

The Strategic Role of HR in Organizational Crisis Management

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Abstract

Business crises can take many forms. Natural disasters, Economic downturns etc affect revenue and employment. Public relations issues arise from scandals or negative publicity. Each crisis is unpredictable and can severely impact operations and reputation. Organizations must recognize early warning signs, such as declining sales or employee dissatisfaction. This awareness helps mitigate the effects of a crisis.

Crises can emerge unexpectedly, testing the robustness of an organization's policies and procedures. HR's proactive measures in crisis preparedness, response, and recovery can significantly mitigate the adverse effects on the workforce and the business. The importance of HR in crisis management extends beyond administrative duties; it encompasses communication, support, and strategic planning.

Having a comprehensive crisis management plan is essential for companies. A solid plan ensures swift responses during emergencies. Effective planning minimizes disruptions and protects organizational assets. Regular reviews and updates of these plans are necessary to adapt to new threats. Organizations should practice drills to prepare staff for various scenarios. This preparation increases confidence and readiness to face a crisis.

In times of crisis, the role of Human Resources (HR) becomes increasingly pivotal. HR professionals are not only responsible for maintaining the usual operations but also play a crucial part in guiding the organization through turbulent periods. Whether it is a natural disaster, a financial downturn, or a global pandemic, HR's strategic involvement in crisis management is indispensable for organizational resilience and employee well-being.

In the modern workplace, the role of HR has expanded to include a greater focus on wellbeing. During a crisis, HR becomes vital to how an organization weathers the storm.

During such times, human resources leadership must support their teams and create a culture of compassion and communication.

Keywords: Crisis, Communication, Strategy, Psychological safety, Management

Introduction

A crisis is a change – either sudden or evolving – that results in an urgent problem that must be addressed immediately. For a business, a crisis is anything with the potential to cause sudden and serious damage to its employees, reputation etc.

A major crisis will affect the entire organization, and, in some cases, it can lead to its collapse. Managers whose organizations are in the midst of a crisis must act quickly to recognize its source, contain it, and eventually resolve the crisis with the least amount of damage. In this sense crisis management is a part of larger system of organizational risk management that includes diversification and insurance.

Objective

To focus on the role of a HR Manager when an organization is under a crisis and the ways adopted to cope up the situation using some strategic plans and soft skills for maintaining positive employee relations during and post crisis period.

Human Resource Department:

A human resources department normally focuses on recruiting and retaining employees within a company. HR is responsible for finding, hiring, and training employees, overseeing employee relations, and managing benefit programs. It's the place for employees to ask questions about their roles, address concerns, and grievances.

Role of Human Resources:

Human resources (HR) play a pivotal role in managing a company's entire employee lifecycle from recruitment and training to termination or retirement. HR departments must navigate complex labor laws and stay current with industry trends to ensure compliance and foster a positive workplace culture. By implementing strategic human resource management (HRM) initiatives, HR departments aim to enhance employee engagement and productivity, which are crucial for organizational success. As well the HR must be aware of the competitors of the organization and must be vigilant so that the key employees are retained within the organization.

HR Activities:

Normally, the key HR activities that add value to a company are as follows:

- Managing and utilizing people effectively
- Linking performance appraisals and compensation to competencies
- Calculating fair compensation rates and putting together a comprehensive list of benefits
- Developing competencies that enhance individual and organizational performance
- Increasing innovation, creativity, and flexibility to boost competitiveness

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- Applying new approaches to work process design, succession planning, career development, and inter-organizational mobility
- Managing the implementation and integration of technology through improved staffing, training, and communication with employees
- Navigating complex and evolving labor laws to avoid legal issues, and regularly conducting compliance audits to maintain best practices and adherence to regulations

Review of Literature

Authors Mahmood Abdullah Hamood Al- Maqashi, Arvind Prabhakar Rayalwar, Saleem Abdullah Hamood Al-Maqashi in their writing “The Role of Human Resources Management in Organizational Crisis Management”, in the “i-Manager's Journal on Management” (Vol. 16, Iss. 1, (Jun/Aug 2021): 1-9. DOI:10.26634/jmgt.16.1.18088) say that human resources management in any organization should move from traditional roles and adopt more contemporary aspects of human resources, including participation in crisis management. Accordingly, employees are considered as the key stakeholders in the crisis management process, and therefore human resources must be proactive in this process, and organizations that allow human resource management to interfere in resolving any crisis are more successful.

Authors Shulga, Lenna V and Busser, James A in their writing, “Covid-19 crisis management human resource cost-retrenchment: the role of transformational leadership and ethical climate” in the “International Journal of Contemporary Hospitality Management” Vol. 36, Iss. 4 (2024): 1213-1234. DOI:10.1108/IJCHM-07-2022-0903 have concluded that an examination of employee responses to short-term, mid-term and long-term HRM cost–retrenchment strategies at different stages of before, during and after implementation may increase the understanding of TFL and EC influences on organizational outcomes. Their study was focused on examining perceptions of mid-level managers, employed at their company for five or more years, predominantly private organizations with male CEOs, thus overall representing a somewhat homogenous group, without control variables in the analysis.

Authors Aldiabat, Bassam and Majed Radi Alzoubi in “The impact of human resources flexibility on crisis management: Evidence from Jordanian manufacturing companies” published in “Problems and Perspectives in Management”, Vol. 22, Iss. 2, (2024): 17-28. DOI:10.21511/ppm.22(2).2024.02 have stated that their study aimed to assess the impact of human resources flexibility on crises management in industrial organizations operating in Al-Hassan Industrial City in Jordan, measured through skill flexibility, behavior flexibility, and human resources practices flexibility. The results concluded a statistically significant impact of human resources flexibility on organizational management. Human resources departments in industrial organizations should adopt new roles for performing their functions.

Authors Dubey, Naman, Semsang Dolma Bomzon, Ashutosh Bishnu Murti and Roychoudhury, Basav in “Soft HRM bundles: a potential toolkit for future crisis management”, in “International Journal of Organizational Analysis” Vol. 32, Iss. 9, (2024): 2093-2115. DOI:10.1108/IJOA-04-2023-3706 have

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explained that HRM practitioners modified their HRMP to keep their employees safe and motivated during the pandemic and identified the role of bundling. The adoption of soft HRMP bundles were witnessed across industries wherein organisations responded to employee feedback and prioritised their well-being. Multiskilling is a widely recognised soft HRM practice organisation used to upskill employees and equip them to handle forthcoming changes. Moreover, organisations also used this time for technical advancement and to prepare their workforce, emphasising training sessions and subscriptions to online learning portals. While a few organisations focused on developing the employees' communication and capacity to deal with stress, other organisations still lack initiatives focusing on soft skill development. Since employees are the greatest resource that an organisation can possess, it becomes imperative that they have the required skillsets to perform effectively. It is essential to encourage the employees to cultivate soft skills, like communication skills, decision-making and problem-solving skills, leadership skills and interpersonal or people skills that fall under soft skills besides developing the hard skills related to technical and administrative procedures.

Lockwood, Nancy R, in “Crisis Management in Today's Business Environment: HR's Strategic Role” published in “HRMagazine” Vol. 50, Iss. 12, (Dec 2005): A1-A11 says that in a strategic partnership role as part of the crisis management team, HR leaders add significant value to the sustainability of an organization. Whatever the term-crisis management or business continuity - the goal is the same: to protect human capital, safeguard company stakeholders and ensure critical business processes in the short and long term.

Teng-Calleja, Mendiola, Presbitero, Alfred, and de Guzman, Mira Michelle in “Dissecting HR's role in disaster preparedness and response: a phenomenological approach” in “Personnel Review”, Vol. 53, Iss. 2, (2024): 455-472. DOI:10.1108/PR-12-2021-0867 have generated several insights that advance the understanding of the role of HR leaders in disaster preparedness and response, there are still some gaps that require further examination in future research. First, they have focused on the perspective of HR leaders. Second, while important insights have been generated on how to build a disaster-resilient organizational culture, there remains to be some gaps in this area. Finally, a more nuanced approach can be undertaken in future research so that the type of disaster is carefully considered (since some would have a more sudden occurrence like earthquake while others such as typhoons and flooding can be predicted). They feel that doing so would provide more specific insights on how organizations and HR leaders may respond differently depending on the nature of the disaster.

Meisinger, Susan in “Crisis Management and HR's Role” published in “HRMagazine” Vol. 51, Iss. 2, (Feb 2006): 12 has explained that in an emergency, the case for crisis management and business continuity comes into focus: protection of every aspect of the organization-including people, intellectual property (e.g., company records) and physical facilities. Since one of the primary objectives is to protect an organization's human capital, HR professionals assume a central role in crisis management activities. HR has the responsibility to develop a viable crisis management framework, including an emergency communications infrastructure, a directory of crisis resources, safety and security training programs, and leadership succession plans. No one can accurately predict the future. But HR professionals, by assuming a leadership role in crisis management, can help their organizations prepare for it-whatever it brings.

Authors Wunderlich, Marie Freia and Ann-Kristina Løkke in “Do proactive HR managers make a difference in HR system use during a crisis?” In “Management Decision” Vol. 62, Iss. 12, (2024): 3876-3894. DOI:10.1108/MD-09-2023-1706 show light on important insights about lasting effects to sustainably adjust existing HRM frameworks. Their work is solely focused on proactivity and HRM system use.

Authors Kendrick, Madeleine Iris, Bartram, Timothy, Cavanagh, Jillian, and Burgess, John, in “Role of strategic human resource management in crisis management in Australian greenfield hospital sites: a crisis management theory perspective” in “Australian Health Review” Vol. 43, Iss. 2, (Apr 2019): 157-164. DOI:10.1071/AH17160 say that one potential direction for the development of the HR profession is the adoption of a new focus, from reactivity to proactivity, from surveillance to consultation, from direction to collaboration with all levels of the organisation. Adopting this focus can improve HR professionals' efficacy through greater involvement and participation in their own organisation, an ideal that is expressed across multiple industries.

Authors Amina Raza Malik, Manroop, Laxmikant and Harrison, Jennifer A in “Bouncing back: HR professionals' experiences during times of disruption” in “Personnel Review” Vol. 53, Iss. 8, (2024):2181-2208. DOI:10.1108/PR-07-2023-0555 have emphasised on the pivotal role of human resources (HR) professionals during crises due to their capacity to alleviate anxiety throughout the organization. HR professionals can prioritize employees' holistic health and well-being, spanning physical, mental and psychological dimensions. As far as the recent pandemic is concerned, recent research underscores the critical role played by HR professionals in establishing effective communication, upholding organizational order and offering unwavering support to employees in response to the challenges posed by the COVID-19 crisis.

Signs of crisis

Crises don't always arrive with the immediacy and intensity of environmental disasters — some are slow-burning (e.g., slumping stock prices or customer confidence) and can lead to an exodus of key staff, eroding the business from the inside out.

This is why HR professionals must be vigilant, actively monitoring both overt and subtle indicators of an impending crisis. One can be proactive instead of reactive by detecting these signs early, enabling a more measured and effective response. Look out for these key signs:

Internal Factors:

Watch for indicators that reflect a decline in employee wellbeing and engagement, which can signal broader systemic issues. Signs include an increase in absenteeism and presenteeism, higher rates of reported mental health issues, a noticeable drop in collaboration, or a rise in workplace conflicts.

Company-wide metrics can point to a developing crisis. A persistent drop in productivity and quality, a growing number of data or security breaches, and negative reputational hits on social media or review platforms are all red flags. Unforeseen leadership changes or budget cuts can also lead to instability.

External factors:

External signs of crisis include significant economic downturns, unexpected legal or regulatory changes that impact businesses, and public health emergencies. Staying on top of geopolitical shifts and changes in consumer behavior is also essential for anticipating and mitigating their effects on the organization.

Workplace uncertainty can manifest in various forms, posing challenges that HR managers must navigate effectively to ensure organizational resilience. The most common include:

- Economic downturns
- Natural disasters
- Health pandemics
- Cybersecurity breaches
- Workforce strikes
- Public relations disasters

HR Role in Crisis Management: 5 Key Responsibilities



Impact of Crisis

On Employees

- Job insecurity
- Increased stress and anxiety
- Reduced morale and productivity

On Organizations

- Financial losses
- Reputational damage
- Disruption of business operations

HR’s responsibilities in crisis management

HR crisis management is the strategic process of planning, coordinating, and leading workforce-related responses during a major internal or external disruption. Its primary purpose is to protect employee safety, ensure global and local compliance, and sustain business operations in the face of unexpected events.

Beyond logistics, effective HR crisis management is crucial for reinforcing employee trust in leadership, mitigating organizational risks, and ensuring long-term resilience. Proactively addressing potential threats and having a clear plan turns HR from a support role into a central driver of organizational stability and employee wellbeing in times of uncertainty.

HR manages the human and operational response. To limit damage and support recovery, one must act fast, coordinate across teams, and communicate with empathy. It’s also crucial to address employee emotions by tackling root causes while executing practical steps.

At the outset of a crisis:

- Immediately initiate communication with management and team members.
- Outline the situation and deploy an initial, unified message to communicate with stakeholders.
- Share any pertinent and verified information.
- Let the team know that HR is available for any questions or concerns and that they should expect regular updates.
- Once an initial message is released, one can formulate the internal crisis communication to the employees’ strategy based on company and team needs.

Prioritizing psychological safety

Placing the team’s wellbeing at the forefront of crisis management strategy contributes to the sustainability of business and ensures operational continuity. HR plays a pivotal role in opening up effective lines of communication and creating a culture of honesty, even under the most difficult circumstances.

For example, during a financial crisis, many people may worry about job security and a wide range of further concerns brought about by economic downturns. And when companies experience financial difficulties, layoffs can start becoming increasingly widespread.

While many people may be hesitant to approach HR about personal mental health struggles, even within the context of a greater crisis, maintaining practices that encourage open and honest communication will signal a willingness to help and promote team engagement.

Another way to prioritize psychological safety during a crisis is to encourage people to practice self-care. When people are under stress, it can be difficult to make enough time to do even the most basic things. Communicate wellbeing-focused reminders to promote both mental and physical health, and also to lighten the mood.

Key responsibilities of HR

Below are HR's key responsibilities in the management of different types of crises:

In a health or safety crisis

HR is responsible for creating and maintaining emergency communication plans, including mass notifications and individual check-ins. HR must also implement and enforce workplace safety protocols and provide access to vital employee assistance programs (EAPs) that support the workforce's physical and psychological wellbeing.

In a workforce-related crisis

When managing workforce disruptions, the primary responsibility is to ensure transparent and timely communication on sensitive issues like layoffs or restructuring. HR must mediate workplace conflicts, lead sensitive union negotiations, and manage a fair and compliant process to minimize legal and reputational risk.

In a reputation or compliance crisis

In these situations, HR takes the lead in conducting thorough, impartial investigations into allegations of misconduct. HR must enforce company policies fairly and consistently and manage the organization's legal exposure by coordinating with legal teams. HR must also ensure all decisions and actions are fully compliant with relevant labor laws.

In a technology crisis

For tech-related crises, HR is responsible for protecting sensitive employee data. HR must coordinate with the IT department to communicate updates and next steps to the workforce and manage employee access and security credentials, especially if a system has been compromised.

In a global or geopolitical crisis

When a global event impacts the workforce, HR responsibilities include providing immediate relocation support for employees and their families and developing detailed workforce contingency plans to maintain business operations across borders. In the case of sanctions, HR must ensure compliance with international labor laws.

Importance of Honest communication at times of crisis

During a crisis, the most important thing HR can do to help people manage their stress is to initiate an honest, comprehensive communication strategy. Open communication contributes to maintaining operational capacity and conveying unified messaging to relevant stakeholders, but most importantly, it supports a feeling of psychological safety.

During a crisis, HR leaders can foster a culture of honesty by encouraging open communication and initiating contact with their teams. Some ways to foster this culture include:

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- Setting individual standing meetings
- Facilitating team-wide roundtables
- Creating opportunities for people to express concerns or challenges
- Working through problems with empathy and not with judgment
- Acknowledging team input

Honest communication is integral to both the ongoing health of the business and the psychological health of employees, and so it be the foundation of HR crisis strategy.

Managing people during a crisis can be challenging. To strike the fine balance between pushing productivity and supporting the team, the first step is to communicate.

In practical terms, this means sending out an email or internal newsletter that openly outlines the situation and the company’s strategy to overcome it. The communication should:

- Offer concise information about how the workflow will be impacted, how tasks will be delegated, and what the expectations are in terms of output.
- Set a schedule for regular communication with a team or individuals.
- Explain what provisions are being made to accommodate the people in distress – for example, flexible hours or time off.
- Provide contact information and details about EAPs (Employee Assistance Programs) or other forms of support.

In addition to communicating information, managers should communicate with empathy. Emphasize that wellbeing is the company’s first concern and encourage any team member who needs additional guidance to ask for it freely. Keep communication frequent and open to ensure that nobody is left out of the loop.

It can be tempting to cut salaries and bonuses when disaster strikes, but, if financially feasible, offer bonuses to the staff. It’s a great motivator and will alleviate the anxiety of income uncertainty. Another possibility to motivate and reassure people is to offer learning and development opportunities to expand skill sets in case of restructuring. Keeping valuable team members will propel the organization’s future success when the storm blows over, so it’s vital to manage teams with compassion and agility.

Ways to manage

Here are 10 ways that a HR Manager can carry the organization and its people through a crisis:

1. Develop a rapid response, honest communication strategy that puts people first.
2. Position HR as a source of truth to prevent the spread of misinformation.
3. Check in with management and team members to identify what’s working and what needs adjusting.
4. Communicate what resources and assistance are available to team members experiencing challenges or stress.
5. Utilize performance data and surveys to assess morale and productivity.

6. Promote flexibility and agility, including retraining or aligning valued team members to new roles.
7. Practice generosity by relaxing policies for work hours, paid leave, and remote working.
8. Communicate positivity and support, including encouraging people to practice self-care.
9. Train managers on how to identify team members in crisis and manage them effectively.
10. Create open-door opportunities for people to communicate freely and honestly about their concerns and fears.

Some crises are impossible to anticipate or plan for, but how a crisis is managed will make the difference between organizational recovery and collapse. HR's role during these times is to guide policies and strategies that prioritize wellbeing and foster open and constructive communication.

Benefits of Effective HR Crisis Management

Effective HR crisis management offers numerous benefits to both the organization and its employees. Firstly, it helps in minimizing the disruption caused by a crisis, ensuring that essential operations can continue smoothly. This is crucial for maintaining customer trust and business reputation.

Moreover, proactive crisis management fosters a sense of security and trust among employees. When employees know that their organization is prepared for emergencies and prioritizes their safety and well-being, it enhances morale and loyalty. Additionally, it reduces the risk of legal and financial repercussions that may arise from mishandled crises.

HR Crisis Management Strategies

To effectively manage crises, HR professionals should adopt the following strategies:

Develop Comprehensive Plans: Create detailed crisis management plans that cover various potential scenarios and include specific response protocols.

Regular Training and Drills: Conduct regular training sessions and drills to ensure employees are familiar with the crisis management procedures.

Establish a Crisis Management Team: Form a dedicated team responsible for overseeing the implementation and execution of crisis management plans.

Maintain Open Communication: Ensure transparent and continuous communication with employees, keeping them informed about the crisis situation and the measures being taken.

Provide Support Resources: Offer resources such as counseling services, helplines, and wellness programs to support employees' mental and emotional health during crises.

Review and Update Plans: Regularly review and update crisis management plans to incorporate lessons learned from past crises and emerging threats.

HR’s responsibilities in post-crisis recovery

The end of a crisis does not signal the end of HR’s work. Instead, it marks the beginning of the recovery phase. The post-crisis period is a critical time for rebuilding, learning, and preparing for the future. Here are key HR responsibilities after handling a crisis:

Rebuild employee trust and morale

A HR must actively listen to employees, communicate lessons learned, and implement new policies that unequivocally demonstrate the organization’s commitment to its workforce’s wellbeing. This helps rebuild and maintain trust among employees, encouraging them to remain with the company and improving the company’s employer brand.

Conduct debriefs and document lessons learned

It’s essential to analyze the crisis response after the dust has settled. HR should lead debriefing sessions to determine and communicate what worked, what didn’t, and why. HR must also document these findings to help inform and improve future contingency plans for crisis management so one can be better prepared and avoid repeating mistakes.

Update crisis playbooks for future preparedness

Based on debriefing sessions, HR must update and refine the company’s crisis management playbook by incorporating new procedures and communicating these protocols. Additionally, remember to update the entire team’s contact and next-of-kin information whenever necessary. This enables HR to inform the right people during a crisis.

Support workforce reintegration

Whether the company’s employees are returning from remote work, layoffs, or a temporary relocation, the HR department is responsible for a smooth reintegration process. This includes providing the necessary resources to support this process and fostering a sense of community to give employees a sense of belonging and security.

Strengthen employer branding

After any disruption, a HR needs to proactively work on the employer brand to retain top talent and attract new talent. He must focus his efforts on ensuring the organization is perceived as a stable and reliable place to work.

How HR can help prevent an impending crisis

The most effective form of crisis management is actually crisis-prevention through planning and proactive action. A HR professional can use the understanding of the workforce and organizational culture to identify and mitigate risks before they escalate into a full-blown crisis.

- **Proactively conduct risk assessments and employee surveys:** Regularly conduct assessments and anonymous employee surveys to catch issues early (e.g., low morale, burnout, or dissatisfaction) before they fester and lead to a crisis.

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- **Implement employee engagement programs:** Use these programs to actively engage employees and foster a positive workplace culture by building a sense of community and trust that can withstand external pressures.
- **Continuously monitor compliance and workplace culture:** Continuously track compliance with all labor laws and conduct regular audits to ensure that workplace culture aligns with organizational values and ethical standards.
- **Build resilience through training and mental health support:** Provide training on stress management and resilience, and ensure employees have access to mental health resources to help them cope better with challenges.
- **Benchmark global best practices in crisis readiness:** Stay informed on global trends and best practices in crisis readiness and learn from other organizations and industries to help proactively strengthen the organization’s capabilities.

Summary

Crises are inevitable, but HR can be a hero. They bridge the gap between leadership and employees, ensure clear communication, and plan for future challenges, making the organization more resilient.

By fostering effective communication, ensuring compliance, and prioritizing employee well-being, HR professionals are at the forefront of building organizations that are not only prepared to face crises but are also poised for recovery and growth.

Strong HR crisis management protects people, preserves operations, and sustains trust. HR Manager’s job is to bridge the gap — spot risks early, act fast, and communicate with clarity and empathy while staying compliant.

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