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Is Pay For Time Not Worked Due to a Hurricane a Best Practice?

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Is Pay For Time Not Worked Due to a Hurricane a Best Practice?

by

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Undergraduate honors thesis under the direction of

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Abstract

In approaching the topic of crisis management, it quickly became apparent that the topic was too vast to be studied in the course of single year. Therefore, the effort of this paper is too narrowly focus on one element that an organization needs to consider when developing their business plan for dealing with a crisis. This paper's aim is to thoroughly discuss whether or not pay for time not worked due to a hurricane is a best practice.

First, three hypotheses are asserted concerning pay for time not worked due to a hurricane. Then a context for discussing what constitutes a best practice is established by reviewing the definition and framework for a best practice. Next the results of a survey given to Human Resources professionals are analyzed and the implications of those results are discussed in relation to the best practice framework established earlier in the paper. Lastly, there is a brief discussion of the conclusions that can be drawn from this research and suggestions for further research and questioning.

Introduction

The inspiration for this thesis evolved out of a discussion concerning pay practices implemented by businesses after recent hurricanes in South Louisiana. At a meeting of the Greater Baton Rouge Society for Human Resource Management (SHRM) in the Fall of 2008 it was suggested by some Human Resource (HR) professionals that paying employees for time not worked due to a hurricane would be a good idea because the financial and non-financial benefits of paying employees would outweigh the actual cost of paying employees. It was suggested that paying employees would engender good will and loyalty, thereby, increasing productivity and retention rates to such an extent that it would be in the company's best interest to pay employees for time not worked due to a hurricane. Additionally, it was proposed that this pay practice would prevent unemployment insurance taxes from increasing and that possibly at some point there could even be a trade-off or financial gain; either that paying employees would cost as much as or less than paying the increased unemployment insurance tax that would result from not paying employees when they were unable to work after a hurricane. Finally, it was suggested that the benefits of paying employees for time not worked due to a hurricane would be a good way to help businesses return to normal pre-hurricane operations. However, this discussion left unanswered the question of whether or not pay for time not worked due to a hurricane was such a good idea that it could be considered a best practice for all organizations after a hurricane.

Hypotheses

Hypothesis 1:

Paying employees for time not worked due to a hurricane is such a good idea that it can be considered a best practice.

Hypothesis 2:

While not providing an immediate, direct financial benefit to the business, it will provide an indirect benefit to the company because it will engender good will and loyalty which, in turn, will improve productivity and retention rates.

Hypothesis 3:

It will prevent unemployment costs from increasing as a result of time not worked and, as such, the practice of paying employees for loss time due to the hurricane will cost no more or cost less than the increase in unemployment insurance rates would have cost.

Best Practice

The central idea of a best practice is that it is a way of doing something that is so effective and efficient that the practice can be used by many organizations and be beneficial for all of them to a significant extent in comparison to other practices with the same purpose. (Best Practice 1) Wikipedia defines a best practice as:

[...] an idea that asserts that there is a technique, method, process, activity, incentive or reward that is more effective at delivering a particular outcome than any other technique, method, process, etc. [...] Despite the need to improve on processes as times change and things evolve, best-practice is considered by some as a business buzzword used to describe the process of developing and following a standard way of doing things that multiple organizations can use for management, policy, and especially software systems.

(1)

In Managing Crises Before They Happen: What Every Executive and Manager Needs To Know About Crisis Management, Ian I. Mitroff provides an excellent and accessible model for developing a best practice for crisis management, as well as for general management. In Mitroff's book he states:

One of the most important findings from studying a large number and a wide variety of different crises is that there *is* a method, or a general framework, for managing major crises. If there weren't such a method or framework, the situation would be truly hopeless. This is not to say that even with the best methods or frameworks one can prevent all crises. Indeed, complete prevention is impossible. Nonetheless, with appropriate and advanced planning and preparation, one can limit substantially both the duration of and the damage caused by major crises. In fact, it has been found repeatedly

that those organizations that are prepared for major crises not only recover substantially faster but with significantly less damage than those organizations that are not prepared.

(29)

Mitroff makes it clear that a best practice is not a perfect solution for problems caused by crises, but a solution that will be more effective and efficient than other solutions created for the same purpose. (Mitroff 29) For the purpose of testing the three hypotheses of this paper, Mitroff's Best Practice Model provides a context for analyzing and understanding whether or not pay for time not worked due to a hurricane is a best practice. The second and third hypotheses are the anticipated desired outcomes that would support the pay policy as a best practice.

Mitroff explains that central to his argument of developing a best practice for crisis management is that management needs to understand that the method for developing a best practice during a crisis should not be separate from other aspects of general business planning. Mitroff theorizes that if crisis management planning is distinct from all other aspects of business planning then it will never be utilized or implemented effectively because it will require too much extra effort. Therefore, Mitroff's Best Practice Model is not only appropriate for crisis management but general business planning as well, which is why his model is a great framework for understanding how a best practice is developed and the defining factors of a best practice.

(Mitroff 29-51)

To begin, it is important to define a crisis appropriately and understand the definition of a crisis when developing a best practice to be implemented in reaction to a crisis. This paper considers the reaction of organizations as to whether or not to pay employees for time not worked due to a hurricane. Mitroff describes a crisis by explaining:

Major crises occur not only because of what an organization knows, anticipates, and plans for, but just as much because of what it does not know and does not anticipate.

Organizations need to consider even when they have prepared for a particular type of crisis and a specific form of it, major crises will still occur because of constantly emerging new environmental factors that give a new wrinkle to old forms. Up to this point, I have deliberately avoided defining a crisis, for while they are important, definitions are only really important with regard to the purpose they serve.

Unfortunately, it is not possible to give a precise definition of a crisis any more than it is possible to predict with exact certainty how a crisis will occur, when it will occur, and why. Nonetheless, a 'guiding definition' is that a crisis is an event that affects or has the potential to affect the *whole* of an organization. Thus, if something affects only a small, isolated part of an organization, it may not be a major crisis. In order for a major crisis to occur, it must exact a *major toll* on human lives, property, financial earnings, the reputation, and the general well-being of an organization. More often than not, these occur simultaneously. That is, a major crisis is something that 'cannot be completely contained within the walls of an organization.' (34-35)

Mitroff moves on to outline how an organization should approach developing a best practice model. Even before defining what constitutes a crisis, Mitroff believes that is important for business when approaching crisis management to understand that any type of preparation for a crisis will be more beneficial for the company than not planning at all. Note that in Mitroff's definition of a crisis, he points out that one must be wary of focusing inappropriately on the definition of a crisis. This is a good warning for businesses not only when defining a crisis, but

when defining different aspects of a crisis. Mitroff is warning organizations not to get bogged down in the details, but to persevere and move forward. (Mitroff 29) Mitroff explains:

There are substantial benefits that accrue from being prepared for major crises. One, an organization's major business objectives are less likely to be derailed. For this reason, one is better able to make a strong case for top management giving their strong support for a major program in crisis management. Two, since there are a number of key overlaps between CM [Crisis Management] and other important organizational programs – such as environmentalism, issues management, reengineering, strategic planning, and quality assurance – CM can help to effect the integration that is needed between various key programs. Especially in today's world, one cannot keep adding new and costly programs to an organization, no matter how important each individual program is. In today's world, one must take advantage of every possible synergy. For this reason, CM must not be viewed as another separate, stand-alone program. Indeed, unless CM is integrated with other programs, it will not succeed, and neither will other programs. (29-30)

Discussing the pay policy for time not worked due to a hurricane could be expanded upon to reach into all types of business planning from discussing pay for time not worked due to a hurricane, a business closure, or an individual's extenuating circumstance. Mitroff's framework for developing a best practice is a method in which organizations consider five different factors in order to fully develop and implement a best practice. (Mitroff 30) Mitroff states, "The five factors – types/risks, mechanisms, systems, stakeholders, and scenarios – are key elements of the model that must be managed before, during, and after a major crisis" (30).

The first factor, types and risks of major crises, is probably the most important factor in understanding, discussing, and developing a best practice. Mitroff lists seven different families of crises: economic, informational, physical (loss of key plant and facilities), human resource, reputational, psychopathic acts, and natural disasters. (Mitroff 34-35) A hurricane falls under the natural disaster family. It is important to understand the implications of a hurricane being in the natural disaster family because this helps an organization to approach the CM plan appropriately. In the following quote, consider that when Mitroff refers to earthquakes he is just using one of the crises in the natural disaster family, and that an earthquake here could be used synonymously with hurricane since they are in the same family. Mitroff describes what should be discussed and understood when experiencing a crisis in the natural disaster family by stating:

Natural disasters occur with great regularity, and they strike all organizations equally.

Thus, they are the least threatening to the “collective ego” of organizations. [...]

Furthermore, since one can neither predict nor prevent earthquakes, there is not the blame associated with earthquakes as there is with other types of crises [...] However, even earthquakes have some degree of human blame or responsibility associated with them.

For instance, even though we can neither predict nor prevent earthquakes, humans are still charged with the responsibility of designing appropriate buildings that will withstand their worst effects. Humans are also charged with designing appropriate recovery efforts for the victims of earthquakes. Thus, even those crises that are due solely to “acts of nature” still have a strong human component [...] while Mother Nature may produce earthquakes; humans contribute to their worst effects through shoddy, irresponsible, and even criminal actions. (32-33)

Mitroff explains why it is so important for businesses to plan even when the business is not responsible for the crisis because there is still a responsibility, real or perceived, that the business must consider in its response to the disaster. This is important to consider when determining if there is an expectation for pay for time not worked due to a hurricane because even though the crisis is not the fault of the business there may be an expectation that businesses should act a certain way in their response to the crisis. (Mitroff 32)

The next factor is mechanisms, which “are for anticipating, sensing, reacting to, containing, learning from, and redesigning effective organizational procedures for handling major crises” (Mitroff 40). When preparing for hurricanes there are easily identifiable mechanisms for anticipating and sensing the ensuing crisis because of advanced weather sciences. However, the mechanisms for reacting to, containing, learning from, and redesigning are still somewhat elusive because the scope and impact of any hurricane can never be precisely predicted even though one knows a hurricane is coming. Some survey respondents spoke in terms of a pre and post Katrina environment; explaining that Katrina in one case was considered to be the first hurricane of its kind by one respondent who had lived in South Louisiana for forty years. In *Crisis Management in Today's Business Environment*, Nancy R. Lockwood explains:

Never before has crisis management been more important. As recent events have shown, the business community, as well as communities at large, is vulnerable to disruptions that can be extremely costly. Examples of recent crises that resulted in lost lives, displaced families and communities, shutdown businesses and damaged the economy are hurricanes Rita and Katrina, the London bombings, the South Asia tsunami, the Northeast blackout and the September 11 terrorist attacks. (1)

Lockwood warns businesses not to fall prey to the idea that just because events like hurricane Katrina seemed rare and unprecedented that there is not a need for crisis management planning. (Lockwood 1) Mitroff goes on to say that the two most vital mechanisms are also the two that are most often overlooked and the hardest to determine: learning from and redesigning. (Mitroff 41-42) This is an important element for determining whether or not pay for time not worked due to a hurricane is a best practice. Organizations should carefully and thoroughly evaluate how they respond to hurricanes and paying or not paying employees. Additionally, organizations need to understand the effects of their decision to pay or not to pay employees for time not worked due to a hurricane.

The third factor is systems, which discusses the five “onion layers” of an organization: technology, organization, human factors, organizational culture, and top management psychology (Mitroff 42-43). Technology is the outer layer of the onion and, therefore, the most accessible and easily understood part of the system. As the layers move inward the systems are less visible and less easily understood, but alternatively the most important to be aware of and have knowledge of. (Mitroff 42-44) Mitroff explains:

To get at the underlying layers of an organization, and to understand how the various subsystems can interact, one has to be privy to the inner workings of an organization. This requires that we take an even deeper look inside an organization. To do this, we have to examine in detail the policies and procedures that govern an organization’s behavior. The deepest parts of an organization reside in its culture and in the psychology of its top management. These two layers are the most difficult to get at, and for this very reason, the most critical determinants of an organization’s CM performance. (45)

This same view was expressed in many survey respondents' answers to questions where they cited that management and company culture would most likely dictate whether or not pay for time not worked due to a hurricane would be expected or given. Mitroff also warns organizations to be aware of the fact that their company culture may hurt them if they fall prey to certain defense mechanisms that could prevent them from properly completing and implementing a crisis management plan. (Mitroff 48)

The fourth factor considers the role of different stakeholders in the organization. This will differ drastically according to the role of the organization during a crisis like a hurricane. Survey respondents recognized this in many of their responses to different questions when they cited that healthcare and emergency response teams actually had to work overtime after a disaster, so the issue was not pay for time not worked, but how to fairly compensate them for their dedication and effort. In those cases, the stakeholders are not only the employees, but the people being cared for or rescued as well. For companies that provide essentials like electricity, their stakeholders are the whole community. Mitroff explains:

Stakeholders involve the broad range of internal and external parties who have to cooperate, share crisis plans, and participate in the training and the development of organizational capabilities in order to respond to a range of crises. Stakeholders range from internal employees to external, city, community, state, national, and even international parties, such as the Red Cross, police departments, armies, and fire departments, all of whom may be called upon to help in a major crisis. What is key about stakeholders is that important relationships among them have to be worked on years in advance if an organization is to develop the capabilities and the smooth functioning that are required in the heat of a major crisis. (48)

In terms of a best practice for pay for time not worked due to a hurricane, an organization should consider stakeholders like the organizations in charge of direct deposit who need to get the money to the employees. The employees should also be considered because it is important to know whether or not employees wanted to be paid for time not worked due to a hurricane. It is equally important to understand if employees are motivated by pay for time not worked due to a hurricane. Families of the employees should be considered as well since many survey respondents answered that they needed to know that their families were being taken care of properly.

The last factor is scenarios where Mitroff explains that a company needs to consider a “good crisis scenario” (Mitroff 49). Ironically, when he says “good” what he really means is that a “good crisis scenario involves the occurrence of a type of crisis that the organization has neither considered nor has prepared for,” in essence, a “good” crisis scenario is the worst, most unexpected crisis that could occur (Mitroff 49). Mitroff elaborates by stating:

In addition, the crisis should not only occur at a completely unanticipated time, but at the worst possible time, such as over a holiday or weekend. Furthermore, a good scenario involves the breakdown of the most taken-for-granted, well-designed, and well-performing systems. It should include a chain reaction of crises – related or not related – happening all at the same time. In effect, a good crisis scenario is a plan for how the unthinkable can and will occur. (Mitroff 49)

This notion of the unexpected and unthought-of occurring is reflected in respondents’ hesitations to set an explicit pay policy that promises that employees will be paid for time not worked due to a hurricane. This principle is reinforced by Steven Fink in his book, Crisis Management:

Planning for the Inevitable, when he explains that management should intermittently reevaluate the crisis and the organization's response to the crisis by asking questions. (Fink 86) Fink states:

Your aim should be exercise as much control as possible, stopping every once in a while to assess the situation by asking, 'Am I doing all I can do; are we, as a company doing all that we can do; do I feel confident about my decisions, about my ability to continue to manage this crisis?' Such questions are not intended to plague you with self-doubt. Rather, they are meant as additional working tools for you to use during the chronic phase of the crisis. (86)

Fink reinforces the idea that questions are extremely important not only before, but during and after a crisis because they will help organizations to address the crisis at hand and to later evaluate and plan for future crises. (Fink 86-87) Fink also contends that businesses need to be diligent about planning for a disaster and he warns them not to let the severity of a crisis overwhelm their ability to plan effectively. This idea is also expressed by Marc Siegel in his book, False Alarm: The Truth About The Epidemic Of Fear, when he speaks about how risks or crises can be debilitating if people lose perspective because they focus too much on the risks of a situation (Siegel 78). Siegel explains, "We need to learn how to see risk in perspective, without overreacting to imagined dangers" (Siegel 78). This is a delicate balance where businesses need to focus and plan for crisis, but do not need to let this disrupt their normal business operations.

Mitroff concludes with a warning to business about their response to a crisis. This warning should be taken seriously by businesses when deciding whether or not to pay employees for time not worked due to a hurricane. Organizations need to consider not only what is expected by employees, but by society as well. Mitroff elaborates:

All of the preceding factors constitute not only a set of ideal benchmarks by which an organization should evaluate itself, but the scorecard that the media will use to evaluate and to ask questions about an organization's crisis performance. This is precisely why it is important for an organization to undergo crisis training and preparation. In short, it is the reason why an organization has to ask the toughest questions of itself. No matter how hard an organization is on itself, I can guarantee without qualification that the outside media – one of the most important of all stakeholders – will be even harsher. For this reason, a successful crisis audit of an organization is not only that which points out the most serious weaknesses of the organization, but one that is absolutely and ruthlessly blunt and honest. Although the prime purpose of such an audit is not necessarily to offend people, the report should be so honest as to cause those who prepared it to be fired! In the end, effective CM comes down to two main questions: 'How much reality can an organization bear to learn about itself with regard to its crisis strengths and weaknesses?' and 'How much is an organization willing to invest to correct its weaknesses and improve upon its strengths?' (Mitroff 49-50)

Companies really need to consider the consequence of their decision to pay or not pay for time not worked due to a hurricane not only with regards to the employees' reactions, but also with regards to the reaction of the community, the media, and other stakeholders. In The Human Side of Enterprise, Douglas McGregor reinforces this idea:

Progress in any profession is associated with the ability to predict and control, and this is true also of industrial management. One of the major tasks of management is to organize human effort in the service of the economic objectives of the enterprise. Every managerial decision has behavioral consequences. Successful management depends –

not alone, but significantly – upon the ability to predict and control human behavior. [...]

Many managers would agree that the effectiveness of their organizations would be at least doubled if they could discover how to tap the unrealized potential present in their human resources. (3-4)

McGregor emphasizes that the success or failure of a managerial decision is ultimately determined by the human reaction to that decision. The reaction of employees to receiving or not receiving pay for time not worked due to a hurricane is a main determinant for whether or not this practice can be considered a best practice. The majority of HR professionals responding to the final survey believed that there should be some type of pay policy that is clearly communicated to employees and explains that management reserves the right to choose to pay or not to pay and will base their decision on what is best for employees and the organization. It should be understood that the organization wants to do what is best for the employees and their families, as well as, for the organization and its continuance. It does not benefit the employees if the company pays for time not worked due to a hurricane and as a result goes out of business; leaving the employee with no job at all.

Mitroff's framework during a crisis for a Best Practice Model sets the stage for understanding the results of the survey developed for this paper.

Method

Rejected Survey

The original survey was adapted from a set of scales developed by Allen and Meyer that measured affective, continuance, and normative commitment to an organization. The scales were used because they measured commitment and had construct validity. Natalie J. Allen and John P. Meyer conducted a study in 1996 to test whether or not the commitment scales were reliable and valid. The synopsis for the study states:

Within the past few years, several studies have used the Affective, Continuance, and Normative Commitment Scales (Allen & Meyer 1990; Meyer & Allen 1984, 1991) to assess organizational commitment. The purpose of this paper is to review and evaluate the body of evidence relevant to the construct validity of these measures. Although some empirical questions remain at issue, the overall results strongly support the continued use of the scales in substantive research. (Allen 252)

Essentially, the commitment scales were adapted to measure employer loyalty to the policy of pay for time not worked due to a hurricane. The affective scale measured the emotional commitment to an organization. The continuance scale measured the perceived expected behavior of being committed to an organization. The normative scale measured the commitment in terms of complying with the social expectations by staying with an organization. These scales had been chosen for their relatedness to the topic and for their construct validity. Construct validity was desired because of the original intention to link pay practices for time not worked due to a hurricane to organizational commitment as articulated in the scales developed by Allen and Meyer. The survey questionnaire based upon these scales was deemed inappropriate for this research based upon the concerns expressed by the Greater Baton Rouge Society for Human Resource Management Board.

The Board of Greater Baton Rouge Society for Human Resource Management rejected the survey because they had concerns about the constricting and one-sided nature of the scales. Their concerns were a foreshadowing of the many concerns expressed by respondents in the results of the final survey. After reviewing the survey, GBR-SHRM Board Member, Robin Liggett sent an e-mail explaining why the board could not approve my survey:

I went ahead and took the survey so I could see what questions you asked, but something occurred to me as I completed it. You left little room for the grey area -- It was either you agreed with paying them, or you didn't. You didn't ask many questions about why I would disagree with such a policy. Let me explain - in a perfect utopia I would love to pay every employee who suffers from a natural disaster, but in all fairness I cannot. I have facilities in 18 states and at any given time one of them is closed down through no fault of the employee's. I have two closed today due to blizzard conditions. In fairness, if I pay them, I have to pay the employees who will be out due to tornados, hurricanes, floods, stormy conditions, earthquakes - everything, for it would not be fair to choose which natural disasters have more of an affect on an individual. In these economic times, if I paid everyone for every day we were closed through no fault of our own, I would have to start closing facilities. So at that point my good intentions may cost people their jobs. So I disagree with a standard pay practice which automatically pays people for time away due to the fact that it may cost them their livelihood at the end of the year, not because I do not value them or feel they are important. It is actually the opposite. Your survey did not leave room for that business reality that we as HR professionals have to juggle everyday. It is more important to us that we spend money on actually getting the facilities back open as soon as possible so they can return to work. We then tell them

they have the next two pay periods to work as much overtime as they like to "catch-up." (We normally have a "No Overtime" rule) and I can honestly tell you - although they complain a lot that they are not being paid for sitting at home, only about 10% ever take us up on our offer to allow Overtime. To give you an example after Gustav we told them we would give them two pay periods (4 weeks) to work as much overtime as they liked and in the state of Louisiana only two people actually did. We also gave them opportunities to go work at other facilities within the same city and only a hand-full of them did. Now I know to the average worker this seems cold, but it is a business reality these days. I can be everyone's friend, or I can continue to provide them with jobs. And I imagine as the economy continues in the direction it is going you will see many other companies do the same. (1)

After receiving Liggett's review of the original or rejected survey, the final survey was created in an effort to address the concerns of the GBR-SHRM Board, and, actually, resulted in a better and more appropriate survey for the purpose of this paper. The text boxes did not restrict or force certain responses like the rejected survey had done. Respondents were able to not respond at all or respond only to one part or idea in the question as elaborately or extensively as they wanted. This allowed the HR professionals to give their professional opinion about the "grey area" of pay for time not worked due to a hurricane (Liggett 1).

Final Survey

The final survey was sent out via e-mail to the two hundred and fifty-five members of the GBR-SHRM. (Greater) The members were not asked to specify any information about their work experience or the type of company they worked for because the survey was asking for their opinions as HR professionals. A total of thirty-six members responded to the survey. The e-mail included information about the topic, instructions for the survey, and a link to the survey. The survey was composed using Survey Monkey, an online company that allows one to create an account where they can compose surveys, collect results, and analyze results.

The survey was composed like an interview with text boxes for respondents to write their responses in. Since the survey was composed like an interview, it was difficult to analyze the results in a statistical manner. In an attempt to analyze the results as coherently and cohesively as possible, the responses were grouped by question and by respondent, and can be found in Appendix C and Appendix D respectively. In addition to being quoted throughout the text, each question's respective responses are analyzed and discussed in the Results section.

Even though the responses are just opinions and not facts, it is important to note that they are the opinions of HR professionals who are experts in their field, and thus, experts with regards to pay policies. HR plays a critical role in crisis management. (Miller 1) Lockwood explains:

Traditionally, HR has not been funded or designed to organize or oversee safety and security initiatives. However, regardless of the organization size, HR leaders today have a strategic role and responsibility to ensure their organizations are aware of the human side of a crisis and plan ahead to help minimize its effects. (1)

However, pay policy is considered to be a traditional HR role and it should be a natural extension for HR to help develop a pay policy for a crisis.

Finally, the instructions for the survey provided an introduction to the subject matter of the survey, explained the context of the policy, and gave the reasoning for why HR managers were being surveyed. The instructions for filling out the survey stated:

The following statements aim to assess your opinion as HR managers regarding the business practice of paying employees for time not worked in the aftermath of a hurricane. The purpose of this survey is to gather the thoughts and ideas of HR professionals with regards to paying employees for time not worked after a hurricane, like Hurricanes Katrina, Rita, and Gustav. Please read the following questions and respond accordingly. Thank you for time and effort in completing this survey.

The instructions did not ask for specific examples, but general opinions in response to each question. The questions were general as well as multi-dimensional because most were constructed of more than one question. This was done to elicit more than just a 'yes' or 'no' response because the survey had been specifically redesigned to allow HR managers to express their opinions and not be constricted to a desirable or undesirable answer about this pay policy.

Results

Question One: Consider the following situation for questions 1-6: After recent hurricanes, companies have paid employees for time not worked due to circumstances caused by the hurricane. In some cases, employees have received pay for up to three weeks. Additionally, many companies gave employees two days of paid leave after the storm so they could take care of their houses and families. Do you believe this is an important part of business continuance after a hurricane? If so, why? Do you think this is only plausible for certain types of companies? If so, what types of companies?

Responses: 36

No Response: 0

Response Summary

This question looks at two main components regarding pay for time not worked. It first asks whether this pay practice is an important part of business continuance and then asks for what types of companies is this pay practice plausible.

Twenty-seven of the thirty-six respondents (75%) indicated that this was an important part of business continuance, but many respondents expressed that this type of pay practice should only be implemented if a company has the financial capability to do so. “Taking care of displaced employees is at the top of her list of HR crisis responsibilities, but so is helping to address revenue at an early stage to keep dollars coming in, and going out, so that people keep getting paid,” explained Stephanie Miller in her article, *Disaster Prep: HR’s Critical Role* (Miller 1). Miller also asserts that, “HR has a vital role, and one that plays to its strengths in maintaining business continuity” (Miller 1). However, Miller does not specify whether or not paying employees for time not worked due to crisis is the best way to help businesses return to normal operations. However, many of the respondents agreed that it was certainly a good

measure to pay employees for time not worked due to a hurricane because it would increase loyalty and show that the employer cared about the employee. Indeed, Lockwood supports this idea by explaining:

One of the errors in crisis management planning is the tendency to focus on systems, operations, infrastructure and public relations, with people last on the list. Organizations need to pay greater attention to the impact of critical events on employees, their families and the community. Business recovery cannot occur without employees. HR plays a strategic role in promoting trustful and prepared leadership throughout the organization to help reassure employees of their safety. (2)

The question then is whether paying employees for time not worked due to a hurricane is the best way to help employees return to the company as productive workers. Respondent 17 in answering question one expressed support for this idea by stating:

We believe that the quickest road to recovery includes individuals being as financially sound as possible and feeling like they're working for an organization that cares about them. By paying them their anticipated income, we reassured them the opportunity to come to work with a smile on their faces, knowing their bills were taken care of. This allowed us to move forward and ensured that we kept a positive, motivated staff that could serve our communities as we endeavored to continue life as normal.

When considering this pay policy, many respondents expressed the views in *Disaster Management Plan Toolkit: HR's Role*, which states:

The HR team needs to turn its attention to deciding what practices it will follow for pay continuation after the disaster in most cases, business operations can resume in a relatively short span of time, but the HR team still needs to look at this from both short-

term and long-term perspectives in advance of a disaster and make preliminary decisions about pay continuation practices it plans to follow. Additionally, the needs to develop it pay plans using two scenarios: 1) the work site is operational; and 2) the work site is closed. (Disaster 1)

In addition to considering whether the business was operational, the size of the company seemed to determine whether or not respondents thought that a company should pay for time not worked due to a hurricane. For example, larger companies were assumed to have the financial capability to pay and were, therefore, expected to pay. Whereas, it was assumed that this would be less feasible for smaller companies and the majority of respondents did not expect smaller companies to pay. However, some respondents simply responded that all businesses should pay. In Kathy Gurchiek's article, *Firms Debate How Long To Pay Storm-displaced Workers*, she found that, "Nearly half of large companies with employees who are out of work as a result of Hurricane Katrina will keep those employees on the payroll indefinitely, according to a Mercer Human Resource Consulting survey released Oct. 11" (Gurchiek 1).

Overall, it can be said that HR professionals believe that paying employees for time not worked due to a hurricane is an important part of business continuance and should be done by any company, large or small, that is able to do so.

Question Two: Do you believe this is important for retaining employees, especially skilled workers like electrical engineers, nurses, and doctors?

Responses: 36

No Response: 0

Response Summary

The response to this question was a resounding “yes” by thirty out of the thirty six HR professionals (83.3%) who answered this question. However, since many respondents only answered with a simple “yes” it is unclear whether they feel that this is more important or as important for retaining skilled workers in comparison with non-skilled workers. Respondent 17 did address this by saying, “I believe it’s important for retaining employees at the skilled and unskilled level. Our skilled workforce would have been more able to bear the loss of a few days’ income than our unskilled associates.” Whereas, Respondent 33 expressed a unique view by saying, “No Skilled employees and high level professionals have a moral compass that dictates their immediate return to work. They will not quit their jobs as a result of an act of God.” This idea was not expressed by any of the other respondents. Respondent 29 said, “Yes, it applies to everyone.” Overall, though, the majority held that this type of pay policy was important for retention, but it was not specified if this was retention at all levels or just the skilled level.

Question Three: What are some key points to be considered when deciding whether or not to pay employees for time not worked? (i.e., scope of the hurricane, magnitude of displacement, financial capability of the company to pay)

Responses: 36

No Response: 0

Response Summary

When responding to this question, all thirty-six HR professionals (100%) either stated all or some of the three examples stated in the parenthesis after the question. Three additional factors that were raised by more than one respondent were to consider whether the employee was exempt or non-exempt, whether the employee reported to work or not, and whether or not this would create a sense of entitlement in the future. Additionally, many respondents expressed a sort of frustration with this question because there is not a definitive answer and too many ambiguous factors have to be determined.

Question Four: What is the best way for companies to approach pay practice policies for time not worked due to a hurricane? Should there be an explicit policy or flexible guidelines?

Responses: 36

No Response: 0

Response Summary

Every respondent (100%) expressed that there must be flexibility with any pay policy developed to address whether or not to pay employees for time not worked due to a hurricane.

Respondent 20 summarized the ideas of many respondents by stating:

Maybe just a sentence ‘at the discretion of the CEO’ Before Katrina I would have said an explicit policy with clearly defined parameters; however, Katrina was so devastating that a clearly defined policy (say, 2 days with pay) would have seemed harsh and not caring.

Each natural disaster is different, and affects different geographical areas and different businesses differently. I believe flexibility and judgment are the keys here.

The most important factor to consider, as expressed by respondents, was that it was clear in any policy that the organization reserved the right to pay employees in accordance with what was best for the company.

Question Five: Do you have any concerns about paying employees for time not worked due to a hurricane? Could this set a precedent that could not always be met by businesses in the future?

Responses: 35

No Response: 1

Response Summary

Surprisingly, five of the thirty-five respondents (14.29%) simply stated that they did not have concerns about paying employees for time not worked due to a hurricane or setting a precedent that could hurt businesses in the future. This is surprising because the manner in which the question is asked seems to assert that there should be concerns and that a harmful precedent could be set. It is surprising that more than one respondent would simply respond that they did not have any concerns about this pay policy or setting a precedent. On the other hand, the other thirty respondents (85.71%) all expressed that they had concerns either about the pay policy or setting a detrimental precedent or both. Respondent 15 said, “It absolutely will. We had issues where we considered paying employees for Ike and Gustav. Then the Florida employees were calling wanting to know why they weren’t paid for Andrew and other previous hurricanes.” Not only could this pay policy set a precedent, it could also create problems if employees felt that they should be compensated for past hurricanes where they were not paid for time not worked. This question and the responses to this question reinforce the idea that any type of pay policy should have flexible guidelines where management reserves the right to decide on a case by case basis whether to pay or not to pay for time not worked due to a hurricane.

Question Six: What is the best way to ensure that employees can receive pay if given? Should direct deposit be made mandatory for all employees? What are some alternatives to direct deposit?

Responses: 35

No Response: 1

Response Summary

There was a not a majority opinion as to whether or not direct deposit should be mandatory. Twenty-seven of the thirty-five respondents (77.14%) agreed that it was easiest when direct deposit was mandatory, but raised concerns about making direct deposit mandatory. The other twelve respondents (34.29%) simply said that direct deposit should not be mandatory. Respondents were concerned about making direct deposit mandatory because not all employees have bank accounts and because there are still risks associated with direct deposit. In Rita Zeidner's article, *In Wake of Katrina, Employers Ponder Options for Getting Workers Paid*, she states:

Technology has come to the relief of many businesses struggling to carry out the most basic of workplace activities in the aftermath of Hurricane Katrina. A key HR priority: getting pay, and, in some instances, relief subsidies, to disaster victims who need the money to begin rebuilding their lives. [...] But many workers – particularly lower-paid and hourly employees – traditionally have shunned direct deposit, preferring a paper check. (Zeidner 1-2)

Businesses need to be aware that even direct deposit technology can fail if the company providing the service or the employee's bank is affected by the hurricane. Still, direct deposit or ATM cards were the best ways, as expressed by respondents, to ensure employees were

receiving pay, if given, after a hurricane.

Question Seven: Considering the following statement: If the employees of a company file for unemployment compensation because they are unable to work as the result of a hurricane, do you think it is fair to say that unemployment taxes will increase to such an extent that in the end it may have been just as costly to pay employees? Also, do you believe paying employees for time not worked could engender enough good will and loyalty on the part of the employees towards the company to justify paying employees for lost time due to a hurricane? Are you aware of any federal unemployment insurance tax laws that could be applicable in this situation? What are your thoughts?

Responses: 33

No Response: 3

Response Summary

There are two main parts to this question. First, question seven asks whether paying employees for time not worked due to a hurricane can be justified because of the increase in good will and loyalty on the part of the employees. Second, whether or not there are any tax laws relating to the hypothesis concerning unemployment taxes. Additionally, this question is open ended and asks respondents to give any additional thoughts. However, the majority of HR professionals responded only to the two central ideas being considered in question seven.

Respondents' answers were varied on the theory of increasing good will and loyalty. Respondents varied from the degree of fully supporting that this pay policy would have a tremendously beneficial effect on employee good will and loyalty and completely justified the cost of paying employees to feeling exactly opposite. For example, Respondent 31 said, "If a person really needs to be off and the company still keeps them whole as far as pay then the employees loyalty will go up 150%." Whereas, Respondent 22 said:

We need to stop relying on everyone else to pay for us. If I miss work, then I use my vacation/PTO. That's what it is there for, if you have used all your hours – tough! Sorry to sound hard, but we can't rely on everyone else to pick us up every time we fall. From my experiences with Katrina, Gustav, etc. it has not 'engendered enough good will.' They just look for the next hand out. I work for a great company, and the employees did not appreciate anything the company did to help. They wanted their 'something for nothing.'

Obviously, these are two very different opinions regarding whether or not paying employees for time not worked due to a hurricane can be justified by an expected increase in good will or loyalty. However, if the practice does result in increased loyalty then the company will benefit because "a loyal workforce saves money in the form of lower recruiting costs, fewer stranded clients, and less downtime. It also encourages acquisition and sharing" (Johnson 4). If it can be shown that implementing this pay policy increases good will and loyalty, then employers will benefit from the practice.

The second part regarding an increase in business unemployment insurance tax and federal laws was asked in order to assess whether HR professionals were aware of the fact that after most crises, like a hurricane, Disaster Unemployment Assistance (DUA) aids workers and prevents business unemployment insurance tax from increasing significantly. (Fitzgerald) In a phone interview with David Fitzgerald, Chief of Benefits at the Louisiana Workforce Commission, he said that business unemployment insurance taxes would never increase so significantly that this reason alone could justify paying employees for time not worked due to a hurricane. (Fitzgerald) Twenty-one of the respondents (63.63%) stated that they did not believe paying employees would be less costly than an increase in business unemployment insurance tax.

None of the respondents specifically mentioned DUA, but respondents 13, 28, and 29 did state that they thought there would be some type of help from local or federal government to prevent a drastic increase in business unemployment insurance taxes after a hurricane.

Question Eight: Please use this text box to add any additional thoughts that you have concerning paying employees for time not worked due to a hurricane. Thank you again for your comments.

Responses: 12

No Response: 24

Response Summary

Only twelve of the thirty-six HR professionals (33.33%) responded with additional comments regarding the pay practice of paying employees for time not worked due to a hurricane. Two responses in particular provided some more valuable information. Respondent 21 stated:

I think my position is clear in my previous responses. I do not think that companies should have a policy that says employees will get paid if they miss work due to a hurricane, etc. The extraordinary circumstances such as those generated by our most recent hurricane experiences (and anecdotally, I might add that in years past I do not remember such circumstances ever occurring, but I am sure that we have had serious hurricanes like Camille and Betsey) need to be addressed outside of some formal policy statement for the company to get the full value of doing what is right for a good corporate citizen.

Another respondent raised the concern that it could be possible to overreact to recent hurricanes and that it could be detrimental to employees and organizations if government tried to mandate this type of pay practice after a disaster in order to help employees. Respondent 32 stated:

Having lived on the coast most of my life, I have seen devastating storms and people's responses (Andrew in Florida, Katrina in NO, and Gustav in Baton Rouge to name a few

specific). Many genuinely need assistance and others exploit the opportunity. I think responsible employees and companies have a plan for dealing with disasters. My fear is that the government will try to enact a law forcing companies to pay people, and giving some an opportunity to further exploit the system. If a company wants to give additional funds out of good will or concern for their staff, it should be their decision. Because after all, in a disaster, the company suffers a financial loss, too.

The other responses to question eight reemphasized previously mentioned ideas or concerns and were not very long, but those two responses gave additional valuable information. Possibly, respondents did not feel there was anything further to add or did not want to put forth the effort to respond to another question.

Discussion

Conclusion

The responses to the survey indicated that HR managers do not believe a single policy regarding pay for time not worked due to a hurricane could be created that would be appropriate for multiple organizations after a hurricane. However, many HR managers implicitly understood and expressed the ideas of Mitroff's Best Practice Model in their responses, even though none of the respondents specifically identified Mitroff, another crisis management expert, or another best practice framework for how to address whether or not paying employees for time not worked due to a hurricane could be a best practice. Mitroff's Best Practice Model framework and survey responses both suggest that organizations need to be flexible and well prepared in order to best prepare for a crisis or develop any crisis policy.

Hypothesis one stated that "paying employees for time not worked due to hurricane is such a good idea that it can be considered a best practice." The survey responses are equivocal at best and more appropriately suggest that "it depends" or simply "maybe." Paying employees for time not worked due to a hurricane could only rise to a best practice if it is consistent with frameworks such as Mitroff's Best Practice Model. Neither the survey responses regarding this pay practice nor the elements of Mitroff's model support payment for time not worked as a best practice.

The second hypothesis stated that "while not providing an immediate, direct financial benefit to the business, it will provide an indirect benefit to the company because it will engender good will and loyalty which, in turn, will improve productivity and retention rates." As with hypothesis one, the survey responses are at best equivocal. Support for the second hypothesis is dependent on whether or not businesses can measure variables such as loyalty, retention, and productivity and draw a causal link between payment for time not worked due to a hurricane and

these measures. Survey responses not only did not substantively support this link, but one or more respondents even questioned whether there was a link. One would have to be able to predict the reaction of employees to payment or lack payment for time not worked as a result of a hurricane in order to establish whether or not there was a causal link that would support both hypotheses one and two. This research failed to establish such a link.

The third hypothesis stated that payment for time not worked due to a hurricane “will prevent unemployment costs from increasing as a result of time not worked and, as such, the practice of paying employees for loss time due to a hurricane will cost no more or cost less than the increase in unemployment insurance rates.” It is evident that there is no support for hypothesis three based upon the telephone interview with David Fitzgerald where he made clear that business unemployment insurance taxes after a hurricane would never increase to a level that would exceed the cost of payment for time not worked incurred by businesses in the aftermath of a hurricane. Federal laws such as the Disaster Unemployment Assistance (DUA) Act also support this conclusion.

Suggestions for Further Research and Studies

The results of this study show that there are still many questions left unanswered about paying employees for time not worked due to a hurricane. Further research or studies need to measure how employees actually do respond to pay for time not worked. This objective, to predict employee behavior due to action by management, is vital for establishing that a policy is or is not a best practice. If a HR manager could show that the employees' reaction would be so beneficial for the company that it would outweigh the financial cost of paying them, then pay for time not worked due to a hurricane would be a best practice.

It would be valuable to create a survey similar to the one for GBR-SHRM that could ask employees whether or not they were paid for time not worked due to a hurricane and how this influenced them. Did they or would they feel more loyalty to their employer if they were paid for time not worked due to a hurricane? Do they feel entitled to pay? If paid once, would they expect pay for every hurricane? If hurricanes are expected every year during hurricane season, should there be an expectation that employees be responsible for taking the appropriate action to ensure their own well-being? The problem is that hurricanes never have, never do, and never will affect an area in the same way. This leaves a great deal of uncertainty to answering the questions surrounding employee and employer responsibility in the aftermath of a hurricane.

An important goal of future research regarding pay for time not worked due to a hurricane should be to collect specific and quantitative data on the pay practice and attempt to link the payment for time not worked practice to quantitative and qualitative outcome variables such as voluntary turnover and employee morale. Additionally, future surveys should examine these pay practices across industries and as a function of company size.

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Appendix A: Cover Letters

Monday, 2 February 2009

Dear Board Members of GBR-SHRM,

Thank you for taking the time to review my survey. This survey is a vital part of my research for my undergraduate senior thesis at Louisiana State University. I am very grateful to GBR-SHRM for considering my request. Please find below the link to my survey for approval by the board.

https://www.surveymonkey.com/s.aspx?sm=MsXDRzdrVMU8Zn6wAyMb3w_3d_3d

Please do not hesitate to contact me if you have any questions or concerns about this survey. I created this survey using my personal Survey Monkey account. Also, I opted to have an additional security feature so that the survey and responses are sent over a secured link. Also, as stated in the e-mail to the members, the responses are anonymous and do not ask for any company or personal information. Of course, I would be more than happy to share my results and the completed text of my thesis with GBR-SHRM.

Attached to this e-mail is a word document that can be copied and pasted into the e-mail that is sent to all of the GBR-SHRM members. The link for the survey is in the letter. Thank you again for your help in this matter.

Sincerely,

Laura Bowie

lbowie1@lsu.edu

B.S. Management May 2009

Louisiana State University

Wednesday, 11 February 2009

Dear Board Members of GBR-SHRM,

I would like to ask you to review a new survey, which I have created in response to the concerns raised by the board. I chose to construct my last survey in such a way that the survey had construct validity. However, I have made significant changes to this survey and feel that it will be better suited for my thesis. Thank you for taking the time to review my survey. This survey is a vital part of my research for my undergraduate senior thesis at Louisiana State University. I am very grateful to GBR-SHRM for considering my request. Please find below the link to my survey for approval by the board.

https://www.surveymonkey.com/s.aspx?sm=MsXDRzdrVMU8Zn6wAyMb3w_3d_3d

Please do not hesitate to contact me if you have any questions or concerns about this survey. I created this survey using my personal Survey Monkey account. Also, I opted to have an additional security feature so that the survey and responses are sent over a secured link. Also, as stated in the e-mail to the members, the responses are anonymous and do not ask for any company or personal information. Of course, I would be more than happy to share my results and the completed text of my thesis with GBR-SHRM.

Attached to this e-mail is a word document that can be copied and pasted into the e-mail that is sent to all of the GBR-SHRM members. The link for the survey is in the letter. Thank you again for your help in this matter.

Sincerely,

Laura Bowie

lbowie1@lsu.edu

B.S. Management May 2009

Louisiana State University
Thursday, 19 February 2009

Dear Human Resources Professional,

I am writing to ask for your help in a research survey that I am conducting as part of my undergraduate senior thesis at Louisiana State University. Collecting a large pool of survey responses is essential to the completion of my senior thesis. For that reason, your time and effort in completing this survey is greatly appreciated.

You have been selected to complete this survey because you are a member of GBR-SHRM. However, this is an anonymous survey and you are not asked to provide any company or personal information. The survey is composed of eight questions and should take approximately 5 to 15 minutes to complete. The survey is designed more like an interview; therefore, please respond as elaborately as you like. Feel free to bring up anything you think may be relevant to the survey.

Please respond by Friday, 27 February 2009.

https://www.surveymonkey.com/s.aspx?sm=scOFtlLv56ziYSbs_2fifbLA_3d_3d

Thank you again for your time and assistance in this matter.

Sincerely,

Laura Bowie
B.S. Management May 2009
Louisiana State University

Appendix B: Final Survey

The following statements aim to assess your opinion as HR managers regarding the business practice of paying employees for time not worked in the aftermath of a hurricane.

The purpose of this survey is to gather the thoughts and ideas of HR professionals with regards to paying employees for time not worked after a hurricane, like Hurricanes Katrina, Rita, and Gustav. Please read the following questions and respond accordingly. Thank you for time and effort in completing this survey.

- 1) Consider the following situation for questions 1-6: After recent hurricanes, companies have paid employees for time not worked due to circumstances caused by the hurricane. In some cases, employees have received pay for up to three weeks. Additionally, many companies gave employees two days of paid leave after the storm so they could take care of their houses and families. Do you believe this is an important part of business continuance after a hurricane? If so, why? Do you think this is only plausible for certain types of companies? If so, what types of companies?
- 2) Do you believe this is important for retaining employees, especially skilled workers like electrical engineers, nurses, and doctors?
- 3) What are some key points to be considered when deciding whether or not to pay employees for time not worked? (i.e., scope of the hurricane, magnitude of displacement, financial capability of the company to pay)
- 4) What is the best way for companies to approach pay practice policies for time not worked due to a hurricane? Should there be an explicit policy or flexible guidelines?
- 5) Do you have any concerns about paying employees for time not worked due to a hurricane? Could this set a precedent that could not always be met by businesses in the future?
- 6) What is the best way to ensure that employees can receive pay if given? Should direct deposit be made mandatory for all employees? What are some alternatives to direct deposit?
- 7) Considering the following statement: If the employees of a company file for unemployment compensation because they are unable to work as the result of a hurricane, do you think it is fair to say that unemployment taxes will increase to such an extent that in the end it may have been just as costly to pay employees? Also, do you believe paying employees for time not worked could engender enough good will and loyalty on the part of the employees towards the company to justify paying employees for lost time due to a hurricane? Are you aware of any federal unemployment insurance tax laws that could be applicable in this situation? What are your thoughts?
- 8) Please use this text box to add any additional thoughts that you have concerning paying employees for time not worked due to a hurricane. Thank you again for your comments.

Appendix C: Survey Responses Grouped According to the Question

Below are the survey responses grouped together according to the question that the response is answering. Please note that the numbers under each question correspond to the respondent with that same number from Appendix D: Survey Responses Grouped by Respondent.

Total Number of Respondents: 36

Question One:

Consider the following situation for questions 1-6: After recent hurricanes, companies have paid employees for time not worked due to circumstances caused by the hurricane. In some cases, employees have received pay for up to three weeks. Additionally, many companies gave employees two days of paid leave after the storm so they could take care of their houses and families. Do you believe this is an important part of business continuance after a hurricane? If so why? Do you think this is only plausible for certain types of companies? If so, what types of companies?

Responses: 36

No Response: 0

Responses to Question One:

- 1) I think it depends on the extent of the damage from the hurricane. It's hard to give a blanket answer.
- 2) All companies should strive to help their employees out in times of need.
- 3) It is an important part of business continuance. It helps keep your workforce intact. It also reduces the strain on unemployment compensation and public assistance that would otherwise be accessed by the affected individuals. However, some employers cannot afford it.
- 4) Employee retention means doing a number of things and for an employee to feel that an employer cares, that employer should be able to do something that they have never done to get what they may never have had, show concern.
- 5) Yes, it is important. Each storm is different so to what extent a company may do this would depend on the amount of devastation of the hurricane. For example, for our New Orleans employees after Hurricane Katrina and Rita we continued their pay for months (along with other assistance provided such as housing, alternative work arrangements, etc.) For Gustav we provided a week with pay.
- 6) Yes. Some companies have even more work after a hurricane due to the need of the business. In this case I think certain positions should be paid overtime or more so due to the fact that they have too and are willing to work to help others and maybe put their needs and the needs of their families aside.
- 7) I certainly think it would be wonderful -- however, many companies are affected by the natural disaster and thus paying employees could be a hardship. As well, many companies must have at least a skeletal crew during and after a disaster, making it difficult to pay those who didn't have to work through that event.
- 8) I would not consider business continuity to be the reason. Rather, it is an important part of the "employment relationship" and the goodwill the ER builds with the EEs.
- 9) Yes, because it shows Company loyalty to its employees. Of course the business has to be in a position to absorb the cost. A small business may not be able to afford.

- 10) I work in the energy business. Our employees have to work after a storm so they are paid for time worked and not for time not worked. Many of them will actually stay on the property to work rather than going home. We have a lot of hourly workers.
- 11) Yes I do think it is an important part of a business. I think most employers with over 50 employees should pay their employees for time off after a storm or make them use vacation pay.
- 12) Only if employees want to be paid for vacation; otherwise, this is too costly to the company. Companies can try to insure this risk just like they insure in case their business catches on fire but this can be expensive and hard to find in New Orleans. For most hurricanes, employees are out of work only a few days. Katrina was an exception because of the levee break.
- 13) Should only award a couple of paid days off afterwards, to handle personal business; most companies cannot afford more paid time off under these circumstances
- 14) Yes, it is an important part of business continuance if the company can afford it. It shows the employees are valued by the company. It should not be a policy but a business decision that is made at time of the circumstances.
- 15) It is important but not practical for all companies. Some companies are pay for performance (construction for example). If a company is contracted to build a building and it does not get built, the company does not get paid....so they cannot pay their employees.
- 16) During catastrophic hurricanes, employees suffer different types of losses. Not only property damage but suffer a psychological impact as well. Companies buy employee loyalty and dedication when they act responsibly by helping to offset costs incurred by employees. Companies recognize that some employees live "check to check" and the loss of pay impacts them greatly. While small businesses that are impacted by a storm may not be able to supplement an employee's income, major corporations enjoy significant gains by paying employees during hurricanes.
- 17) Yes, I think it is an important part of business continuance after a hurricane, and I believe that any company that can prudently bear the cost should do so. We operate a fuel wholesale, including truck drivers, and 8 24-hour convenience stores, and we were able to pay every one of our employees for any shifts they missed because of hurricane closures or hurricane-related absences. We believe that the quickest road to recovery includes individuals being as financially sound as possible and feeling like they're working for an organization that cares about them. By paying them their anticipated income, we reassured them of their worth as individuals first and

employees second and afforded them the opportunity to come to work with a smile on their faces, knowing their bills were taken care of. This allowed us all to move forward and ensured that we kept a positive, motivated staff that could serve our communities as we endeavored to continue life as normal.

- 18) I think it is essential to doing business in LA. If employers do not fairly generously respond to devastating hurricanes, then we will eventually lose some of our talent.
- 19) I think some level of paid time off support for employees is critical to any business continuance after a hurricane event -- my Company varied its response depending on the impact on each individual work site. I could see this as a challenge for small and/or non-profit organizations, less so for large organizations.
- 20) Yes to both questions. Companies need to be fair and compassionate with their employees: if the employees' minds are elsewhere, as in after hurricanes, they won't be very productive in their jobs. However, not all companies can afford to pay employees for work not performed, so some may have to apply vacation days or other paid time off. Business interruption coverage also is relevant here.
- 21) Certainly I think it is the "right" thing to do. Employees need to know that their employers understand and "have a heart". The employers should know that the loyalty and well being of their employees is crucial to their long term success and therefore the need to flexible and understanding about extraordinary circumstances. I cannot think of what type of companies would not want to do this, but there are some where being "off work" is not a real option, i.e. disaster recovery type business, healthcare, law enforcement, etc. Even in those cases the dedication and loyalty of the employee should be recognized in some way so that they (the employee) know that their families are being taken care of while they are out helping others.
- 22) No.
- 23) Yes, demonstrates company loyalty to employees. Should be available from all companies but may not be practical for smaller businesses.
- 24) All companies.
- 25) I do believe this is an important part of business continuance as it shows employees that the company is concerned for the employees.
- 26) Yes, it reassures the employees that their employer is somewhat loyal to them and shows care and concern about the circumstances at hand.

- 27) Yes, but it definitely depends upon the company. We paid the entire staff for the days the company was down and until it was safe to travel on the roads. Individuals needing extra assistance were allowed to use PTO.
- 28) Service companies which provide a service directly to the public will incur a huge hit to their bottom line for the time they are closed. They may not be able to pay their employees without repercussions.
- 29) Yes, businesses are supported by the community around them and the people they employ. Employee's first priority is a safe and secure place to live. By allowing them time off with pay, it relieves them of the unexpected hardship of dealing with hurricane damage.
- 30) Yes, employees had no control over the closure of business and therefore should be compensated for the days that the business was closed. I do think that the paid time should be limited to the number of days that the business was closed.
- 31) I feel that if someone has extensive damage due to a hurricane that a company should give some type of compensation, depending on how long they are out. I know if I could have had 2-3 days of pay it would have been a huge relief for me. Small companies may not be able to afford it because it also affects their business but I feel larger companies should have more compassion.
- 32) I think three weeks is excessive. I believe a company should compensate an employee if they cannot get to work for an act of God (i.e. the city has been evacuated and they are not allowed in), but if the business is operational and the employees can get to the job site, they need to go, and if they do not, should not be compensated. The hurricanes should not be an excuse to justify an extended vacation.
- 33) Yes, if the company can afford it. If the company is affected by the storm, it may not be feasible.
- 34) 3 weeks is very generous and cost prohibitive for many companies. Many companies have inclement weather policies covering on average up to 3 days.
- 35) This is a very important part of Business Continuity. It would be most plausible for Companies with a large investment in the training of its employees.
- 36) Yes. Shows a commitment to the employees and it is cost effective to retain experienced employees.

Question Two:

Do you believe this is important for retaining employees, especially skilled workers like electrical engineers, nurses, and doctors?

Responses: 36

No Response: 0

Responses to Question Two:

- 1) Yes.
- 2) Absolutely! Happy employees are loyal employees.
- 3) Very important for employee retention.
- 4) Absolutely
- 5) Yes, very much so.
- 6) Yes, I think so. Because if you have a worker who thinks their family is more important and who knows they are a good worker and could easily find another job b/c of their skills a company would want to keep this type of employee.
- 7) I do not believe that a policy to pay employees after a disaster would have a significant impact on retention.
- 8) No; I do not consider it a component of employee retention for any specific type of employee - rather it is a component of the company's overall employee relations/culture focus and how it works to have a culture (if in fact it does) of overall retention and maintaining morale.
- 9) Yes.
- 10) I do believe in some industries you may have to continue to pay them especially if they are salaried, exempt employees.
- 11) Yes, it shows the employees that their employer cares about them and their family.
- 12) Again, I have lived in southern La. for 40 years and Katrina was the only time this happened.
- 13) Medical centers/clinics can only afford to do so much w/poor insurance company reimbursement, high malpractice insurance fees, and the ever-rising medical overhead costs
- 14) Yes, it helps to retain employees when they feel Companies have the employees' best interest at heart.
- 15) For all employees.
- 16) I am not sure there is a significant impact on employee retention but I think employee morale certainly gets a boost.

- 17) I believe it's important for retaining employees at the skilled and unskilled level. Our skilled workforce would have been more able to bear the loss of a few days' income than our unskilled store associates.
- 18) Yes.
- 19) It could be - perhaps more so closer to New Orleans, maybe not so much in the Greater Baton Rouge area.
- 20) Yes, of course. High employee morale makes for a productive, positive workforce. If competitors offer this benefit and your company doesn't, your company won't have many employees!
- 21) It is always an issue of communications and in extraordinary circumstances, NORMAL goes out the window. Employees who have a dedication and passion
- 22) No it is a nice benefit, but I don't think it is necessary.
- 23) Absolutely!
- 24) Yes, if you allow people time to get their personal affairs in order, they may not need to take time later.
- 25) Yes. In the aftermath of Katrina many of our employees were displaced. Because we are a national company, many employees, especially those that were not able to return to their homes for months (if ever) were able to transfer into positions in other parts of the country where they were displaced.
- 26) Yes.
- 27) We are a healthcare organization, yes.
- 28) Yes if it is a fiscally responsible decision - you should always try. It creates loyalty.
- 29) Yes, it applies to everyone.
- 30) Yes.
- 31) Usually after a hurricane like we have had in the past few years, you are lucky to have a job and you need a job to help pay what insurance will not? I don't believe it is important for retaining. Moral would be higher if pay is given.
- 32) No. Skilled employees and high level professionals have a morale compass that dictates their immediate return to work. They will not quit their jobs as a result of an act of God.
- 33) Every perk is important in retaining employees.

34) Some sort of support is the right thing to do to help employees' shoulder the burdens placed on families in times of natural disaster.

35) Yes.

36) Yes.

Question Three

What are some key points to be considered when deciding whether or not to pay employees for time not worked? (i.e., scope of the hurricane, magnitude of displacement, financial capability of the company to pay)

Responses: 36

No Response: 0

Responses to Question Three:

- 1) Scope of hurricane. How are other types of disasters handled in other parts of the country if the company is National in scope.
- 2) All of the above.
- 3) Financial ability of the company to pay and length of the event.
- 4) I believe that if a company has to shut down for more than 24 hours, the livelihood of the employee should not suffer. That employee should be paid and if they are able to return to work after the establishment has reopened, they should return to work.
- 5) All of the above. We have a business continuity plan which a committee convenes immediately following the hurricane to make the necessary decisions about office closure, customer service issues, etc.
- 6) Whether or not the company can still operate and make money while employees are out in order to pay their salaries.
- 7) The financial capability of the company and the particular situation of having to have employees work during and after the event due to your company's service/product.
- 8) 1. Financial capability of company to pay 2. Past practice 3. Determination of if this will be setting a precedent for the future - and how to handle that 4. Impact to business continuity - was business open and some people just couldn't report? Was business closed entirely for xx period of time? How does one determine pay/no pay for individuals who reported vs. those who didn't report?
- 9) Whether or not the office is open for business with work available for employees.
- 10) All of the above. Also the importance of that job to the business and if there is a chance that a competitor would snap them up. It is much more important to be benevolent than to treat the employee like a number. We try to instill the feeling of family at work.
- 11) We also pay our employees for their time not worked if they were scheduled after a hurricane. I would think that the scope of the hurricane would be important to determine how many days off would be needed.
- 12) If you start paying for hurricanes, employees will expect it and then debate when and how much for every storm...then, they'll expect pay for bad thunderstorms, et al. Paying employees extra to come to work during bad storms is a much more important concept.
- 13) Magnitude of displacement and financial capability of company to pay such expenses

- 14) Financial capability of the company to pay and scope of hurricane
- 15) Magnitude of displacement
- 16) I think the question contains the "key points" to consider when deciding to pay employees for time not worked.
- 17) All points named above. For us, each department or division was affected in a different way, and we made our calls on a department-by-department basis and asked our department managers to notify us of any employees who had suffered particular damage. We made extra allowances for them.
- 18) I think that all of the listed reasons should be considered.
- 19) Financial ability; scope of damage in the area; needs of the workforce -- i.e. people may need food/shelter/transportation more than pay for time not worked.
- 20) On a case by case basis, scope of the damage done to the employee's property and, perhaps, family. In these storms some people sustained no damage, or only had to deal with loss of power for a few days, while others had trees fall on their homes, water in their attics, and had to find other places to live. The major limiting factor is the company's capacity to absorb these costs, which each company would have to decide.
- 21) Scope of the extraordinary event. What is going on in the community as a result?
Certainly that financial ability of the Company to pay is a factor as well, but this again would have to be communicated in such a way that the employees would understand and appreciate the decision.
- 22) Financial ability - desire to do so.
- 23) Individual circumstances that prevent employees from being able to work.
- 24) For us it made sense, our building was without power and we had a bit of damage, therefore it made sense.
- 25) I believe all of the above are key points to be considered.
- 26) Full-time or part-time status, years of service, and exempt or non-exempt position.
- 27) Severity of disaster, financial position of the company.
- 28) Magnitude of the event, time it will take to reopen facilities, options if you cannot open facilities (i.e., can you send employees to work in a rented space somewhere else? Can they work from home? Can you set up temporary computers, etc.) Financial soundness of

the company (how large of an impact will this make); how often do you anticipate such closures

- 29) The financial capability of the company is probably the primary consideration, but often companies received tax credits or insurance coverage for losses due to a catastrophe.
- 30) Number of employees and number of hours not worked, but paid.
- 31) If someone has to actual move out of their house and find other housing because of damage I feel they should be considered for pay. To stay home and cut trees that are on your property, but not on your house, no they should not be paid.
- 32) I believe that the sole factor in deciding this is whether the job site is accessible. If it is and the business is open, employees need to return to work. If they cannot, vacation, sick or personal time should be used, or they should take time off without pay in accordance with company policy to take care of their personal business. If employees do return to work, the company is obligated to compensate them for time worked.
- 33) If employees can get to work and it not is a safety issue, then they should report to work, unless they're directly affected by the storm.
- 34) Whether or not offices close or employees are not able to work from home.
- 35) Financial capability of the Company should be the major factor. Companies should establish a policy that is reasonable for both the employee and employer.
- 36) The extent of the damage to them and the surrounding area. There is no definitive answer.

Question Four:

What is the best way for companies to approach pay practice policies for time not worked due to a hurricane? Should there be an explicit policy or flexible guidelines?

Responses: 36

No Response: 0

Responses to Question Four:

- 1) An explicit policy with a way to request a policy exception if circumstances warranted it.
- 2) Flexible guidelines.
- 3) A written policy should be in place prior to events occurring so that management and employees know what to expect and can plan accordingly. The policy should, however, include some ability to make exceptions for rational business reasons.
- 4) Because we are in a storm environment, we should consider this fact as we prepare our hurricane preparedness plans.
- 5) There should be a policy that allows for flexibility to adjust for the situation.
- 6) It should be a little of both. Written as detailed as possible why allowing some flexibility in case of a circumstance that may occur that was not thought of.
- 7) Explicit policy of not paying, but flexible about how the employee can "make up" the time (i.e., paid leave usage, working extra hours on off days, etc.).
- 8) It depends upon the culture of the company and how similar situations are handled (see question 3). Some companies WILL require an explicit policy to fit in with their style; for others, flexibility works. Personally, my company has flexible guidelines and we evaluate on the unique circumstances present in any given situation (using key points such as those in question 3).
- 9) It should be informal, flexible, and looked at case-by-case by the business owner or executive management.
- 10) We have an explicit "emergency" policy that outlines what is to happen and who does what. This is updated annually with the names of the employees. There is no doubt in our company as to how it will be handled. (Last year we had three major storms so this was vital)
- 11) There should be a policy in place.
- 12) Again, if you are going to do it I would favor a flexible policy to factor in ability to pay, size/ scope of hurricane and displacement, etc.
- 13) Centered around a genuine policy with room to flex, dependent upon severity and circumstances
- 14) Flexible guidelines
- 15) Policy

- 16) Each decision must be on a case by case basis; taking into consideration the profitability of the company and the significance of the event.
- 17) We prefer flexible guidelines because an emergency is inherently chaotic and circumstances vary over time. We have developed an unwritten policy but may find ourselves unable to follow it in the future depending on circumstances listed above.
- 18) I think there should be flexible guidelines. We gave some employees compensatory leave for time not worked during the hurricane and some paid leave. It was a combination.
- 19) Flexible guidelines. The location of the company and the homes of individual employees may be impacted at significantly different levels.
- 20) Maybe just a sentence "at the discretion of the CEO." Before Katrina I would have said an explicit policy with clearly defined parameters; however, Katrina was so devastating that a clearly defined policy (say, 2 days with pay) would have seemed harsh and not caring. Each natural disaster is different, and affects different geographical areas and different businesses differently. I believe flexibility and judgment are the keys here.
- 21) No explicit policy. Should be flexible and, if you have a written policy, it should be addressed in very broadest of terms. What if you have a tornado, not a hurricane? Or a flood?
- 22) There should be a policy, but there does need to be some flexibility.
- 23) Policy with some flexibility.
- 24) There should be a policy in the handbook for people to know exactly what will happen, if they need to save their vacation, or if there will be a way to pay it back.
- 25) I believe the policy should be explicit to prevent any bias. Any policy would have to include a time period in which compensation would end.
- 26) Flexible guidelines!
- 27) Flexible guidelines.
- 28) I believe it should not be a set policy - companies should have the flexibility to review each incident separately. The problem become staying as consistent as possible with your own practice.
- 29) There should be flexible guidelines. The extreme devastation of Hurricane Katrina set some precedents for handling these situations in the future.

- 30) Guidelines should be flexible since the severity and aftermath is different for each hurricane.
- 31) Flexible guidelines.
- 32) Companies should have a disaster plan that details policies for compensation, granting time off, safety to re-enter the premises, etc. BEFORE a hurricane hits.
- 33) I don't think a policy should be in place. It should be a case by case situation.
- 34) Standardized policy that maintains some consistency in order to be defended from discrimination claims.
- 35) An explicit policy works best to lay very consistent rules that employees can understand. However, it should have some level of flexibility for unexpected circumstances.
- 36) Should be flexible but equitable guidelines.

Question Five:

Do you have any concerns about paying employees for time not worked due to a hurricane?
Could this set a precedent that could not always be met by businesses in the future?

Responses: 35

No Response: 1

Responses to Question Five:

- 1) Definite concerns. See answer to #3.
 - a. Respondent 1's Answer to #3: Scope of hurricane. How are other types of disasters handled in other parts of the country if the company is National in scope.
- 2) It should set a precedent.
- 3) No concerns. Policies can always be changed to meet changing circumstances.
- 4) If an employer is not able to pay hour for hour, they should at least pay something. The precedence that should be set is the fact that the employer cares about the welfare of the employee and is willing to help however they are able to.
- 5) Yes, there has been that concern; however, so far our company has been able to do it with no issues.
- 6) No. I don't think so.
- 7) Certainly, it would set a precedent.
- 8) That is one point to consider. However, at the time of any unique situation it should be clearly communicated that "at THIS time and for THIS situation and for THESE reasons we are doing xyz, but we be aware we may/may not exercise this option in the future"
- 9) Yes. It does set an expectation for the future. It is not always fully appreciated and has the potential for abuse.
- 10) If we send them home we would pay them. But in the case of a hurricane, they would be expected to report to work when the crisis has passed.
- 11) No I do not have any concerns.
- 12) It could be a bad precedent as I stated above in #3.
 - a. Respondent 12's Answer to #3: If you start paying for hurricanes, employees will expect it and then debate when and how much for every storm...then, they'll expect pay for bad thunderstorms, et al. Paying employees extra to come to work during bad storms is a much more important concept.
- 13) That is definitely a concern, because once a co starts this pay, it is expected from that point forward, so a co must be very careful
- 14) [No Response]

- 15) It absolutely will. We had issues where we considered paying employees for Ike and Gustav. Then the Florida employees were calling wanting to know why they weren't paid for Andrew and other previous hurricanes.
- 16) My company made it expressly clear that this was a one time event and no practice or precedent was established. We are a union shop.
- 17) We prefer to take care of today and worry about tomorrow's hurricane tomorrow. We explained when we paid our employees that we were fortunate to have a good year and solid cash position to allow us to be generous. We expressed that we hoped to be in the same situation in future emergency situations. However, we would never risk the future viability of our company to be able to say, "We paid for hurricane closures."
- 18) Our policy is flexible and allows such payments but for each event a decision is made as to how we handle that particular event so I don't think there is an issue with precedent if the policy is worded in a manner as to give management flexibility.
- 19) I do have some concerns about setting a precedent. Bottom line, my company tries to do what is right for the employees and makes sense from a business perspective. We will err on the side of the employees in most cases.
- 20) Yes, it could set a precedent. Those businesses that can't afford this benefit would have to improvise by allowing employees to apply vacation days. And, an employer surely doesn't want his kindness to backfire on him, in the form of abuse (as in all those storms that miss us!).
- 21) Again, it is not a "normal" circumstance and such situations need to be addressed on a situational basis. Do not need to even attempt to design some kind of written policy that would address all the criteria for such action.
- 22) Yes, I strongly believe they begin to "expect" it. Whether or not you (as a company) can afford it.
- 23) No concerns. Should be handled when situations occur - not a blanket policy.
- 24) No. We clearly told our employees that we were taking care of them, but that this was not something that would happen in the future, and that we would address it on a case by case basis.
- 25) There should be a standard "inclement weather/disaster" policy that leaves discretion to the company.

- 26) This is where the Flexible guidelines come into play!
- 27) Employees are advised that this is discretionary pay dependent upon the financial position of the company.
- 28) Yes. It sets precedent; it creates a practice you might not be able to keep up. It also creates an entitlement attitude. Employees begin to feel if there is a bad storm - they should be paid for not coming in. Even when we are not closed. (That is always requested of me.)
- 29) The only concern is some unscrupulous employees taking advantage of the situation, but this could happen with any policy. We already set the precedent with Hurricane Katrina.
- 30) Not all businesses could pay employees because of financial issues. My employer's stance was that since the company was not able to make money, the employees were not either.
- 31) As long as it is not in writing. If a company wants to compensate one time and not the other then it's their choice. The Company itself may not be able to because of a drop in sales, business, etc.
- 32) I do have concerns. I feel there are some employees, who may need the extra money or time off, but unfortunately, many employees will take advantage of a company's flexibility, therefore there should be specific company policy. This should not be regulated by the government or other public authority.
- 33) The ultimate decision is left to the Publisher. If the storm hits our city, people cannot report to work, and then it's good to give paid time off.
- 34) Could.
- 35) Yes. Our company has had employees take advantage of the policy in other circumstances. Any policy should be clear as to what or who triggers the pay, why, and when.
- 36) Yes, but you have to cross that bridge when it occurs. If the organization is so damaged that it can't pay, then it can't pay.

Question Six:

What is the best way to ensure that employees can receive pay if given? Should direct deposit be made mandatory for all employees? What are some alternatives to direct deposit?

Responses: 35

No Response: 1

Responses to Question Six:

- 1) Direct Deposit should be encouraged but not mandatory. Employees who choose not to use direct deposit should understand that certain circumstances could delay their check, then make the decision based on their personal preference and the likelihood of a delayed check.
- 2) Direct deposit in case an employee cannot make it in to get a hard check.
- 3) Direct deposit should be mandatory and exceptions allowed only on a case by case basis with proven justifications.
- 4) Direct deposits during the time of a storm should be mandatory. We do not know where employees evacuate to during the storm, but, one thing is certain, they need financial assistance while they are away from home and more so when they return. Direct Deposit ensures that financial needs are supplemented during the time of a storm.
- 5) We have mandatory direct deposit, however, that even created some challenges after Katrina.
- 6) I think direct deposit is the best. It is easily tracked and given to the employees quickly. It just may become hard in some situations for employees to access their money lets say if ATMs are down.
- 7) I think direct deposit should be mandatory regardless.
- 8) If company policy and state law allows, mandatory direct deposit is always a preferred route for MANY situations (not just hurricane/disaster situations)
- 9) Direct deposit or a VISA/MasterCard type "pay card"
- 10) We actually pay with a physical check in an emergency situation because many times banks do not have electricity so direct deposit is not possible. If the storm is anticipated we will pay a day early to be sure our employees are paid timely. Direct deposit is mandatory to all new hires. Most employees prefer direct deposit and soon the ones who do not will be given a pay card instead of a check. This development has encouraged some to opt for direct deposit.
- 11) Yes direct deposit should be mandatory. At my company all employees have direct deposit.
- 12) We have mandatory direct deposit and it works well for us.

- 13) For larger co's direct deposit; for smaller, private co's it would have to be handled differently
- 14) Direct Deposit. It can be made mandatory for all.
- 15) If given, direct deposit only. Cash is too dangerous.
- 16) Direct deposit is a cost savings for companies and a convenient way for employees to be paid. Our statements are on line and employees can access them easily.
- 17) We would love the ability to mandate direct deposit, especially since our network is spread over 3 parishes with different banks operating in each location. We are currently considering a payroll debit card solution for employees who do not have bank accounts, although we understand that we could not mandate the use of this payment method either.
- 18) We do not allow any options except direct deposit. We had a nightmare with Katrina as the hurricane hit on our pay day and mail in N.O. was delayed several months.
- 19) Direct Deposit is best, depending on the extent of damage. Pre-loaded debit cards may be another alternative.
- 20) I believe direct deposit should be made mandatory. Those employees without bank accounts could receive their pay on pay cards. Delivery of paper checks seems to be a thing of the past. Hurricanes are a time when people need access to their money, which is much easier with direct deposit.
- 21) There are no guarantees in this area. If communications are down, wire transfers to banks may not be possible. The office may not be accessible to pay in cash or to generate checks. This is an area that cannot be "guaranteed because the company does not totally control this process or these circumstances.
- 22) No, DD should not be mandatory.
- 23) Our company requires all employees to be paid by direct deposit.
- 24) When I hire anyone, I let them know about direct deposit, and give them a hurricane scenario. Therefore it is always their choice.
- 25) Direct deposit should be mandatory. Debit cards are another option.
- 26) Direct Deposit should be used to pay all the employees or the regular way they usually got paid.
- 27) Direct deposit is mandatory at our company.

- 28) Direct deposit is only helpful if your primary bank is not in the effected area. With Katrina - no one got their pay because our bank was in New Orleans. We had to go back and cut manual checks.
- 29) Direct deposit was the ONLY way to ensure that employees received continued pay. We require mandatory direct deposit on a regular basis and set up special debit accounts for employees who do not have personal accounts in their name. Employees without access to their banking accounts could contact us and make alternate arrangements, but this was the exception.
- 30) I am all for direct deposit if at all possible. Visa cards can also be given to those who don't have accounts.
- 31) In regular pay checks
- 32) Direct deposit is great and should be utilized by all employees. But, if an employee does not have a bank account, the pay card system works well too. In the event of an evacuation, the pay card can be used at an ATM anywhere.
- 33) Payroll would run as usual. Direct deposit is the best method, but some part-time employees do not have checking accounts.
- 34) [No Response]
- 35) Direct deposit is the best way to ensure the money is getting to the employee's account. We do not mandate, but do not promise payments as accurately if the employee doesn't take Direct Deposit.
- 36) Direct deposit if able. But if all the power is out it may not be possible.

Question Seven:

Considering the following statement: If the employees of a company file for unemployment compensation because they are unable to work as the result of a hurricane, do you think it is fair to say that unemployment taxes will increase to such an extent that in the end it may have been just as costly to pay employees? Also, do you believe paying employees for time not worked could engender enough good will and loyalty on the part of the employees towards the company to justify paying employees for lost time due to a hurricane? Are you aware of any federal unemployment insurance tax laws that could be applicable in this situation? What are your thoughts?

Responses: 33

No Response: 3

Responses to Question Seven:

- 1) I do not see the increase in unemployment taxes as being a big threat. If a company cannot pay everyone for time not worked, there is always the option of allowing employees to use sick leave or vacation, or working additional hours to make up some of the missed pay once the company is able to reopen.
- 2) Totally in support of paying employees for circumstances like these. They will be so much in a better place emotionally when they return to work.
- 3) It may still be more costly to pay the employees directly. However, in the long term the benefits to the employee through retention of good employees and morale are worthwhile.
- 4) If employees were given assistance of any magnitude, they would not consider filing for unemployment. Something as small as this supplement will save thousands in the end.
- 5) No, it would take a long time for the unemployment tax (which is a small % of employee pay) to equal what it would cost to pay employees. So far, our employee satisfaction rate has remained extremely high (compared to our benchmarks) and I believe it is due to things like "doing the right thing" by our employees during tragic events such as that created by devastating hurricanes.
- 6) Maybe. Yes. No.
- 7) I think that if an event was so massive as to have that large an effect on the unemployment taxes, then there would likely be an insurmountable hardship on the majority of companies to pay during and after such an event.
- 8) I think the "hit" of UI taxes to any given company would be miniscule and should not factor into the decision making of whether pay continuation should occur. It's unemployment "insurance" for a reason. A company may find its best financial option is to allow the UI fund to cover lost wages in this type of situation.
- 9) 1) Unemployment taxes might increase, but probably not near to the point to justify paying for that reason alone. 2) It's hard to put a dollar amount on goodwill.
- 10) If someone is "laid off" through no fault of their own due to a storm they would receive UI. This would have to be that they would be off longer than a week which could happen if the Company incurred damage that would not allow them to reopen. If I paid my employees for time not worked then they would not bother to come to work after a storm.

They could just stay home and draw full pay without having to work. We have a strong work ethic and our workers know they will get a lot of overtime if they work after a storm so I usually have more then we need but we don't turn anyone away. We serve the public and need to get the lights on as soon as possible. Our managers also get additional storm pay for working after a storm which can be significant and is a great incentive to come to work.

- 11) I think it might be case by case basis.
- 12) If the employee permanently loses their job then I have no problem with filing for unemployment; otherwise, I am not in favor.
- 13) Employees tend to not be loyal in today's working environment, so the "loyalty concept" does not work; however, with aid from Fed and State--it may be possible to still keep unemployment costs under control to use this as a vehicle to help the employees
- 14) It could foster enough good will and loyalty to justify paying employees for some lost time.
- 15) [No Response]
- 16) A condition to receive unemployment is that the person is ready, willing and able to work. The state should not grant unemployment to workers who file and have a job where they can report to work. I believe there can be no price tag on good will - in effect once gained it is priceless. The good employees who report for work even though they were seriously impacted by a hurricane are an example of the kind of work ethic all employers appreciate. Unfortunately there are those employees who would remain off work indefinitely if they could and blame the hurricane for their misfortune.
- 17) I suppose it would depend on the length of time that employees were unable to work because of a hurricane. I could certainly envision situations where it might well prove beneficial to pay the employees instead of seeing increases in UI rates and losing employee (and often community) goodwill. I'm unaware of federal UI tax laws that are relevant to this situation.
- 18) I think unemployment is an option for small businesses that cannot afford to pay for any time off due to a catastrophic event. I don't know how this will impact unemployment taxes, but I suspect not greatly as the time off has not been prohibitive except with Katrina.

19) It would depend on the size of the company as to any material impact on payroll taxes.

We try to recognize the individual circumstances of our employees and marshal resources to help in whatever ways we can - the only time we really pay for time not worked is if the work site is unable to safely support the return of employees -- this decision is made by the local Officer.

20) Employees of the companies that can't afford to pay employees for time not worked after hurricanes will probably have to pay the cost through higher unemployment taxes.

However, companies that paid their employees, technically, would have fewer unemployment claims. What employers would want to avoid here is paying both pay to employees for time not worked in addition to unemployment taxes.

21) I do not agree with the first part of the statement. I would certainly hope that the second sentence would be true, but (and I this may sound really strange from an HR professional) if you try to write some sort of policy saying that "if hurricane, this will happen" then employees will begin to see it as an "entitlement" and not some thing that is being done for them because the company is concerned for their welfare and the welfare of their families.

22) I don't believe employees should receive unemployment for lost time due to a hurricane.

We need to stop relying on everyone else to pay for us. If I miss work, then I use my vacation/PTO. That's what it is there for, if you have used all of your hours - tough!

Sorry to sound hard, but we can't rely on everyone else to pick us up every time we fall.

From my experiences with Katrina, Gustav, etc. It has not "engendered enough good will". They just look for the next hand out. I work for a great company, and the

employees did not appreciate anything the company did to help. They wanted their

"something for nothing". Unemployment should only be used if the business is shut down for an extended time.

23) Unemployment compensation should be for long-term work stoppage, companies should pay employees for short-term work stoppage.

24) No.

25) I do believe that employees filing for unemployment in this situation would have some impact on unemployment taxes. I don't believe that the impact would be as costly as paying employees though. Unemployment should be used only in a long term situation. I

do believe that paying employees would engender good will and loyalty but I am not sure all employees would feel the same.

26) No to all of the above.

27) [No Response]

28) My company is nation wide -- it would never create such an increase that it would off set paying them. The state of Louisiana as well as other states we are in usually suspend the unemployment taxes the companies have to pay for a major catastrophe. They realize it is more important to get the companies back open than to penalize them for an "Act of God".

29) I'm not sure of the answer. I know that there was special unemployment provided after hurricane Katrina that was not counted against our tax rates. We continued to pay employees for a period of time. The response we had from the community was positive and definitely engendered good will toward the company.

30) I think the company should be responsible for paying the employees and not unemployment.

31) Unknown about unemployment taxes. If a person really needs to be off and the company still keeps them whole as far as pay then the employees loyalty will go up 150%

32) Employees in Louisiana can apply for unemployment if they are not paid during a hurricane ONLY if the business was not able to be open. If the business was open and the employees could get to work and they do not go, they are not eligible. However, we know that Louisiana grants unemployment to pretty much everyone that applies. I think the decision to pay employees should be entirely up to the company, and the company should have a disaster plan intact. Paying people for time not worked is good will, but it is just that, good will. It should not be required of a company.

33) [No Response]

34) Advisable that taxes be equalized for a limited time to support displacement of workers in times of natural disaster.

35) No. I do not think the Unemployment tax will increase to the extent that it would be as costly to pay employees. I do believe that keeping the employee on the payroll during such an event does increase loyalty and good will.

36) You have too many questions in this. To answer the first question, probably not. The second question response is yes it should for most employees. The third question, No I'm not aware of any federal laws.

Question Eight:

Please use this text box to add any additional thoughts that you have concerning paying employees for time not worked due to a hurricane. Thank you again for your comments.

Responses: 14

No Response: 22

Responses to Question Eight:

- 1) N/A
- 2) [No response]
- 3) [No Response]
- 4) [No Response]
- 5) [No Response]
- 6) [No Response]
- 7) [No Response]
- 8) [No Response]
- 9) [No Response]
- 10) I have no comments beyond those already submitted.
- 11) [No Response]
- 12) Just to repeat, our major problem is paying employees extra (how much?) to work during and just after a storm in difficult conditions.
- 13) Large national / international companies can afford to pay employees when no revenue is being produced; however, this is not the case for smaller, private companies---which may likely put a company completely out of business under certain circumstances
- 14) If a company is very profitable paying employees for time not worked due to a hurricane can be viewed as paying a company bonus. This could help to retain employees.
- 15) [No Response]
- 16) Good will is priceless. If a company takes care of its employees in times of strife, even the most critical workers will respond positively when called upon.
- 17) [No Response]
- 18) [No Response]
- 19) [No Response]
- 20) The major constraint is the company's capacity to pay for this cost. For some companies, the cost will be way too high. For others, it may not be, relatively speaking. In addition, the cost would vary from storm to storm.
- 21) I think my position is clear in my previous responses. I do not think that companies should have a policy that says employees will get paid if they miss work due to a hurricane, etc. The extraordinary circumstances such as those generated by our most

recent hurricane experiences (and anecdotally, I might add that in years past I do not remember such circumstances ever occurring, but I am sure that we have had serious hurricanes like Camille and Betsy) need to be addressed outside of some formal policy statement for the company to get the full value of doing what is right for a good corporate citizen.

22) They should use vacation or PTO time OR no pay at all.

23) Some guidelines must be set but companies should be able to accommodate special circumstances if necessary.

24) [No Response]

25) [No Response]

26) [No Response]

27) [No Response]

28) If you can pay them you should, if it would create a financial burden and/ or an inequity of any kind within your structure - you shouldn't. It is that simple. But Employees will never understand that. It is not because we don't want to. Many HR professionals take the hit as well on their paychecks. But we have to do what is - in the long run - best for the company. We are not here to make employees happy. We are here to keep them engaged and a part of a larger entity.

29) We continued to pay all of our employees until we were able to determine the ability of a location to reopen and we had an accounting of the status of each employee (relocated, unknown). At that time, we placed employees at other locations whenever possible. Others were terminated as a result of the hurricane. We developed a special code to differentiate these terminated employees from regular terminations.

30) [No Response]

31) [No Response]

32) Having lived on the coast most of my life, I have seen devastating storms and people's responses (Andrew in Florida, Katrina in NO, and Gustav in Baton Rouge to name a few specific). Many genuinely need assistance and others exploit the opportunity. I think responsible employees and companies have a plan for dealing with disasters. My fear is that the government will try to enact a law forcing companies to pay people, and giving some an opportunity to further exploit the system. If a company wants to give additional

funds out of good will or concern for their staff, it should be their decision. Because after all, in a disaster, the company suffers financial loss, too.

33) [No Response]

34) [No Response]

35) For companies with the ability to do so, having alternative housing for employees and family is also a good (but expensive) way to keep the employees. Again, it depends on the investment in the employee's training and experience that would make this a reasonable expense.

36) [No Response]

Appendix D: Survey Responses Grouped According to Respondent

Respondent 1

- 37) I think it depends on the extent of the damage from the hurricane. It's hard to give a blanket answer.
- 38) Yes.
- 39) Scope of hurricane. How are other types of disasters handled in other parts of the country if the company is National in scope.
- 40) An explicit policy with a way to request a policy exception if circumstances warranted it.
- 41) Definite concerns. See answer to #3.
- 42) Direct Deposit should be encouraged but not mandatory. Employees who choose not to use direct deposit should understand that certain circumstances could delay their check, then make the decision based on their personal preference and the likelihood of a delayed check.
- 43) I do not see the increase in unemployment taxes as being a big threat. If a company cannot pay everyone for time not worked, there is always the option of allowing employees to use sick leave or vacation, or working additional hours to make up some of the missed pay once the company is able to reopen.
- 44) N/A

Respondent 2

- 1) All companies should strive to help their employees out in times of need.
- 2) Absolutely! Happy employees are loyal employees.
- 3) All of the above.
- 4) Flexible guidelines.
- 5) It should set a precedent.
- 6) Direct deposit in case an employee cannot make it in to get a hard check.
- 7) Totally in support of paying employees for circumstances like these. They will be so much in a better place emotionally when they return to work.
- 8) [No response]

Respondent 3

- 1) It is an important part of business continuance. It helps keep your workforce intact. It also reduces the strain on unemployment compensation and public assistance that would otherwise be accessed by the affected individuals. However, some employers cannot afford it.
- 2) Very important for employee retention.
- 3) Financial ability of the company to pay and length of the event.
- 4) A written policy should be in place prior to events occurring so that management and employees know what to expect and can plan accordingly. The policy should, however, include some ability to make exceptions for rational business reasons.
- 5) No concerns. Policies can always be changed to meet changing circumstances.
- 6) Direct deposit should be mandatory and exceptions allowed only on a case by case basis with proven justifications.
- 7) It may still be more costly to pay the employees directly. However, in the long term the benefits to the employee through retention of good employees and morale are worthwhile.
- 8) [No Response]

Respondent 4

- 1) Employee retention means doing a number of things and for an employee to feel that an employer cares, that employer should be able to do something that they have never done to get what they may never have had, show concern.
- 2) Absolutely
- 3) I believe that if a company has to shut down for more than 24 hours, the livelihood of the employee should not suffer. That employee should be paid and if they are able to return to work after the establishment has reopened, they should return to work.
- 4) Because we are in a storm environment, we should consider this fact as we prepare our hurricane preparedness plans.
- 5) If an employer is not able to pay hour for hour, they should at least pay something. The precedence that should be set is the fact that the employer cares about the welfare of the employee and is willing to help however they are able to.

- 6) Direct deposits during the time of a storm should be mandatory. We do not know where employees evacuate to during the storm, but, one thing is certain, they need financial assistance while they are away from home and more so when they return. Direct Deposit ensures that financial needs are supplemented during the time of a storm.
- 7) If employees were given assistance of any magnitude, they would not consider filing for unemployment. Something as small as this supplement will save thousands in the end.
- 8) [No Response]

Respondent 5

- 1) Yes, it is important. Each storm is different so to what extent a company may do this would depend on the amount of devastation of the hurricane. For example, for our New Orleans employees after Hurricane Katrina and Rita we continued their pay for months (along with other assistance provided such as housing, alternative work arrangements, etc.) For Gustav we provided a week with pay.
- 2) Yes, very much so.
- 3) All of the above. We have a business continuity plan which a committee convenes immediately following the hurricane to make the necessary decisions about office closure, customer service issues, etc.
- 4) There should be a policy that allows for flexibility to adjust for the situation.
- 5) Yes, there has been that concern; however, so far our company has been able to do it with no issues.
- 6) We have mandatory direct deposit, however, that even created some challenges after Katrina.
- 7) No, it would take a long time for the unemployment tax (which is a small % of employee pay) to equal what it would cost to pay employees. So far, our employee satisfaction rate has remained extremely high (compared to our benchmarks) and I believe it is due to things like "doing the right thing" by our employees during tragic events such as that created by devastating hurricanes.
- 8) [No Response]

Respondent 6

- 1) Yes. Some companies have even more work after a hurricane due to the need of the business. In this case I think certain positions should be paid overtime or more so due to the fact that they have too and are willing to work to help others and maybe put their needs and the needs of their families aside.
- 2) Yes, I think so. Because if you have a worker who thinks their family is more important and who knows they are a good worker and could easily find another job b/c of their skills a company would want to keep this type of employee.
- 3) Whether or not the company can still operate and make money while employees are out in order to pay their salaries.
- 4) It should be a little of both. Written as detailed as possible why allowing some flexibility in case of a circumstance that may occur that was not thought of.
- 5) No. I don't think so.
- 6) I think direct deposit is the best. It is easily tracked and given to the employees quickly. It just may become hard in some situations for employees to access their money lets say if ATMs are down.
- 7) Maybe. Yes. No.
- 8) [No Response]

Respondent 7

- 1) I certainly think it would be wonderful -- however, many companies are affected by the natural disaster and thus paying employees could be a hardship. As well, many companies must have at least a skeletal crew during and after a disaster, making it difficult to pay those who didn't have to work through that event.
- 2) I do not believe that a policy to pay employees after a disaster would have a significant impact on retention.
- 3) The financial capability of the company and the particular situation of having to have employees work during and after the event due to your company's service/product.
- 4) Explicit policy of not paying, but flexible about how the employee can "make up" the time (i.e., paid leave usage, working extra hours on off days, etc.).
- 5) Certainly, it would set a precedent.

- 6) I think direct deposit should be mandatory regardless.
- 7) I think that if an event was so massive as to have that large an effect on the unemployment taxes, then there would likely be an insurmountable hardship on the majority of companies to pay during and after such an event.
- 8) [No Response]

Respondent 8

- 1) I would not consider business continuity to be the reason. Rather, it is an important part of the “employment relationship” and the goodwill the ER builds with the EEs.
- 2) No; I do not consider it a component of employee retention for any specific type of employee - rather it is a component of the company's overall employee relations/culture focus and how it works to have a culture (if in fact it does) of overall retention and maintaining morale.
- 3) 1. Financial capability of company to pay 2. Past practice 3. Determination of if this will be setting a precedent for the future - and how to handle that 4. Impact to business continuity - was business open and some people just couldn't report? Was business closed entirely for xx period of time? How does one determine pay/no pay for individuals who reported vs. those who didn't report?
- 4) It depends upon the culture of the company and how similar situations are handled (see question 3). Some companies WILL require an explicit policy to fit in with their style; for others, flexibility works. Personally, my company has flexible guidelines and we evaluate on the unique circumstances present in any given situation (using key points such as those in question 3).
- 5) That is one point to consider. However, at the time of any unique situation it should be clearly communicated that "at THIS time and for THIS situation and for THESE reasons we are doing xyz, but we be aware we may/may not exercise this option in the future"
- 6) If company policy and state law allows, mandatory direct deposit is always a preferred route for MANY situations (not just hurricane/disaster situations)
- 7) I think the "hit" of UI taxes to any given company would be miniscule and should not factor into the decision making of whether pay continuation should occur. It's

unemployment "insurance" for a reason. A company may find its best financial option is to allow the UI fund to cover lost wages in this type of situation.

8) [No Response]

Respondent 9

- 1) Yes, because it shows Company loyalty to its employees. Of course the business has to be in a position to absorb the cost. A small business may not be able to afford.
- 2) Yes.
- 3) Whether or not the office is open for business with work available for employees.
- 4) It should be informal, flexible, and looked at case-by-case by the business owner or executive management.
- 5) Yes. It does set an expectation for the future. It is not always fully appreciated and has the potential for abuse.
- 6) Direct deposit or a VISA/MasterCard type "pay card"
- 7) 1) Unemployment taxes might increase, but probably not near to the point to justify paying for that reason alone. 2) It's hard to put a dollar amount on goodwill.
- 8) [No Response]

Respondent 10

- 1) I work in the energy business. Our employees have to work after a storm so they are paid for time worked and not for time not worked. Many of them will actually stay on the property to work rather than going home. We have a lot of hourly workers.
- 2) I do believe in some industries you may have to continue to pay them especially if they are salaried, exempt employees.
- 3) All of the above. Also the importance of that job to the business and if there is a chance that a competitor would snap them up. It is much more important to be benevolent than to treat the employee like a number. We try to instill the feeling of family at work.
- 4) We have an explicit "emergency" policy that outlines what is to happen and who does what. This is updated annually with the names of the employees. There is no doubt in our company as to how it will be handled. (Last year we had three major storms so this was vital)

- 5) If we send them home we would pay them. But in the case of a hurricane, they would be expected to report to work when the crisis has passed.
- 6) We actually pay with a physical check in an emergency situation because many times banks do not have electricity so direct deposit is not possible. If the storm is anticipated we will pay a day early to be sure our employees are paid timely. Direct deposit is mandatory to all new hires. Most employees prefer direct deposit and soon the ones who do not will be given a pay card instead of a check. This development has encouraged some to opt for direct deposit.
- 7) If someone is "laid off" through no fault of their own due to a storm they would receive UI. This would have to be that they would be off longer than a week which could happen if the Company incurred damage that would not allow them to reopen. If I paid my employees for time not worked then they would not bother to come to work after a storm. They could just stay home and draw full pay without having to work. We have a strong work ethic and our workers know they will get a lot of overtime if they work after a storm so I usually have more then we need but we don't turn anyone away. We serve the public and need to get the lights on as soon as possible. Our managers also get additional storm pay for working after a storm which can be significant and is a great incentive to come to work.
- 8) I have no comments beyond those already submitted.

Respondent 11

- 1) Yes I do think it is an important part of a business. I think most employers with over 50 employees should pay their employees for time off after a storm or make them use vacation pay.
- 2) Yes, it shows the employees that their employer cares about them and their family.
- 3) We also pay our employees for their time not worked if they were scheduled after a hurricane. I would think that the scope of the hurricane would be important to determine how many days off would be needed.
- 4) There should be a policy in place.
- 5) No I do not have any concerns.

- 6) Yes direct deposit should be mandatory. At my company all employees have direct deposit.
- 7) I think it might be case by case basis.
- 8) [No Response]

Respondent 12

- 1) Only if employees want to be paid for vacation; otherwise, this is too costly to the company. Companies can try to insure this risk just like they insure in case their business catches on fire but this can be expensive and hard to find in New Orleans. For most hurricanes, employees are out of work only a few days. Katrina was an exception because of the levee break.
- 2) Again, I have lived in southern La. for 40 years and Katrina was the only time this happened.
- 3) If you start paying for hurricanes, employees will expect it and then debate when and how much for every storm...then, they'll expect pay for bad thunderstorms, et al. Paying employees extra to come to work during bad storms is a much more important concept.
- 4) Again, if you are going to do it I would favor a flexible policy to factor in ability to pay, size/ scope of hurricane and displacement, etc.
- 5) It could be a bad precedent as I stated above in #3.
- 6) We have mandatory direct deposit and it works well for us.
- 7) If the employee permanently loses their job then I have no problem with filing for unemployment; otherwise, I am not in favor.
- 8) Just to repeat, our major problem is paying employees extra (how much?) to work during and just after a storm in difficult conditions.

Respondent 13

- 1) Should only award a couple of paid days off afterwards, to handle personal business; most companies cannot afford more paid time off under these circumstances
- 2) Medical centers/clinics can only afford to do so much w/poor insurance company reimbursement, high malpractice insurance fees, and the ever-rising medical overhead costs

- 3) Magnitude of displacement and financial capability of company to pay such expenses
- 4) Centered around a genuine policy with room to flex, dependent upon severity and circumstances
- 5) That is definitely a concern, because once a co starts this pay, it is expected from that point forward, so a co must be very careful
- 6) For larger co's direct deposit; for smaller, private co's it would have to be handled differently
- 7) Employees tend to not be loyal in today's working environment, so the "loyalty concept" does not work; however, with aid from Fed and State--it may be possible to still keep unemployment costs under control to use this as a vehicle to help the employees
- 8) Large national / international companies can afford to pay employees when no revenue is being produced; however, this is not the case for smaller, private companies---which may likely put a company completely out of business under certain circumstances

Respondent 14

- 1) Yes, it is an important part of business continuance if the company can afford it. It shows the employees are valued by the company. It should not be a policy but a business decision that is made at time of the circumstances.
- 2) Yes, it helps to retain employees when they feel Companies have the employees' best interest at heart.
- 3) Financial capability of the company to pay and scope of hurricane
- 4) Flexible guidelines
- 5) [No Response]
- 6) Direct Deposit. It can be made mandatory for all.
- 7) It could foster enough good will and loyalty to justify paying employees for some lost time.
- 8) If a company is very profitable paying employees for time not worked due to a hurricane can be viewed as paying a company bonus. This could help to retain employees.

Respondent 15

- 1) It is important but not practical for all companies. Some companies are pay for performance (construction for example). If a company is contracted to build a building and it does not get built, the company does not get paid....so they cannot pay their employees.
- 2) For all employees.
- 3) Magnitude of displacement
- 4) Policy
- 5) It absolutely will. We had issues where we considered paying employees for Ike and Gustav. Then the Florida employees were calling wanting to know why they weren't paid for Andrew and other previous hurricanes.
- 6) If given, direct deposit only. Cash is too dangerous.
- 7) [No Response]
- 8) [No Response]

Respondent 16

- 1) During catastrophic hurricanes, employees suffer different types of losses. Not only property damage but suffer a psychological impact as well. Companies buy employee loyalty and dedication when they act responsibly by helping to offset costs incurred by employees. Companies recognize that some employees live "check to check" and the loss of pay impacts them greatly. While small businesses that are impacted by a storm may not be able to supplement an employee's income, major corporations enjoy significant gains by paying employees during hurricanes.
- 2) I am not sure there is a significant impact on employee retention but I think employee morale certainly gets a boost.
- 3) I think the question contains the "key points" to consider when deciding to pay employees for time not worked.
- 4) Each decision must be on a case by case basis; taking into consideration the profitability of the company and the significance of the event.
- 5) My company made it expressly clear that this was a one time event and no practice or precedent was established. We are a union shop.

- 6) Direct deposit is a cost savings for companies and a convenient way for employees to be paid. Our statements are on line and employees can access them easily.
- 7) A condition to receive unemployment is that the person is ready, willing and able to work. The state should not grant unemployment to workers who file and have a job where they can report to work. I believe there can be no price tag on good will - in effect once gained it is priceless. The good employees who report for work even though they were seriously impacted by a hurricane are an example of the kind of work ethic all employers appreciate. Unfortunately there are those employees who would remain off work indefinitely if they could and blame the hurricane for their misfortune.
- 8) Good will is priceless. If a company takes care of its employees in times of strife, even the most critical workers will respond positively when called upon.

Respondent 17

- 1) Yes, I think it is an important part of business continuance after a hurricane, and I believe that any company that can prudently bear the cost should do so. We operate a fuel wholesale, including truck drivers, and 8 24-hour convenience stores, and we were able to pay every one of our employees for any shifts they missed because of hurricane closures or hurricane-related absences. We believe that the quickest road to recovery includes individuals being as financially sound as possible and feeling like they're working for an organization that cares about them. By paying them their anticipated income, we reassured them of their worth as individuals first and employees second and afforded them the opportunity to come to work with a smile on their faces, knowing their bills were taken care of. This allowed us all to move forward and ensured that we kept a positive, motivated staff that could serve our communities as we endeavored to continue life as normal.
- 2) I believe it's important for retaining employees at the skilled and unskilled level. Our skilled workforce would have been more able to bear the loss of a few days' income than our unskilled store associates.
- 3) All points named above. For us, each department or division was affected in a different way, and we made our calls on a department-by-department basis and asked our

department managers to notify us of any employees who had suffered particular damage. We made extra allowances for them.

- 4) We prefer flexible guidelines because an emergency is inherently chaotic and circumstances vary over time. We have developed an unwritten policy but may find ourselves unable to follow it in the future depending on circumstances listed above.
- 5) We prefer to take care of today and worry about tomorrow's hurricane tomorrow. We explained when we paid our employees that we were fortunate to have a good year and solid cash position to allow us to be generous. We expressed that we hoped to be in the same situation in future emergency situations. However, we would never risk the future viability of our company to be able to say, "We paid for hurricane closures."
- 6) We would love the ability to mandate direct deposit, especially since our network is spread over 3 parishes with different banks operating in each location. We are currently considering a payroll debit card solution for employees who do not have bank accounts, although we understand that we could not mandate the use of this payment method either.
- 7) I suppose it would depend on the length of time that employees were unable to work because of a hurricane. I could certainly envision situations where it might well prove beneficial to pay the employees instead of seeing increases in UI rates and losing employee (and often community) goodwill. I'm unaware of federal UI tax laws that are relevant to this situation.
- 8) [No Response]

Respondent 18

- 1) I think it is essential to doing business in LA. If employers do not fairly generously respond to devastating hurricanes, then we will eventually lose some of our talent.
- 2) Yes.
- 3) I think that all of the listed reasons should be considered.
- 4) I think there should be flexible guidelines. We gave some employees compensatory leave for time not worked during the hurricane and some paid leave. It was a combination.
- 5) Our policy is flexible and allows such payments but for each event a decision is made as to how we handle that particular event so I don't think there is an issue with precedent if the policy is worded in a manner as to give management flexibility.

- 6) We do not allow any options except direct deposit. We had a nightmare with Katrina as the hurricane hit on our pay day and mail in N.O. was delayed several months.
- 7) I think unemployment is an option for small businesses that cannot afford to pay for any time off due to a catastrophic event. I don't know how this will impact unemployment taxes, but I suspect not greatly as the time off has not been prohibitive except with Katrina.
- 8) [No Response]

Respondent 19

- 1) I think some level of paid time off support for employees is critical to any business continuance after a hurricane event -- my Company varied its response depending on the impact on each individual work site. I could see this as a challenge for small and/or non-profit organizations, less so for large organizations.
- 2) It could be - perhaps more so closer to New Orleans, maybe not so much in the Greater Baton Rouge area.
- 3) Financial ability; scope of damage in the area; needs of the workforce -- i.e. people may need food/shelter/transportation more than pay for time not worked.
- 4) Flexible guidelines. The location of the company and the homes of individual employees may be impacted at significantly different levels.
- 5) I do have some concerns about setting a precedent. Bottom line, my company tries to do what is right for the employees and makes sense from a business perspective. We will err on the side of the employees in most cases.
- 6) Direct Deposit is best, depending on the extent of damage. Pre-loaded debit cards may be another alternative.
- 7) It would depend on the size of the company as to any material impact on payroll taxes. We try to recognize the individual circumstances of our employees and marshal resources to help in whatever ways we can - the only time we really pay for time not worked is if the work site is unable to safely support the return of employees -- this decision is made by the local Officer.
- 8) [No Response]

Respondent 20

- 1) Yes to both questions. Companies need to be fair and compassionate with their employees: if the employees' minds are elsewhere, as in after hurricanes, they won't be very productive in their jobs. However, not all companies can afford to pay employees for work not performed, so some may have to apply vacation days or other paid time off. Business interruption coverage also is relevant here.
- 2) Yes, of course. High employee morale makes for a productive, positive workforce. If competitors offer this benefit and your company doesn't, your company won't have many employees!
- 3) On a case by case basis, scope of the damage done to the employee's property and, perhaps, family. In these storms some people sustained no damage, or only had to deal with loss of power for a few days, while others had trees fall on their homes, water in their attics, and had to find other places to live. The major limiting factor is the company's capacity to absorb these costs, which each company would have to decide.
- 4) Maybe just a sentence "at the discretion of the CEO." Before Katrina I would have said an explicit policy with clearly defined parameters; however, Katrina was so devastating that a clearly defined policy (say, 2 days with pay) would have seemed harsh and not caring. Each natural disaster is different, and affects different geographical areas and different businesses differently. I believe flexibility and judgment are the keys here.
- 5) Yes, it could set a precedent. Those businesses that can't afford this benefit would have to improvise by allowing employees to apply vacation days. And, an employer surely doesn't want his kindness to backfire on him, in the form of abuse (as in all those storms that miss us!).
- 6) I believe direct deposit should be made mandatory. Those employees without bank accounts could receive their pay on pay cards. Delivery of paper checks seems to be a thing of the past. Hurricanes are a time when people need access to their money, which is much easier with direct deposit.
- 7) Employees of the companies that can't afford to pay employees for time not worked after hurricanes will probably have to pay the cost through higher unemployment taxes. However, companies that paid their employees, technically, would have fewer

unemployment claims. What employers would want to avoid here is paying both pay to employees for time not worked in addition to unemployment taxes.

- 8) The major constraint is the company's capacity to pay for this cost. For some companies, the cost will be way too high. For others, it may not be, relatively speaking. In addition, the cost would vary from storm to storm.

Respondent 21

- 1) Certainly I think it is the "right" thing to do. Employees need to know that their employers understand and "have a heart". The employers should know that the loyalty and well being of their employees is crucial to their long term success and therefore the need to flexible and understanding about extraordinary circumstances. I cannot think of what type of companies would not want to do this, but there are some where being "off work" is not a real option, i.e. disaster recovery type business, healthcare, law enforcement, etc. Even in those cases the dedication and loyalty of the employee should be recognized in some way so that they (the employee) know that their families are being taken care of while they are out helping others.
- 2) It is always an issue of communications and in extraordinary circumstances, NORMAL goes out the window. Employees who have a dedication and passion
- 3) Scope of the extraordinary event. What is going on in the community as a result? Certainly that financial ability of the Company to pay is a factor as well, but this again would have to be communicated in such a way that the employees would understand and appreciate the decision.
- 4) No explicit policy. Should be flexible and, if you have a written policy, it should be addressed in very broadest of terms. What if you have a tornado, not a hurricane? Or a flood?
- 5) Again, it is not a "normal" circumstance and such situations need to be addresses on a situational basis. Do not need to even attempt to design some kind of written policy that would address all the criteria for such action.
- 6) There are no guarantees in this area. If communications are down, wire transfers to banks may not be possible. The office may not be accessible to pay in cash or to generate

checks. This is an area that cannot be "guaranteed because the company does not totally control this process or these circumstances.

- 7) I do not agree with the first part of the statement. I would certainly hope that the second sentence would be true, but (and I this may sound really strange from an HR professional) if you try to write some sort of policy saying that "if hurricane, this will happen" then employees will begin to see it as an "entitlement" and not some thing that is being done for them because the company is concerned for their welfare and the welfare of their families.
- 8) I think my position is clear in my previous responses. I do not think that companies should have a policy that says employees will get paid if they miss work due to a hurricane, etc. The extraordinary circumstances such as those generated by our most recent hurricane experiences (and anecdotally, I might add that in years past I do not remember such circumstances ever occurring, but I am sure that we have had serious hurricanes like Camille and Betsy) need to be addressed outside of some formal policy statement for the company to get the full value of doing what is right for a good corporate citizen.

Respondent 22

- 1) No.
- 2) No it is a nice benefit, but I don't think it is necessary.
- 3) Financial ability - desire to do so.
- 4) There should be a policy, but there does need to be some flexibility.
- 5) Yes, I strongly believe they begin to "expect" it. Whether or not you (as a company) can afford it.
- 6) No, DD should not be mandatory.
- 7) I don't believe employees should receive unemployment for lost time due to a hurricane. We need to stop relying on everyone else to pay for us. If I miss work, then I use my vacation/PTO. That's what it is there for, if you have used all of your hours - tough! Sorry to sound hard, but we can't rely on everyone else to pick us up every time we fall. From my experiences with Katrina, Gustav, etc. It has not "engendered enough good will". They just look for the next hand out. I work for a great company, and the

employees did not appreciate anything the company did to help. They wanted their "something for nothing". Unemployment should only be used if the business is shut down for an extended time.

- 8) They should use vacation or PTO time OR no pay at all.

Respondent 23

- 1) Yes, demonstrates company loyalty to employees. Should be available from all companies but may not be practical for smaller businesses.
- 2) Absolutely!
- 3) Individual circumstances that prevent employees from being able to work.
- 4) Policy with some flexibility.
- 5) No concerns. Should be handled when situations occur - not a blanket policy.
- 6) Our company requires all employees to be paid by direct deposit.
- 7) Unemployment compensation should be for long-term work stoppage, companies should pay employees for short-term work stoppage.
- 8) Some guidelines must be set but companies should be able to accommodate special circumstances if necessary.

Respondent 24

- 1) All companies.
- 2) Yes, if you allow people time to get their personal affairs in order, they may not need to take time later.
- 3) For us it made sense, our building was without power and we had a bit of damage, therefore it made sense.
- 4) There should be a policy in the handbook for people to know exactly what will happen, if they need to save their vacation, or if there will be a way to pay it back.
- 5) No. We clearly told our employees that we were taking care of them, but that this was not something that would happen in the future, and that we would address it on a case by case basis.
- 6) When I hire anyone, I let them know about direct deposit, and give them a hurricane scenario. Therefore it is always their choice.

- 7) No.
- 8) [No Response]

Respondent 25

- 1) I do believe this is an important part of business continuance as it shows employees that the company is concerned for the employees.
- 2) Yes. In the aftermath of Katrina many of our employees were displaced. Because we are a national company, many employees, especially those that were not able to return to their homes for months (if ever) were able to transfer into positions in other parts of the country where they were displaced.
- 3) I believe all of the above are key points to be considered.
- 4) I believe the policy should be explicit to prevent any bias. Any policy would have to include a time period in which compensation would end.
- 5) There should be a standard "inclement weather/disaster" policy that leaves discretion to the company.
- 6) Direct deposit should be mandatory. Debit cards are another option.
- 7) I do believe that employees filing for unemployment in this situation would have some impact on unemployment taxes. I don't believe that the impact would be as costly as paying employees though. Unemployment should be used only in a long term situation. I do believe that paying employees would engender good will and loyalty but I am not sure all employees would feel the same.
- 8) [No Response]

Respondent 26

- 1) Yes, it reassures the employees that their employer is somewhat loyal to them and shows care and concern about the circumstances at hand.
- 2) Yes.
- 3) Full-time or part-time status, years of service, and exempt or non-exempt position.
- 4) Flexible guidelines!
- 5) This is where the Flexible guidelines come into play!

- 6) Direct Deposit should be used to pay all the employees or the regular way they usually got paid.
- 7) No to all of the above.
- 8) [No Response]

Respondent 27

- 1) Yes, but it definitely depends upon the company. We paid the entire staff for the days the company was down and until it was safe to travel on the roads. Individuals needing extra assistance were allowed to use PTO.
- 2) We are a healthcare organization, yes.
- 3) Severity of disaster, financial position of the company.
- 4) Flexible guidelines.
- 5) Employees are advised that this is discretionary pay dependent upon the financial position of the company.
- 6) Direct deposit is mandatory at our company.
- 7) [No Response]
- 8) [No Response]

Respondent 28

- 1) Service companies which provide a service directly to the public will incur a huge hit to their bottom line for the time they are closed. They may not be able to pay their employees without repercussions.
- 2) Yes if it is a fiscally responsible decision - you should always try. It creates loyalty.
- 3) Magnitude of the event, time it will take to reopen facilities, options if you cannot open facilities (i.e., can you send employees to work in a rented space somewhere else? Can they work from home? Can you set up temporary computers, etc.) Financial soundness of the company (how large of an impact will this make); how often do you anticipate such closures

- 4) I believe it should not be a set policy - companies should have the flexibility to review each incident separately. The problem become staying as consistent as possible with your own practice.
- 5) Yes. It sets precedent; it creates a practice you might not be able to keep up. It also creates an entitlement attitude. Employees begin to feel if there is a bad storm - they should be paid for not coming in. Even when we are not closed. (That is always requested of me.)
- 6) Direct deposit is only helpful if your primary bank is not in the effected area. With Katrina - no one got their pay because our bank was in New Orleans. We had to go back and cut manual checks.
- 7) My company is nation wide -- it would never create such an increase that it would off set paying them. The state of Louisiana as well as other states we are in usually suspend the unemployment taxes the companies have to pay for a major catastrophe. They realize it is more important to get the companies back open than to penalize them for an "Act of God".
- 8) If you can pay them you should, if it would create a financial burden and/ or an inequity of any kind within your structure - you shouldn't. It is that simple. But Employees will never understand that. It is not because we don't want to. Many HR professional take the hit as well on their paychecks. But we have to do what is - in the long run - best for the company. We are not here to make employees happy. We are here to keep them engaged and a part of a larger entity.

Respondent 29

- 1) Yes, businesses are supported by the community around them and the people they employ. Employee's first priority is a safe and secure place to live. By allowing them time off with pay, it relieves them of the unexpected hardship of dealing with hurricane damage.
- 2) Yes, it applies to everyone.
- 3) The financial capability of the company is probably the primary consideration, but often companies received tax credits or insurance coverage for losses due to a catastrophe.

- 4) There should be flexible guidelines. The extreme devastation of Hurricane Katrina set some precedents for handling these situations in the future.
- 5) The only concern is some unscrupulous employees taking advantage of the situation, but this could happen with any policy. We already set the precedent with Hurricane Katrina.
- 6) Direct deposit was the ONLY way to ensure that employees received continued pay. We require mandatory direct deposit on a regular basis and set up special debit accounts for employees who do not have personal accounts in their name. Employees without access to their banking accounts could contact us and make alternate arrangements, but this was the exception.
- 7) I'm not sure of the answer. I know that there was special unemployment provided after hurricane Katrina that was not counted against our tax rates. We continued to pay employees for a period of time. The response we had from the community was positive and definitely engendered good will toward the company.
- 8) We continued to pay all of our employees until we were able to determine the ability of a location to reopen and we had an accounting of the status of each employee (relocated, unknown). At that time, we placed employees at other locations whenever possible. Others were terminated as a result of the hurricane. We developed a special code to differentiate these terminated employees from regular terminations.

Respondent 30

- 1) Yes, employees had no control over the closure of business and therefore should be compensated for the days that the business was closed. I do think that the paid time should be limited to the number of days that the business was closed.
- 2) Yes.
- 3) Number of employees and number of hours not worked, but paid.
- 4) Guidelines should be flexible since the severity and aftermath is different for each hurricane.
- 5) Not all businesses could pay employees because of financial issues. My employer's stance was that since the company was not able to make money, the employees were not either.

- 6) I am all for direct deposit if at all possible. Visa cards can also be given to those who don't have accounts.
- 7) I think the company should be responsible for paying the employees and not unemployment.
- 8) [No Response]

Respondent 31

- 1) I feel that if someone has extensive damage due to a hurricane that a company should give some type of compensation, depending on how long they are out. I know if I could have had 2-3 days of pay it would have been a huge relief for me. Small companies may not be able to afford it because it also affects their business but I feel larger companies should have more compassion.
- 2) Usually after a hurricane like we have had in the past few years, you are lucky to have a job and you need a job to help pay what insurance will not? I don't believe it is important for retaining. Moral would be higher if pay is given.
- 3) If someone has to actually move out of their house and find other housing because of damage I feel they should be considered for pay. To stay home and cut trees that are on your property, but not on your house, no they should not be paid.
- 4) Flexible guidelines.
- 5) As long as it is not in writing. If a company wants to compensate one time and not the other then it's their choice. The Company itself may not be able to because of a drop in sales, business, etc.
- 6) In regular pay checks
- 7) Unknown about unemployment taxes. If a person really needs to be off and the company still keeps them whole as far as pay then the employees loyalty will go up 150%
- 8) [No Response]

Respondent 32

- 1) I think three weeks is excessive. I believe a company should compensate an employee if they cannot get to work for an act of God (i.e. the city has been evacuated and they are not allowed in), but if the business is operational and the employees can get to the job

site, they need to go, and if they do not, should not be compensated. The hurricanes should not be an excuse to justify an extended vacation.

- 2) No. Skilled employees and high level professionals have a morale compass that dictates their immediate return to work. They will not quit their jobs as a result of an act of God.
- 3) I believe that the sole factor in deciding this is whether the job site is accessible. If it is and the business is open, employees need to return to work. If they cannot, vacation, sick or personal time should be used, or they should take time off without pay in accordance with company policy to take care of their personal business. If employees do return to work, the company is obligated to compensate them for time worked.
- 4) Companies should have a disaster plan that details policies for compensation, granting time off, safety to re-enter the premises, etc. BEFORE a hurricane hits.
- 5) I do have concerns. I feel there are some employees, who may need the extra money or time off, but unfortunately, many employees will take advantage of a company's flexibility, therefore there should be specific company policy. This should not be regulated by the government or other public authority.
- 6) Direct deposit is great and should be utilized by all employees. But, if an employee does not have a bank account, the pay card system works well too. In the event of an evacuation, the pay card can be used at an ATM anywhere.
- 7) Employees in Louisiana can apply for unemployment if they are not paid during a hurricane ONLY if the business was not able to be open. If the business was open and the employees could get to work and they do not go, they are not eligible. However, we know that Louisiana grants unemployment to pretty much everyone that applies. I think the decision to pay employees should be entirely up to the company, and the company should have a disaster plan intact. Paying people for time not worked is good will, but it is just that, good will. It should not be required of a company.
- 8) Having lived on the coast most of my life, I have seen devastating storms and people's responses (Andrew in Florida, Katrina in NO, and Gustav in Baton Rouge to name a few specific). Many genuinely need assistance and others exploit the opportunity. I think responsible employees and companies have a plan for dealing with disasters. My fear is that the government will try to enact a law forcing companies to pay people, and giving some an opportunity to further exploit the system. If a company wants to give additional

funds out of good will or concern for their staff, it should be their decision. Because after all, in a disaster, the company suffers financial loss, too.

Respondent 33

- 1) Yes, if the company can afford it. If the company is affected by the storm, it may not be feasible.
- 2) Every perk is important in retaining employees.
- 3) If employees can get to work and it not is a safety issue, then they should report to work, unless they're directly affected by the storm.
- 4) I don't think a policy should be in place. It should be a case by case situation.
- 5) The ultimate decision is left to the Publisher. If the storm hits our city, people cannot report to work, and then it's good to give paid time off.
- 6) Payroll would run as usual. Direct deposit is the best method, but some part-time employees do not have checking accounts.
- 7) [No Response]
- 8) [No Response]

Respondent 34

- 1) 3 weeks is very generous and cost prohibitive for many companies. Many companies have inclement weather policies covering on average up to 3 days.
- 2) Some sort of support is the right thing to do to help employees' shoulder the burdens placed on families in times of natural disaster.
- 3) Whether or not offices close or employees are not able to work from home.
- 4) Standardized policy that maintains some consistency in order to be defended from discrimination claims.
- 5) Could.
- 6) [No Response]
- 7) Advisable that taxes be equalized for a limited time to support displacement of workers in times of natural disaster.
- 8) [No Response]

Respondent 35

- 1) This is a very important part of Business Continuance. It would be most plausible for Companies with a large investment in the training of its employees.
- 2) Yes.
- 3) Financial capability of the Company should be the major factor. Companies should establish a policy that is reasonable for both the employee and employer.
- 4) An explicit policy works best to lay very consistent rules that employees can understand. However, it should have some level of flexibility for unexpected circumstances.
- 5) Yes. Our company has had employees take advantage of the policy in other circumstances. Any policy should be clear as to what or who triggers the pay, why, and when.
- 6) Direct deposit is the best way to ensure the money is getting to the employee's account. We do not mandate, but do not promise payments as accurately if the employee doesn't take Direct Deposit.
- 7) No. I do not think the Unemployment tax will increase to the extent that it would be as costly to pay employees. I do believe that keeping the employee on the payroll during such an event does increase loyalty and good will.
- 8) For companies with the ability to do so, having alternative housing for employees and family is also a good (but expensive) way to keep the employees. Again, it depends on the investment in the employee's training and experience that would make this a reasonable expense.

Respondent 36

- 1) Yes. Shows a commitment to the employees and it is cost effective to retain experienced employees.
- 2) Yes.
- 3) The extent of the damage to them and the surrounding area. There is no definitive answer.

- 4) Should be flexible but equitable guidelines.
- 5) Yes, but you have to cross that bridge when it occurs. If the organization is so damaged that it can't pay, then it can't pay.
- 6) Direct deposit if able. But if all the power is out it may not be possible.
- 7) You have too many questions in this. To answer the first question, probably not. The second question response is yes it should for most employees. The third question, No I'm not aware of any federal laws.
- 8) [No Response]

Appendix E: Rejected Survey

The following statements aim to assess your opinion as HR managers regarding the business practice of paying employees in the aftermath of a disaster.

Please read the following statements and indicate the degree to which you agree or disagree with the statement as it relates to the practice of paying employees for time not worked as a result of a business or community disaster, like Hurricanes Katrina, Rita, and Gustav.

Rating Scale:

Strongly Disagree Disagree Neutral Agree Strongly Agree

Page One:

- 1) I support this pay practice because employees are personally committed to the organization.
- 2) I do not support this pay practice because employees move from company to company without hesitation.
- 3) I support this pay practice because it is vital to retain employees as part of the organization's recovery.
- 4) I support this pay practice because employees are 'part of the family'.
- 5) I support this pay practice because the organization is obligated to do so.
- 6) I do not support this pay practice because it is easy to find new employees.
- 7) I support this pay practice because employees are 'emotionally attached' to the organization.
- 8) I support this pay practice because employees are loyal to my organization and the organization owes it to them to return their loyalty.
- 9) I support this pay practice because it would be more costly for the organization to find new employees.
- 10) I do not support this pay practice because employees lack a strong personal attachment to the organization.
- 11) I support this pay practice even though employees may leave if they get a better job offer.
- 12) I support this pay practice because of the limited number of qualified applicants.

Page Two:

These are general statements that do not relate to the previous page. Please respond according to your opinion as a Human Resources professional.

- 13) I do not support creating a formal disaster pay practice policy because it could be detrimental to the organization in the future.
- 14) Ensuring that employees receive pay in the immediate aftermath of a disaster is an important role of Human Resources.
- 15) I believe that direct deposit is the best way to pay employees during a disaster and should be mandatory for all employees.