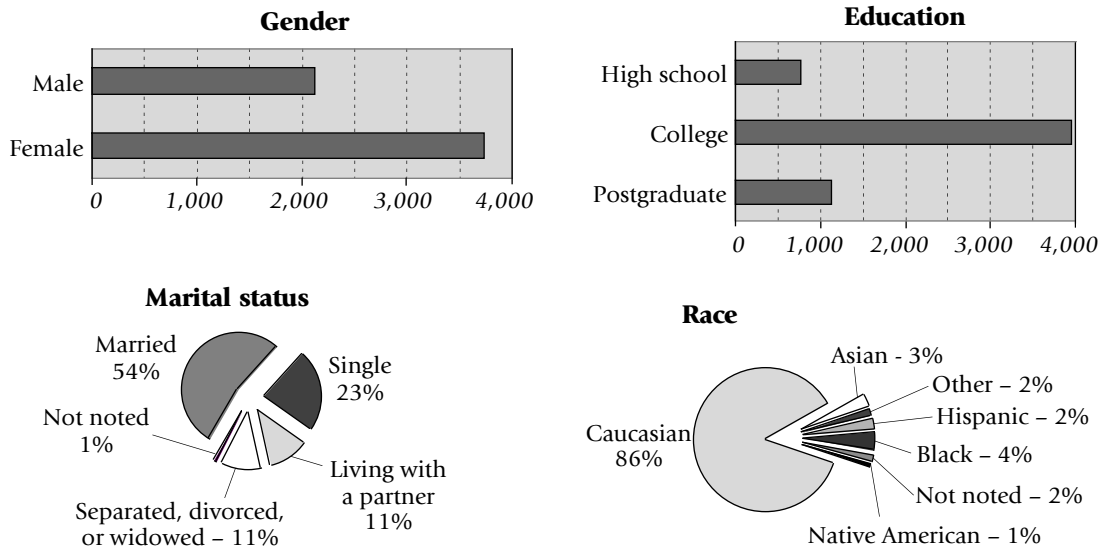
Because most firms are understandably cagey about announcing specific steps they are taking to change business policies and heighten security at their primary and satellite locations, the survey asked questions of employees to assess whether or not they perceived any visible changes to business and personnel policies since the attacks. The information reported here will be useful to managers as they continue to evaluate security concerns and determine how other firms have responded to the crisis.

Business policy changes since 9/11

The first question asked in the survey was, "Have your business policies changed since the events of September 11, 2001?" (**Figure 3**). Surprisingly, only 21.6 percent of the survey respondents replied that their firms had tightened up security considerably since 9/11. An additional 29.8 percent reported that their firms had become "more watchful in certain areas" and were developing practices to tighten up security. Whereas 20 percent indicated that their firms were in the process of developing comprehensive disaster plans, a full 48.6 percent said they could not discern any changes made since 9/11. These employees recognized that this did not mean changes have not taken place, but that "they are not visible or evident to me."

Of the specific changes that had taken place in business practices since 9/11, the survey asked which spe-

cific changes employees could discern (**Figure 4**). Twenty-nine percent reported that their firms had changed security entrance procedures, such as positioning security guards more visibly (19.4 percent). Another 24.4 percent reported that their firms were reviewing all security procedures, including cyberspace access. Only 10 percent, however, said their firms had taken steps to create emergency backup locations for critical MIS and business functions. Moderate changes (16.5 percent) included security modifications to the production or service line. A mere 1.5 percent of employees reported that their firms had purchased anthrax filtering equipment for the air conditioning systems in their building and/or their mailrooms.

What these results suggest is that firms are largely still shell-shocked, moving slowly to catch up with necessary changes to security brought about by recent global events. The problem is that many business firms may be made more vulnerable by their inaction because these threats

Figure 3
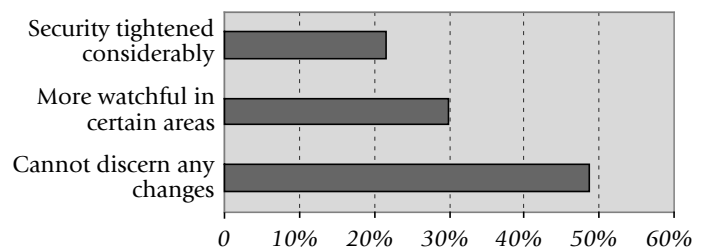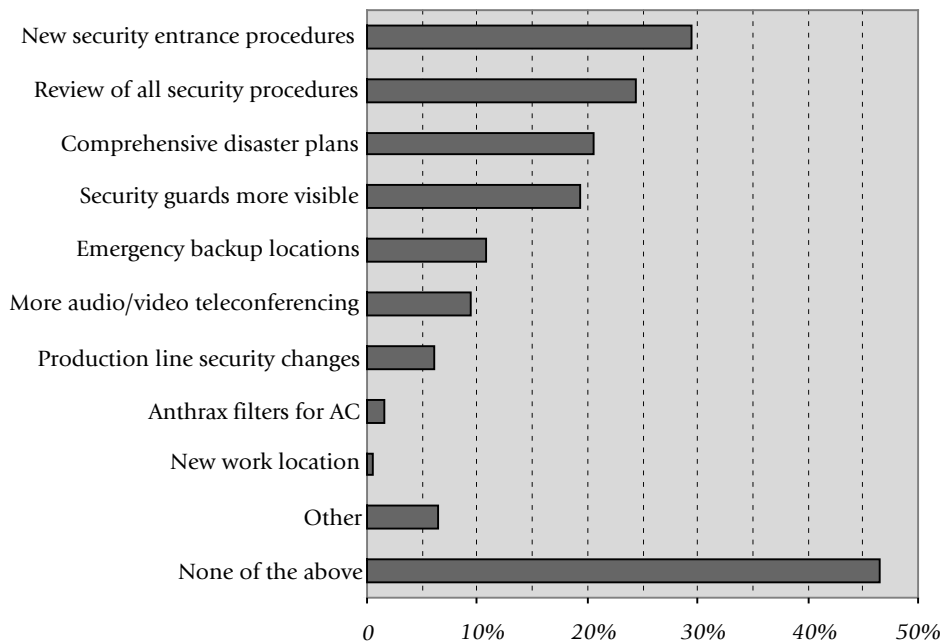**Have your business policies changed since the events of September 11?**

Security tightened considerably

More watchful in certain areas

Cannot discern any changes

0   10%   20%   30%   40%   50%   60%

Figure 4
What specific changes can you discern at your firm?

Category	Value
New security entrance procedures	~29%
Review of all security procedures	~24%
Comprehensive disaster plans	~20%
Security guards more visible	~19%
Emergency backup locations	~11%
More audio/video teleconferencing	~9%
Production line security changes	~6%
Anthrax filters for AC	~2%
New work location	~1%
Other	~6%
None of the above	~46%

(x-axis: 0 10% 20% 30% 40% 50%)

HR policy changes since 9/11

Quick, decisive action is what allows a firm to regain—and improve—its reputation once a crisis is resolved. There are no second chances when it comes to employee safety. Companies that do not take some kind of action may face enormous public outcry and reputational damage.

An important psychic cost is in the minds and hearts of the employees who are the soul of the business. If so little attention has been accorded business policy changes, how have firms moved to protect, assure, and assign the security of their most treasured resources? Are they taking steps to provide additional employee counseling? Is travel required at the same level as before 9/11? Did management take the time to hear the concerns of its employees in light of the terrorist attacks? Or was much of their concern swept under the corporate rug?

Participants in our survey seemed disappointed with the minimal reactions their firms had in response to 9/11 (**Figure 5**). Only 11.9 percent of the respondents reported, "My firm has established procedures for dealing with employees'

are still real. We can assume that because this survey was taken only three months after the 9/11 disaster, most managers were still in the "thinking" stage, assessing what changes, if any, were necessary to secure their locations and their employees' safety.

There is a lot to think about. One employee commented,

> I have been approached by the administration of the company I work for and told that some of our work would be sent out via digital dictation systems to a company in India.…My concern is that this company will have access to all of our records. They are looking into ways for this outside company to do the required work without access to our files.
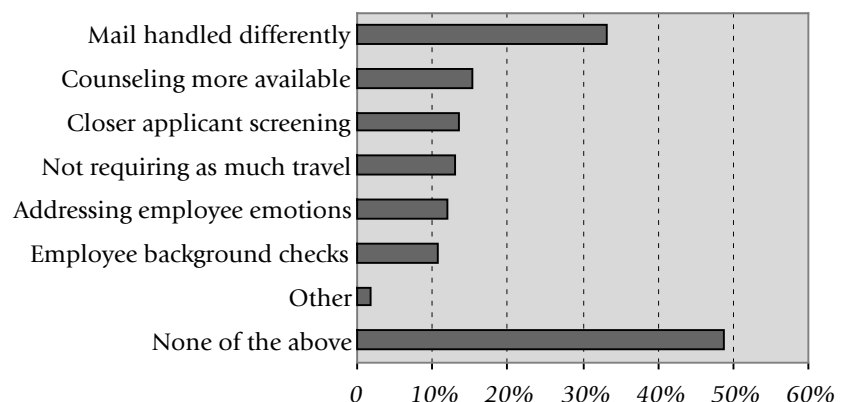
Another participant added:

> With all the terrorist activities going on, office managers need to move quickly to consider other options to conduct business, such as telecommuting, teleconferencing, satellite offices, etc. Advanced computer technology would allow both businesses and their customers to interact more effectively, with less disruption.

Figure 5
Have the personnel policies at your firm changed since September 11?

Category	Value
Mail handled differently	~33%
Counseling more available	~15%
Closer applicant screening	~13%
Not requiring as much travel	~13%
Addressing employee emotions	~12%
Employee background checks	~11%
Other	~2%
None of the above	~49%

(x-axis: 0 10% 20% 30% 40% 50% 60%)

emotional needs, such as discussion groups, for people to talk about world events and how things may affect them." However, a slightly higher percentage (15.4 percent) said the firms for which they worked had made counseling more available to employees in response to world events. This suggests that most executives expected business to return to normal and go on as usual with a minimum of disruption. A full 48.7 percent of respondents reported that there had been no changes to personnel policies at all since the attacks.

Improving security is costly, but holding a focus group to initiate employee discussions is a minimalist action that costs little but demonstrates huge compassion. This simple technique of managing human resources seems to be vastly overlooked. Calling employees together to brainstorm about possible security vulnerabilities might also have shown concern for their views while unearthing potentially valuable informational input. "I was truly surprised at how little concern was given to the events of September 11 by my office," noted one respondent. "They made the employees feel unvalued and disposable, putting the needs of the firm and business above all else. I've had to rethink my place at this firm as a result."

One would assume, if employee concerns have not been adequately addressed, that at least businesses have tightened up their security procedures in hiring and recruiting personnel. As was widely reported, many of the terrorists managed to obtain false automobile and pilot licenses, and some airline screeners had criminal backgrounds that were unchecked prior to their employment. Thus, one would expect corporations to be more cautious in the handling and screening of new applicants. The survey sounds a note of alarm that this does not seem to be the case. Only 13.5 percent of respondents indicated that their firm was screening applicants more closely. A mere 10.6 percent reported that their firm was doing background checks on all employees. This may reflect corporate inertia, since businesses do have the tools to perform background and reference checks.

One question the survey pursued was whether or not the business and policy changes that had taken place, if any, were long-term or short-lived. In response to the question "What is your perception of the significance and longevity of the business and personnel policy changes you have seen in your firm since September 11, 2001?" (**Figure 6**), only 24.2 percent reported that the recent changes were significant and will be permanent. About 20 percent said these recent changes will "fade over time and business practices will return to normal." However, 31 percent reported that the "recent changes are meaningful and sincerely protect the business or employees." A cynical 9.7

Figure 6
How do you perceive the significance and longevity of the business and personnel policy changes?
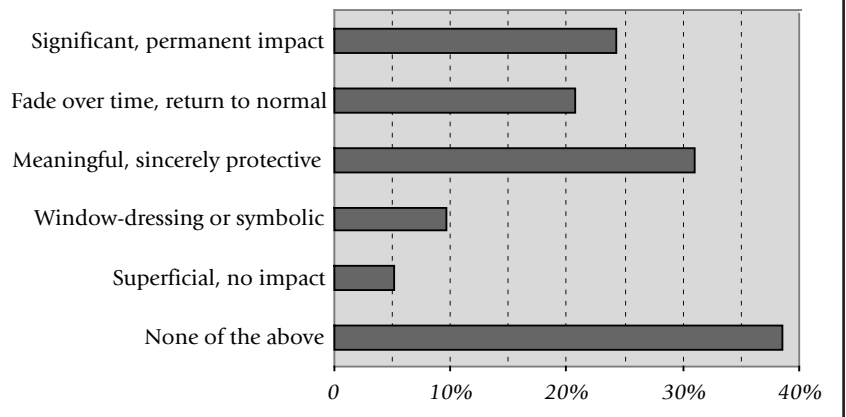
percent of respondents felt that the recent changes are just window-dressing or symbolic gestures with little impact or meaning. Said one respondent, "My company, like most others, puts up a smokescreen to make it look concerned, but most companies are not going to change anything. [They] are only concerned with the bottom line and have no feeling for safety or for the employees."

Our survey determined two areas in which some businesses have made changes to their policies: airline travel and mail. Mail is being handled differently in a number of corporate venues. Although very few firms actually purchased anthrax filtering equipment, one-third of the sample reported that their firms were being more cautious with mail than before. Such caution included the use of rubber gloves in handling the mail as well as rerouting it across corporate offices. One employee reported that during the heart of the anthrax crisis he noticed a discernible difference in the way mail was being handled. It was now being dropped off in a bundle rather than directed to individual personnel, creating a "free-for-all" as employees scrambled for their own mail in his satellite office.

Finally, in the area of airline travel, did firms restrict unnecessary travel for their employees subsequent to the events of 9/11? Or was it—is it—business as usual? Although some respondents reported an early halt to airline travel shortly after the attacks, it soon resumed at a relatively normal pace. Three months after the attacks, only 12.9 percent of respondents reported that "My firm is respecting the concerns of workers by not requiring the same degree of travel as before." Seventeen percent reported that they had personally limited airline travel; however, most respondents had resumed travel duties as needed by the firm. Only 9.4 percent of respondents indicated that their firms were using more audio or video teleconferencing as an alternative to travel.

People feel strongly about the issue of travel. Some indicated that they still refused to travel by air, and had taken long drives to visit clients when necessary. Others said their firms "use less commercial aviation and more private aircraft for flying.…It is faster, checking time is kept to an absolute minimum, and [it is] more convenient—even if it costs a little more." Most employees feel, however, that airline travel and the risks it represents should be taken in stride. One employee responded:

> There are several security issues that I feel businesses should address to safeguard their employees, such as network security, preventive measures in mailrooms, and ground security. However, I do not feel that a business should have to change the travel plans of its employees because someone may not feel secure on an airplane. For quite some time even before September 11, each of us has known that every time one takes flight one takes a risk; nothing is failsafe. If an employee's job requires travel by air and he or she isn't comfortable with that, perhaps he or she should seek other employment.

How are you doing? Personal and behavioral reactions to the crisis

Under conditions of stress, it is common to expect problems with concentration and focus on work, which may affect productivity. Lack of sleep due to the tensions created by these events, generalized anxiety about personal safety, and changes to perceptions of values, goals, and aspirations were addressed by the survey to determine how people were feeling and reacting to the stress produced by the crisis (**Figure 7**).

More than half of the survey's respondents—59 percent—said they agreed they had more anxiety about personal safety since the attacks. When employees are under stress, it may be difficult for them to concentrate on work, and productivity rates may fall. The respondents were equivocal about their work: 47.1 percent said they agreed with the statement "I have had problems concentrating…since the events of September 11"; 46.9 percent reported lower job satisfaction; and 45.9 percent said they "had not slept well" since the attacks at the three-month point. However, this did not stop individual contributions to the state of the economy; only 42.7 percent said they agreed with the statement "I delayed a major purchase." "I'm still spending," said one respondent. "I just bought a house in Texas—my personal contribution to keeping the economy going."

This suggests that although corporations have maintained a business-as-usual posture, the psyche of employees has changed in response to these events. Workers are rethinking the meaning of work in their lives. Nearly 50 percent (49.7) reported they had made changes in their values, goals, and aspirations. These are huge percentages given the sample size of the survey (5,860 respondents). There was indeed a psychic impact associated with the crisis that businesses neglected to process.

Instead, people found solace with their families and their networks of relationships after 9/11. An overwhelming 78 percent of all respondents said they agreed with the statement, "Since the events of September 11, I have spent more time with family members." Some people found that the crisis solidified the importance of family as a central nexus in their lives. Reported one, "Family togetherness is more meaningful."

Certainly in times of crisis people are brought together and erect new bridges in relationships

Figure 6
Since the events of September 11, I have…
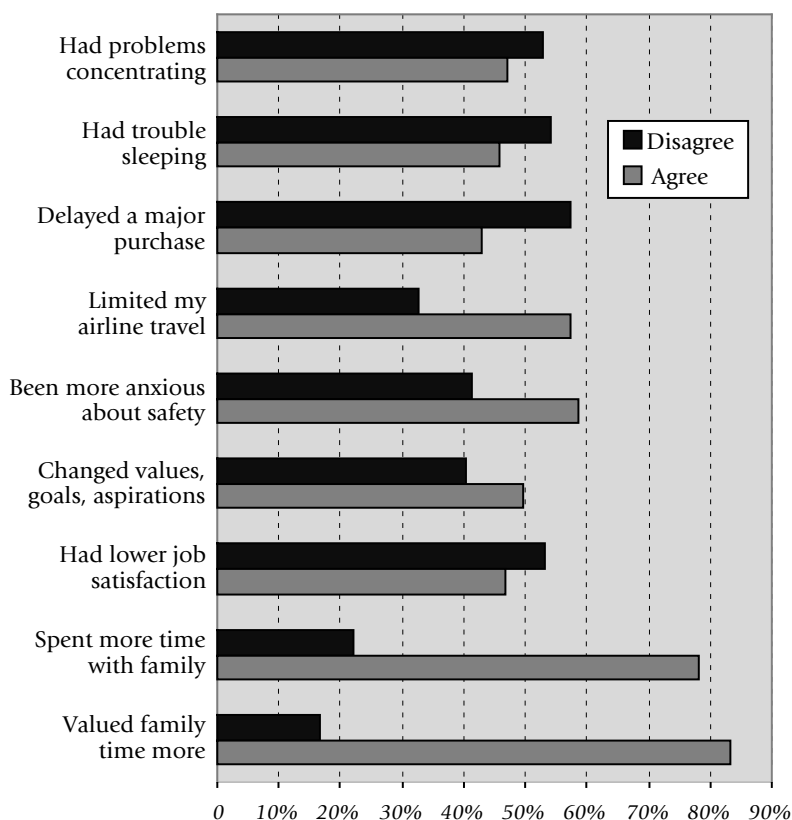
that had previously taken a back seat. Another strong percentage of 83.3 percent reported that they "valued time spent with friends and family more." This reflects a truism that observers of the human condition have long known: In times of crisis, we appreciate the relationships we have with those who are close to us. Friends and family members may have served as a "stress safety valve" to help people process the events of the crisis. Such important relationships should not be overlooked because they may have been the single most important factor in helping people get back to business as usual after the crisis.

Listening to employees and helping them sort out their fears may be an important dimension of good will—and good business practice—in response to crisis. Said one respondent:

> People need to feel a sense of power over their own decisions. No one should be forced to go against their fears. The employee becomes incredibly unhappy and unproductive, and stress in the workplace becomes tangible. People need to vent, even if sometimes their fears or the things making them angry seem silly to others. They are valid because that is how they feel. By listening to themselves, often they are able to put their emotions into perspective.

Yet another offered a counterpoint:

> I think that people are entirely too paranoid. I understand the concerns that this event has raised, but I don't think that being scared to open mail or finally figuring out that hackers can get anywhere is beneficial to anyone. Yes, there is a threat everywhere. But no, I don't think that everyone should put their lives on hold for fear of the unknown. This event should solidify in people's minds that life is short and if we stop living [we give] the terrorists more power.

Reported another respondent:

> Perfect safety is a foolish illusion; there will always be dangers like these. The relaxing of security standards and the treatment of plane crashes as acceptable risks and losses is a direct result of laissez-faire capitalism. Yet we cannot allow this to stop us in our daily lives. In the end, the only way to guarantee this will never happen again is to make it perfectly clear to future perpetrators what will happen if it happens again.

Warding off future attacks: What should firms do next?

Franklin Delano Roosevelt may have said it best: "[T]he only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance." No way of life is guaranteed; we are and always have been at risk. Corporations did not push the panic button associated with these crisis events, though perhaps they should have. Should businesses be spending countless dollars to protect every inch of their buildings and network links in light of 9/11? Or should employees take all this in stride, assuming that the probabilities are still low that a crisis event will affect them at their place of work?

These survey results suggest that not only have firms been unprepared for widespread crisis events, but their HRM policies have been limited in handling the issues attendant to a crisis of such magnitude. This may be the result of a slower economy that has downplayed issues of long-term planning and people development, and has focused instead on the short-term concerns of the corporate financial bottom line. While improving security in the areas of technology may be expensive, increasing the effectiveness of a firm's human resource practices in the areas of more secure recruitment, selection, and employee counseling is not. As unusual as the 9/11 events may have been, catastrophic events also come in the form of natural disasters, workplace violence, accidents, or other critical emergency situations. Companies should be prepared to respond with full disaster plans regardless of the crisis scenario presented.
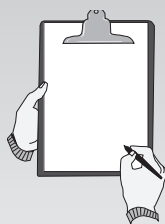
Crisis management researchers such as Ian Mitroff, professor of business at the University of Southern California and author of numerous books and articles on the subject, emphasize that the issue is not *if* your organization will suffer a major crisis, but rather *how, when,* and *why* your vulnerability will be exposed (Mitroff and Anagnos 2001). Those firms that attend to the possibility of crisis management up front, and remain in a state of preparedness about possible future events, are more capable of responding to crisis if and when it happens. It is alarming how employees have indicated in this broad, widespread survey that their firms have taken very little, if any, action in response to the terrorist attacks. There is a mindset of "It can't happen here" that may eventually lead to a breakdown of the entire system—and the firm's reputation—that deserves attention.

Sometimes firms deny their vulnerabilities to major crises and justify why they did not need to engage in crisis management. The assumptions that (1) crises only happen to others or (2) crises happen but their impact on our firm is

negligible underlie most CEOs' reluctance to move forward and establish adequate plans to conduct crisis management when it occurs. Sometimes inaction may result from simply not knowing what to do. A report on a recent survey of *Fortune* 500 CEOs' response to crisis (*Fortune*, November 26, 2001) **[au: need full cite]** suggests that although most CEOs recognize that something must be done in response to last year's terrorist attacks, there is no clear agreement as to *what* must be done, *when*, or *how*, without overreacting. Given the likelihood that terrorists will attack again on these shores, it is probably prudent for firms to establish crisp, secure crisis management plans and look ahead to their implementation.

Mitroff and Anagnos offer some ideas for establishing crisis management plans. Firms should create "crisis portfolios" that prepare the company for crises in several categories—economic, informational, physical, personnel, reputational, psychopathic, and natural—keeping in mind that a crisis in one area may have spillover effects into another. Damage containment mechanisms should be set up, and plans for the most vulnerable areas should be established. Identifying your stakeholders and possible crisis scenarios are good first steps.

Missing from the literature on crisis management is a disconnection between management's needs to downplay the effects of a crisis and employees' needs to be heard. Clearly, greater attention should be paid to the human element. These survey results suggest that after the events of 9/11, employees attempted to remain calm while trusting their businesses to "do the right thing." But what *is*

the right thing to do? Should firms provide additional counseling or create focused discussion groups concerning the crisis? The results from this survey indicate the answer is a resounding "Yes!"

Under conditions of crisis, it is natural for people to reach out and seek comfort from one another. Even though our respondents were somewhat disproportionately female and well-educated, it was clear that they were looking to their corporations to take the lead and offer some solace in the form of counsel. Focused discussion groups cost nothing and yet can yield a brainstorming effect of ideas the firm can use to manage public relations issues and/or deal with security concerns on the production line. HR departments should take a preeminent role in managing events associated with crisis. Setting up discussion groups and meetings that cross boundary lines, such as between public relations and production, may yield productive and effective results.

Strategic HR managers must realize that although it is impossible to prevent all the potential problems a crisis can cause, there must be a plan of action ready and available. The Society of Personnel and Human Resource Management offers guidelines for coping with "critical stress incidents" that involve employee intervention (Steffer 1998). A critical stress incident is defined as "a workplace event which is extraordinary in nature and which could be expected to produce significant reactions on the part of victims or those otherwise either directly or indirectly [affected], such as witnesses, colleagues, and/or family members." Specially trained professionals should be called in to offer debriefing counseling, provide reassurance, de-escalate stress, and give support to management.

Specific guidelines for coping with crisis events, offered by Sullivan (2001), may include

1. designating an HR person to be the primary contact for issues related to the crisis event

2. educating managers about possible anxiety problems and employee concerns, including specifics related to current events

3. providing on-site or telephone counseling

4. adding an information section on the corporate Web site that covers issues related to the event

5. contacting employees in international locations and other far-flung locations who may need specific information about the event

6. allowing or even encouraging workers to take time off to work for charities and offer flexibility for those who are directly affected by the crisis

7. keeping people busy with focused discussion groups and yet urging them to get back to the work routine as quickly as possible

8. taking the event as an opportunity to review and upgrade disaster planning, including evacuation plans, as a safeguard against future events

Most executives, preoccupied with the demands of the next stockholder meeting and its attendant issues, are not inclined to pay much attention to planning for future disasters. But the events of 9/11 brought all such complacency into sharp relief. Elizabeth Dole, former president of the American Red Cross, stated:

> The midst of a disaster is the poorest possible time to establish new relationships and to introduce ourselves to new organizations.…When you have taken the time to build rapport, then you can make a call at 2 am, when the river's rising, and expect to launch a well-planned, smoothly conducted response. (Augustine 2000)

The management of Arthur Andersen now knows this only too well from its response to the Enron and World-Com crises.

We do not know how, when, or where terrorists will strike next. But there are no second chances where employee safety is concerned. Executives can define likely cyberspace vulnerabilities and draft plans to overcome obvious gaps in security. Management can set plans in motion to evaluate the need for security badges, cameras, key cards, and the like. Firms can move toward more comprehensive disaster planning for the business in advance of the next terrorist strike. A measure of forgiveness can be accorded firms' emergency business policies, or lack thereof; but given the surprising nature and suddenness of the events of 9/11, what outcry can executives expect when employees and the public discover that only a minimal degree of preparation was undertaken next time?

Said one brave hero, who was also a survey participant:

> I work in a government building at Ground Zero. The heads of our office were on the plane that crashed in Pittsburgh. We all have our moments, but we are in agreement that life goes on. We are all morally supportive of each other. We have each been affected by multiple deaths occurring in our lives due to this incident.…We are all upset about September 11, but if we do not want terrorism to win we have to continue on with our lives in as usual a way as possible. We need to be more aware of our surroundings and what is going on around us. We should all take some basic steps to ensure our own personal safety for us and those that are immediately around us. Not doing so would be negligent in these days and times.

American business needs to take a lesson from Ground Zero. Business must go on, but more prudently than before. Knowing that it is impossible to plan for every future contingency, American businesses must strike a balance between prudent corporate fiduciary responsibilities to shareholders and the mission-critical well-being of employees. What has your firm been doing since last year's terrorist attack? What can—and should—it be doing to prepare for the next one? If crisis management is a test of a corporation's mettle, are you willing to be caught with your firm's collective pants down next time? ○

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