
HUMAN RESOURCE MANAGEMENT AND RESILIENCE OF SERVICE FIRMS IN THE POST COVID-19 ERA

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ABSTRACT

This study examined between human resource management and resilience of service firms in the post Covid 19 era. The objective is to determine the relationship between human resource management and organizational resilience, as well as the impact of human resource management on organizational resilience in post Covid-19 era. The adopted a descriptive research design and collected primary data using a questionnaire whose reliability was determined using the Cronbach's alpha test. The population of the study comprised 160 human resource managers from eighty (80) service firms in Rivers State. A sample size of 114 managers derived using the Taro Yamen formula. However, only data collected from 102 respondents were used in the final analysis, after data cleaning. The Pearson Product Correlation Moment was used to test the hypothesis formulated to guide the study. The Statistical Package for the Social Sciences (SPSS) version 23.0. The study found that human resource management has positive and statistically significant relationship with; and impact on resilience of service firms in the post covid-19 era. The study concluded that service firm's resilience that manifests in survival and continued growth depends on human resource management that focuses on improving the competences of workers. The study thus recommends that service firms seeking improved organizational resilience should improve their HRM practices and invest in HRM programmes and systems that promote capacity and competence development of personnel.

Keywords: Human resource management, organizational resilience, post covid-19 era, service firms

INTRODUCTION

The COVID-19 pandemic is precipitating unprecedented shocks threatening the global progress in poverty reduction and shared prosperity made in recent years. The impact on firms and the

destruction of existing productive capacities due to the pandemic could have an enormous impact on the growth prospects of developed and developing economies, not only in the short-run but over the long-term; especially, if the destruction also affect the most productive firms. To understand these reallocation channels and devise better policies that can cushion the impact of the shock and support recovery, it is necessary to understand the severity of the shock and its distribution, the adjustment mechanisms used by companies, and the uncertainty produced.

The outbreak of the Corona virus exposed organizations to unprecedented challenges that force them to alter their workforce and refocus their operations in different ways (Kalogiannidis, 2020). Barro and Weng (2020) state that chief executives of firm used various technological, physical, and socio-psychological methods to downsize, in order to survive the Covid-19 pandemic. Markets for product shrunk worldwide, forcing firms to cut cost in different operational areas (Baldwin & Weder, 2020). COVID-19 also prompted human resource managers to consider new approaches to dealing with adversity. Most organizations adopted remote working as way to maintain smooth operations and provide service to clients.

Company leaders are working hard to assist employees adjust to, and cope with drastic changes in the workplace and social environment (Baldwin & Weder, 2020). Workers, who spend a lot of time at work or inside the physical limits of their businesses before the coronavirus epidemic, now have to swiftly adapt to remote work settings. Working remotely, on the other hand, has its drawbacks, since most employees are unable to locate alternate places of comfortable work, particularly when they are unable to perform productively at home (Burchell, 2011).

Companies are challenges to develop and implement methods to compete in an unpredictable environment. They are required to be resilient in order to cope with continual change and uncertainty. Organizational research defines resilience as an organization's ability to regenerate itself through time. It is organization's capacity to endure, and even grow, in the face of disaster and other disruptive events (Seville et al., 2008). A resilient organization is one that is able to "adapt, cope, survive and prosper in the face of abrupt and sometimes hostile variations in the business-scape" (Harcourt & Ateke, 2018; Ateke & Nadube, 2017).

Organizational resilience requires managers to deal environmental shifts, while also ensuring that their firms remain viable and profitable (Seville et al., 2008). The notion of organizational resilience arose from the necessity for businesses to stay on top of threats that might jeopardize their very existence and, as a result, adopt necessary preventative or anticipatory measures. Organizational resilience has far-reaching implications for companies' overall position; and contributes to performance in both normal and emergency conditions (Mitroff, 2005), hence, enhances organizations' competitive edge (Parsons, 2007). Firms must continually adapt, not only to one-time crises or catastrophic events, but also to patterns that degrade their earning capacity in the long-term. The capacity of any firm to retain its basic functioning and remain viable in the face of disruptions is a measure of its resilience.

Umoh (2009) provides that, to achieve desired objectives, organizations must absorb environmental disruptions of all types. This is because firms do not exist in a vacuum, but are mutually reliant on their external environment and are components of a broader system, such as the economic system, the industry to which they belongs, and society (Koontz, et al., 1980). This means that natural disasters, economic considerations, government laws, socio-cultural variables,

political instability, and personnel turnover are all disruptions that can influence an organization's operations. Umoh (2009) argue that, being open systems, organizations must maintain homeostatic equilibrium and develop error control measures in the form of feedback adjusters such as environmental inputs or facilities that check and prevent entropy. Companies must adapt to harsh circumstances, such as times of economic crises, in order to survive and maintain their competitiveness (Wenzel et al., 2020).

Scholars contend that organizations prioritize financial and operational concerns above human resource concerns during economic downturns (Gunnigle et al., 2017). There is however, evidence that they will have to face HRM decisions sooner or later (Teague & Roche, 2014) with the goal of maintaining HRM in a tactical function, putting HRM on a strategic and leadership footing within the organization.

Prior studies have looked at human resource management initiatives that respond to crisis. Extant literature addresses this from a variety of perspectives, including the role of HRM in crisis situations, restructuring human resource strategy to address crisis, changes in HRM philosophy practices, and implementation of knowledge management initiatives to renew strategic capabilities. However, there appears to be very few studies on how HRM strategies have been applied during crises such as pandemics, and how human resource managers have managed these crises in the past. Furthermore, little empirical studies exist on the impact of HRM initiatives on organizational resilience in time of crises. Thus, with a view to contributing to literature, this study examines the impact of HRM initiatives on organizational resilience in the post covid-19 era in the service sector in Nigeria.

The study is guided by the following hypotheses:

Ho₁: Human resource management does not significant impact on organizational resilience of service firms in the post covid-19 era.

Ho₂: Human resource management does not have significant impact on organizational resilience of service firms in the post covid-19 era.

LITERATURE REVIEW

Theoretical Foundation

This study is anchored on the crisis theory. The core premise of crisis theory is that a crisis is an unexpected, unforeseeable, and unavoidable event of organizational life. It investigates many facets of crisis, such as crisis verities, typologies, taxonomies, and models (Shrivastava, 1993). Crisis management - the systematic procedure for coping with crises, is a fundamental element of crisis theory (Pearson & Clair, 1998). No organization can totally prevent or prepare for crises all possible crises in the business world. Hence, many companies respond to crises in a reactive manner (Mitroff, 1994). However, crisis theory postulates that crisis prevention is also possible to a certain extent by taking different actions at different stages of a crisis, though the stages of crisis might not proceed in a fixed sequence (Mitroff, 1994). Organizations must ensure that they explore all available innovative strategies to stay competitive during crises.

Human Resource Management and Organizational Resilience

The ability and aptitude of an organization to resist unexpected shifts, discontinuities, and environmental threats is known as organizational resilience. Madni (2007) defines resilience as

the ability to predict a perturbation, adjust to it, and recover as much as feasible to the pre-perturbation condition. Many notions come from definitions of organizational resilience including, environmental awareness, level of preparedness, anticipation of disturbances, adaptability, and capacity to recover (McManus et al., 2008). The ability of organizations to absorb shock or create resilience in the face of environmental perturbations is a reflection of their preparedness. Managers of resilient firms comprehend their broad operating environment and are aware of changes that may pose a risk to their operations, people, facilities, activities, services, and supply chains (Alastir, 2010). These managers comprehend the increasingly complex cultural, political, legal, regulatory, economic, technological, natural, and competitive context in which they operate, as well as monitor key issues and trends that may affect the objectives of their organization's and the perceptions and values of stakeholders.

Amah and Daminabo-Weje (2004) believe that effective companies are those that understand their environment's dynamic character; and successful organization grow like a resilient ecosystem that continually adapt to change to external conditions in this regard. Resilient organizations are those that have the ability to adapt to change, fit trends, and modify profit creation methods (Vieira, 2006). Resilient organizations build frameworks that provide security and stability through times of transition (Langvardt, 2007). They build flexibility into their structures; and adaptable to changing economic, social, cultural, technical, and political contingencies. Pellissier (2011) adds that, to maintain a competitive edge and pursue innovation, a corporation must be able to construct structures as well as manage the repercussions of continual change. They must exhibit specific behaviors and techniques, such as agility, integrative capability, leadership, and ability to anticipate change (Whitehorn, 2011).

HRM in terms of competence development, downsizing and remuneration is usually a first-line decisions made corporations (Zagelmeyer & Heckmann, 2013). These decisions however, have competitiveness and organizational sustainability implications (Shen & D'Netto, 2012). Scholars developed solutions that strive to preserve employee motivation and commitment, as well as include them in crisis' solution, aside from the perspective of cutting expenses to adapt to crises, particularly financial ones (Kranz & Steger, 2013; Marchington & Kynighou, 2012).

However, in a crisis or strategic transition situations, HRM systems are designed to should provide beneficial structures for modifying or improving HRM processes, given the increased performance objectives that businesses set for their personnel (Khan et al., 2020). To regain competitive edge, crisis situations necessitate the reinforcement or upgrading of organizations' knowledge base; thus, highlighting the importance of HRM (Wang, 2008). In this regard, *upskilling* and *reskilling* through competence development programmes mitigates negative consequences of environmental upheavals and shocks. Thus, it is highly probable that HRM will relate to resilience of service firms in the post Covid-19 era.

METHODOLOGY

This study sought to examine the association between HRM and resilience of service firms. The study adopted a descriptive research design and collected primary data via a cross-sectional survey. The population of the study consist one hundred and sixty (160) human resource managers from eighty (80) service firms in Rivers State. A sample size of 114 managers was determined using the Taro Yamen formula. However, after data cleaning, only data collected

from one hundred and two (102) respondents were used in the final analysis. In selecting the respondents the simple random sampling technique was adopted, which gave equal opportunity to respondents of various organization. The study used questionnaire designed in the 5point Likert scale to collect primary data. The Cronbach’s alpha test was used to determine the reliability of instrument, with a threshold of 0.70 established by Nunally (1978). All scales achieved above 0.70. The Pearson Product Correlation Moment was used to test the hypothesis formulated to guide the study.

RESULTS AND DISCUSSION OF FINDINGS

Table1 Correlation between Human Resource Management and Organizational Resilience

		HRM Initiatives	Organizational Resilience
HRM Initiatives	Pearson Correlation	1	.641**
	Sig. (2-tailed)		.000
	N	102	102
Organizational Resilience	Pearson Correlation	.641**	1
	Sig. (2-tailed)	.000	
	N	102	102

** . Correlation is significant at the 0.05 level (2-tailed).

Table1 shows the result of the analysis performed to check the relationship between of human resource management on organizational resilience. The result revealed that there is a strong positive relationship between human resource management and organizational resilience with a P(r) value of 0.641 and p value of 0.00 which is less than 0.05. The study thus reject the null hypothesis. Hence, human resource management has statistically significant relationship with organizational resilience.

Table 2: Regression result of the effect of organizational resilience on organizational adaptive capacity

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std	Beta		
1	Human Resource Management	24.736 .205	1.962 .073	.127	12.610 2.793	.000 .005
a. Dependent Variable: Organizational Resilience						
b. R = 0.127		R2= 0.016		F = 7.803	DF=476	

Source: SPSS output of data analysis (2022).

Table 2 shows that human resource management has significant effect on organizational resilience as it is associated with sig-value of 0.000 which is less than 0.05 or 5%. (=0.205, F = 7.803, R Square = 0.016, P < 0.05). Hence, the null hypothesis that human resource management does not have significant effect on organizational resilience is rejected. The Table also shows the standard error which is an estimate of the standard deviation of the coefficient. The statistical analysis shows that human resource management has a positive effect on organizational resilience, indicating that improvement in human resource management result in increased

organizational resilience. A constant value (alpha) of 24.736 which is the predicted value of the dependent variable when the predictor is set at 0 and the coefficient of independent variable (beta = 0.205), the size of the coefficient of independent variable measure giving that the size of the effect it has on the dependent variable is 0.205. The coefficient of determination ($R^2 = 0.016$) also indicates that human resource management accounts for every 1.6% changes in organizational resilience; meaning that the model is significant to predict organizational resilience during crises. Thus, human resource management is indispensable to resilience of service firms in the post covid-19 era.

CONCLUSION AND RECOMMENDATIONS

The Covid-19 pandemic has put increased pressure on HRM to demonstrate its capacity to position firms for effective functioning without remarkable costs in operational capability and service delivery. This study examined the relationship between HRM and organizational resilience; as well as the impact of HRM on organizational resilience. The results obtained from the statistical analysis shows HRM relates to, and also impacts organizational resilience. Thus, the study concludes that human resource management significantly affects resilience of service firms in the post Covid-19 era. Consequently, the study recommends that service firms that seek improved organizational resilience should improve their HRM practices and also invest in HRM programmes and systems that provide for capacity and competence development of personnel.

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