**Learning to Carry the Cat by the Tail**

*What we know about business response to disasters*

*and how that relates to the COVID-19 crisis*

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Is it possible for businesses to manage such a seemingly “unmanageable” problem as COVID-19? We have been researching multinational enterprises’ responses to natural disasters and political risks for two decades now and the answer is a qualified yes. A key finding of our research is that local knowledge (e.g, community or regional knowledge about available resources and expertise) is critical for managing external threats.

One type of local knowledge that tends to be particularly valuable for managing major disasters is a deep understanding of the capabilities and resources of local and state governments available for addressing crises. In addition, it is also important to know where the gaps in governance are – that is the places where the government is likely to fall short - that make businesses and individuals more vulnerable. This type of knowledge is even more critical when the national government is not working closely or effectively with other levels of government, or does not consider a disaster to require urgent attention.

Unfortunately, because local knowledge is so important, business capabilities and knowledge around disaster management in one location may have limited or no applicability in other countries or regions. This may explain one of the reasons why businesses and governments have a hard time managing new natural disasters and/or epidemics/pandemics even if they had experienced SARS, Ebola, H1N1, and/or other natural disasters.

In addition, natural disaster risk is very different from other types of risks since it is often difficult to predict, varies in terms of its scope and impact, and experience with disasters in one location may not be transferable to disasters in other locations.

For COVID-19, it is too late for corporations to develop the valuable relationships and knowledge sharing that come with long-time collaboration with other businesses, NGOs and public sector entities. Given the tremendous need for multi-sector cooperation in places like Italy, Spain, Germany, France, and in the U.S. in place like New York City, Washington State, and California, among others, however, businesses can still join collective efforts already underway. To be a credible partner, businesses need to be trustworthy actors – with their employees as well as other organizations. Companies that fail to take responsibility for their workers or the public may face long-term repercussions.

One strategy that is *not* recommended is Uber’s current approach. The response Uber’s CEO has given to the Covid-19 virus is that they are not responsible for the health and safety of their workers. This also means that they do not take responsibility for their consumers’ health and safety – that is those who ride in cars with drivers who may be infected with COVID-19 ([Uber CEO on Driver Safety](https://gizmodo.com/uber-ceo-decides-driver-safety-isnt-his-problem-1842456294)). Such disregard of public health and safety is irresponsible corporate behavior that will undermine consumer trust.

All firms, regardless of their existing disaster management experience, can focus on building trust with the employees, customers and the general public. Moreover, since COVID-19 has already critically affected most countries, we should think more about response and recovery at this moment. Building trust is not only important for preparation but also for response and recovery. Businesses should collaborate with various social actors including governments, NGOs, multilateral organizations by offering their production, logistics, and other facilities for the response and recovery effort. In response to COVID-19, businesses are crucial suppliers for foods, chemicals, medicine, medical equipment, and protective equipment and can be centers for patient treatments and logistics.

Many governments provide, and plan to provide, various financial and non-financial support to prevent business failures due to COVID-19. Businesses should consider such support as a debt to society; one that should be paid forward after the crisis.