# Post-Disaster Recovery and Rebuilding: The Role of Financial Wellness

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Hurricane Katrina slammed into the Gulf Coast in 2005 and caused substantial short- and long-term negative effects on the economies of southern Louisiana and Mississippi (Cashell & Labonte, 2005).While substantial resources have been devoted to restoring the economic foundation of the area, there continues to be a paucity of knowledge and insufficient research related to the consequences of natural disasters on consumers' coping with loss at both the micro (i.e., individual or family loss) and macro levels (i.e., public and retail infrastructure) for moving back to normal "day-to-day" life.

AbraÃ-do-Lanza, Guier, and Colón (1998) and Benight and Harper (2002) reported that an individual's coping self-efficacy acts as a significant mediator between the losses and stresses associated with a disaster and post-disaster recovery. Benight and Harper (2002) found that individuals with higher hurricane coping self-efficacy manage better with losses and stress caused by hurricane disaster than those with lower general self-efficacy; however, their research did not examine the possible relationships between general coping self-efficacy and hurricane domain coping self-efficacy. Zimmerman and Valerie (2005) found that retailers are key players in responding to natural disaster; however, to what degree stable retail facilities affect people's hurricane coping self-efficacy and their perceptions of living condition is uncertain. Furthermore, Ensminger and Celentano (1988) and Milanova (1999) reported that financial situations are directly associated with individuals' psychological distress and anxiety; however, it is unclear how individual financial situations shape the person's general coping self-efficacy, specific hurricane coping self-efficacy, and the relationship between these two types of coping self-efficacy.

The current study helps to fill the identified gaps by focusing on individual general and specific coping self-efficacy, perceptions of damage to retail facilities, and financial wellness. The specific objectives were to: (1) examine the relationships between general coping self-efficacy and specific coping self-efficacy; (2) examine the relationships between both general and specific coping self-efficacy and perceptions of living condition; (3) examine the effect of retail facilities on individual's specific hurricane coping self-efficacy and perceptions of living condition; and (4) examine differences in (a) the effects of retail facilities and (b) general coping efficacy on hurricane coping self-efficacy across two groups with different degrees of financial wellness.

Based on the literature review, a research model was developed (see Figure 1). The research hypotheses were:

- H1: Higher individual hurricane coping self-efficacy leads to better perceptions of living condition.
- H2: Higher degree of general coping self-efficacy leads to higher degree of specific hurricane coping self-efficacy.
- H3: Perceived less damage to retail facilities leads to higher hurricane coping self-efficacy.
- H4: The effects of (a) general coping self-efficacy and (b) retail facility on increasing hurricane coping self-efficacy are different for groups with different degrees of financial wellness.

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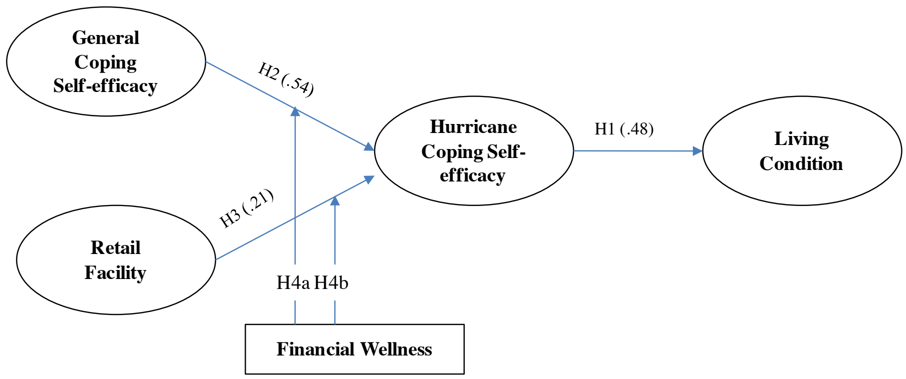
**Figure 1. Research Model and Hypotheses**




Empirical data were collected to test the research model and hypotheses through a survey administered to 283 Hurricane Katrina affected consumers in New Orleans. All research constructs were measured by multi-item scales. The scale for measuring general coping self-efficacy was adopted from Schwarzer & Jerusalem's research (1995). Specific hurricane coping self-efficacy was measured by the scale developed by Benight and Harper (2002). Financial wellness was measured to address individual's financial situation using the InCharge Financial Distress/Financial Well-Being Scale (Prawitz et al., 2006). The scale for measuring retail facility was developed by the current researchers. Exploratory and confirmatory factor analysis (CFA) was conducted to test validity and reliability of all included scales. Two-step structural equation modeling was conducted to test the proposed research model and hypotheses.

The first step of CFA resulted in an acceptable measurement model with good model fit. The second step of structural path model was also accepted with good model fit. Paths for proposed hypothetical relationships were significant at the level of $p < .001$. Therefore, H1, H2, and H3 were supported (see Figure 1). Participants were separated into two groups with high financial wellness and low financial wellness by the financial wellness scores. A multi-group comparison was conducted to test whether the effects of general coping self-efficacy and retail facility on hurricane coping self-efficacy were different cross the two groups. Results showed no differences in the effects of general coping self-efficacy on specific coping self-efficacy. Therefore, H4a was not supported. However, results supported H4b, since a significant difference was found on the effects of retail facility. The effects of retail facility on hurricane coping self-efficacy were significant for the group with better financial wellness (high scores) but not for the group with worse financial wellness (low scores).

Findings indicate that individuals' hurricane coping self-efficacy is directly related to their general coping self-efficacy which may be developed or practiced in daily lives. In addition, retail facility plays a role for disaster recovery. Supporting the findings of Lee, Moschis, and Mathur (2001), retailers are necessary external resources to consumer's "day-to-day" consumption needs, and consumers react to these resources through coping strategies as well. Retail facilitates and retail services impact disaster-affected individual everyday coping practices. A stable and known retail facility creates a decision-making environment in which the disaster-affected consumer is motivated by more objective factors rather than being impacted by issues which are out of the scope of individual coping self-efficacy. As a result, retailers have become key players in responding to natural disasters. Interestingly, the effect of retail facility on hurricane coping self-efficacy is only effective for people who have less financial wellness. Namely, people who rely more on themselves or available social resources than grant sources (e.g., FEMA or federal and state resources) to replace their lost resources are more likely affected by stable retail facility.

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