Business Recovery from Disaster: Learning from the Positives and Silver Linings

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ABSTRACT

What does it mean for a business to recover from a disaster? Instead of focusing on conventional economically driven measures, this paper illustrates the importance of positive human experiences in the recovery process for 24 organisations impacted by the Canterbury earthquake sequence. We argue that positive experiences, which include new conceptions of space and place, new business models and broader support networks, are as important as financial outcomes. These positive aspects strengthen hope, optimism and the sense of community crucial for long-term recovery.

Introduction

What does it mean to recover from a disaster? The majority of studies examining business recovery view it from an economic perspective. In keeping with traditional measures of success in ‘normal’ times, measures of recovery following a disaster focus on aspects such as Gross Domestic Product, percentage employed, export levels and migration statistics [1-3].

Organisational recovery is about much more than economic performance. Organisations do not exist for purely economic reasons, nor are their benefits to communities purely economic. In smaller organisations, which are the majority form in many economies, business success is a much more complex interplay between the owner’s aspirations, their perceived satisfaction and happiness and the financial rewards that in part, enable those objectives [4]. Financial performance alone gives a very limited view of individual and community thriving.

This paper presents a nuanced view of the recovery process, focusing on the role of positive human experiences in the recovery journey for 24 businesses impacted by the Canterbury earthquakes. Judged by traditional economic indicators of recovery, many of these businesses are amongst the post-disaster losers. Traditional problem-focused research would identify these business’s financial losses, their struggles and their recovery status, and attempt to explain and theorise the reasons behind their situations. Missing from that account would be the unexpected and emergent positive non-financial aspects of their recovery. In the midst of the suffering and difficulty caused by disaster, there are many unexpectedly positive phenomena [5]. In line with the positive organisational scholarship tradition, we argue that it is important that these positives are recognised and that there are many learning opportunities.

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from them. By embracing the complexity that lies beneath the official headline measures of recovery, we see the importance of the human dimensions of recovery and the role positive emotions play in creating the potential for a thriving environment.

Methodology

Christchurch, New Zealand was hit by multiple earthquakes between September 2010 and December 2012. Semi-structured interviews were conducted with owners or senior managers from 24 Canterbury organizations approximately two years following the most damaging February 2011 earthquake. Interviews were supplemented with contextual information about the businesses gathered through a short survey. Additional interviews were conducted with key individuals involved with two business recovery projects. After professional transcription, interview data was coded and analyzed thematically using NVivo software. The core purpose of this research was to investigate the effectiveness of collaborative strategies as an organizational recovery mechanism. In line with a purposive sampling strategy, these organizations were chosen to provide a wide variety of characteristics in order to provide the greatest opportunities to learn, rather than to generalize.

Positives and Silver Linings

A number of positive features were identified. Post-earthquake adaptation has created new business models, new networks and resulted in many initiatives that would not have been possible without the disruptive change. Table 1 shows the sector and size of organizations in this study and the positives they experienced. A brief description of the positives follows.

Table 1 – Organisation Sector, Size and Positives Experienced in Recovery

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Sector</th>
<th>No of Employees (pre-disaster)</th>
<th>New conception of space &amp; place</th>
<th>Org Learning</th>
<th>Support Networks</th>
<th>New Business Models</th>
<th>Build Back Better</th>
<th>Positive Exits</th>
<th>Positive Caring</th>
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• **New conceptions of space and place** – A number of retail organizations have co-located into shared open-plan spaces with defined areas of the building but shared back-room facilities. Another organization occupying a high-rent inner city showroom has relocated to a rural property with no loss of customers and a much pleasanter environment. Organisations who were previously opposed to remotely-located workers, have had their mind-sets changed by the impacts of the earthquakes are now enjoying the benefits of extended client service hours and reduced overhead costs.

• **Organizational Development and Learning** – Previously separate units of businesses, forced to work together due to the demands of the earthquake response have benefited from greater understandings of various aspects of organizational operation. This understanding has broken down the silos that existed within organizations prompting ideas for improvements and innovation.

• **Support Networks** – The necessity to work as a team, both within and outside of organizational boundaries, has led to a broadening of social networks. Particularly for smaller organizations, the co-location model has created a collegial type relationship with a peer. The positive encounters created through the process of helping each other recover has assisted in creating a cascading flow of positivity.

• **New Business Models** – A locally led collaborative effort has resulted in the creation of a hub housing 17 small Information and Communication Technology (ICT) businesses with individual offices and shared common areas aimed at encouraging collaboration and information sharing between the businesses. One organization reconfigured their operations to adapt to constraints in the environment outsourcing production while retaining customer and brand identity. Another organization created a joint venture to adapt their business to changed customer markets.

• **Building Back Better** – Another locally led collaborative effort created a temporary retail precinct in the heart of the devastated Central Business District (CBD). They have created a vibrant and attractive destination mentioned by tourism guides as a reason to visit Christchurch. Completed only 9 months after the February earthquake, this area also illustrated what is possible, assisting in creating a culture and norm of innovative thinking about the post-disaster possibilities.

• **Positive Exits** – A number of organisations did not seek to resume trading immediately, utilising business interruption payments to follow other dreams or taking low-stress part-time employment until they perceived the environment to be more suitable for business resumption.

• **Positive Caring** – Many organizations went far beyond any statutory requirements with
regard to staff retention and welfare. While the repercussions of these actions may have been detrimental financially, they had enormous positive impacts of the self-esteem and self-belief of the managers making decisions and supported an ongoing chain of caring behaviors.

Conclusion

Many areas of measurement of human endeavour have evolved from single point economically based data to multiple factors – the Balanced Scorecard approach for business performance management [7] and the proposed Social Progress Index [8] are just some examples. Similarly, to these initiatives, the recovery of businesses following a disaster needs to be assessed both on financial and non-financial bases.

This research highlights the positive, non-financial aspects of recovery that are often overlooked by focusing only on financial indicators. Recognising and celebrating the positives assists in maintaining the hope, optimism and sense of community needed for the long journey from disaster to recovery. Recovery strategies that foster positive emotions [6] can significantly enhance positive recovery from disasters. The distinctive contribution of this study is to identify such positive recovery strategies.

References