HUMAN RESOURCE MANAGEMENT RE-ENGINEERING AND SMES SUSTAINABILITY AMIDST COVID-19 PANDEMIC

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Abstract

The emergence of the covid-19 pandemic caused tremendous disruption to the way things were done globally. Without having a grasp on the situation, organization performance suffered the worst fate. It is against this background that this study was carried out to investigate the role played by Human Resources Management re-engineering on the sustainability of SMEs in Yewa South LGA, Ogun State. A survey research design was adopted by the study using structured questionnaire to collect data from 250 SMEs owners in the study area using a purposive sampling strategy. The data was analyzed using descriptive statistics while the hypotheses were tested using regression analysis through SPSS version 23. The results of the findings revealed that recruitment process re-engineering significantly impacts on the sustainability of SMEs in the study area (t= 3.51; p<0.05). Similarly, the result shows that re-engineered work method has a significant impact on the sustainability of SMEs in the study area (t=8.25; p<0.05). Hence, the study concluded that human resource management reengineering plays a major role on the sustainability of SMEs in the study area. The study recommended that SMEs owners should review their existing work method and adopt a more flexible work process.

Keywords: Covid-19, Human Resources Management, Re-engineering, Small and Medium Scale Enterprises, Sustainability

Introduction

Human capital is the real asset; companies of different levels and standing are spending fortunes in the improvement of Human Resources (HR) and business processes (Aditya, 2012). HR professionals are involved in making changes in the work culture of their companies and have started thinking radically to make improvements, thus reengineer the HR processes. For there to be a striking increase in efficiency, productivity and profitability, a drastic change in the design of the organization's processes is required (Orogbu, Onyeizugbe & Onuzulike, 2015).

Business Process Re-engineering (BPR) is a concept developed by Michael Hammer and James Champ in the year 1990. According to the two scholars, the concept is a term which refers to the efforts employed to change the way work, tasks and duties are performed by simultaneously addressing all the aspects of work that impacts performance and competitive advantage (Ikon, Onwuchekwa & Nwoye, 2018).

In the words of Hammer and Schambee (1995), BPR is the rethinking and radical design of the major processes of organizations to achieve results of tremendous improvement in modern performance measures; service, quality, cost and speed of work.

COVID-19 has brought an unexpected need for change within organizations, particularly regarding human resource management. The nature of this global crisis has meant that these processes remain under-systematized

The challenge presented to the workforce on a global level by COVID-19 has been unprecedented due to its impact on a key aspect of our existence—the survival of people and organizations. Human resource management (HRM) is recognized as having been assigned the role of implementing the plans defined by the political powers in order to maintain social distancing (Koirala & Acharya 2020), thus helping to reduce the spread of the virus. At the same time, the studies carried out in this area (Elsafty & Ragheb 2020; Koirala & Acharya 2020) have drawn attention to the important role of these professionals in defining strategies that allow people to work from home.

In the advanced nations, organizations such as Apple incorporation, Google, HSBC bank among others have re-engineered their work methods by shifting from the traditional on-site working method to a virtual environment which sees employees work from the comfort of their homes. However, many organizations in Nigeria still rely heavily on the traditional on-site work method. This may attract government intervention given the need to maintain social distancing via the reduction of the population of employees on the premises of organizations.

SMEs are critical to the development of economies around the world. However, with the unprecedented situation caused by the Covid-19, the survival of SMEs in Nigeria is highly dependent on how they respond to the challenges imposed by the novel Coronavirus.

Based on this background, this study was embarked upon to investigate the effect of Human Resources Management Reengineering on the sustainability of SMEs in Yewa-South LGA of Ogun State.

Specifically, this study seeks to:

i. Ascertain the impact of Re-engineered Recruitment Process on the Sustainability of SMEs in Yewa-South LGA.

ii. Investigate the impact of Re-engineered Work-Method on the Sustainability of SMEs in Yewa-South LGA.

Conceptual review

Karim, Choudhury and Latif (2019) state that Human Resource Management refer to those organizational activities which are directed at managing the pool of human resources to ensure resources are effectively utilized towards the fulfillment of organizational goals. A growing body of empirical research had examined the effect of certain human resource management practices on the firm performance.

Human Resource Management Re-engineering (HRMR) is defined as the fundamental rethinking and redesign of human resource management processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed (Aditya, 2012). This definition means that HRMR requires radical transformation as opposed to incremental change and hence the fundamental question an organization must address before adopting HRMR is if there is a compelling business case for change. Human Resource Management Reengineering involves changes in structures and in processes within the business environment. Information Technology plays a major role in Human Resource Management Reengineering as it provides office automation; it allows the business to be conducted in different locations, provides flexibility in manufacturing, permits quicker delivery to customers and supports rapid and paperless transactions. In general it allows an efficient and effective change in the manner in which work is performed.

The effect of reengineering can be seen on cost reduction increase in employee productivity and value addition in services towards customers, mainly focusing internal and external customers. It is said that Re-engineering is not down-sizing, it eliminates work not jobs, it is not HR restructuring – moving boxes on organizational chart, it's not automation, it's not reengineering a department but process in an organization (Koirala & Acharya, 2020). Research indicates that only about one-third of re-engineering efforts succeed (Elsafty & Ragheb, 2020).

In situations of health crisis, human resource managers play an essential role in responding to the needs of workers as regards to health and safety but also handling issues of anxiety and stress that are known to be exacerbated by the need for virtual work, long working hours, and the working conditions of the "virtual offices", which are not always adequate (Caligiuri et al. 2020; Roche et al. 2011). The study by Nutsubidze and Schmidt (2021), which explored the main challenges of the current pandemic from the perspective of HRM professionals, reinforced this importance, identifying areas such as "managing employee morale, motivation and engagement", "ensuring employee mental health and well-being" or "establishing transparent communication".

Theoretical Review

The research is hinged on Rogers' Diffusion of Innovation (DOI) hypothesis (1995). DOI was established to represent the process by which an innovation is disseminated across individuals from a social framework throughout time through particular passages.

According to previous scientists, Rogers (1995) discovered that people in a social context do not get an innovation at the same time. Rogers (1995) separates important characteristics of innovations as they are viewed by humans. These are important since they are presented in such a way that future adopters can see the progress. The justification for the selection of this theory lies in the assumption that Nigerian firms are laggards in the adoption of innovation. Thus, there is need for organizations in Nigeria to continuously monitor their business environment in order to keep abreast of the latest practices in human resources management.

Empirical Review

Baldwin and Weder (2020) in their study found that most managers are striving hard to help their workforce adapt to and consequently cope with radical changes occurring in the work and social environment. Kologiannidis (2020)

indicated in his study that since the outbreak of Coronavirus, various organizations have continuously faced a prime challenge of unparalleled proportions, which forced them to dive into and directly manage unprecedented territory as they change their entire workforce in different departmental areas or fields in ways not seen before.

In the same vein, Barro and Weng (2020) discovered that most heads of organizations have applied different technical, physical and socio-psychological ways to reduce their workforce as means of surviving in the current times. McKibbin and Fernando (2020) conclude that remote working is one of the new emerging methods that most organizations are adopting as a way of maintaining smooth operations and quality services to clients.

Methodology

The study adopted a descriptive survey research design. The population of the study consists of SMEs owners in Yewa-South Local Government Area in Ogun State. Due to the large number of the population, this research selected a total of 220 SMEs owners in the study area using a convenience sampling technique. A structured questionnaire was utilized as the research instrument for data collection. The data were analyzed using descriptive statistics and the hypotheses were tested using regression analysis. The analysis was carried out with the use of SPSS version 23.

Results

Table 1: Reliability Test

Variable	**Cronbach's value**	**No of Item**
Reengineered Recruitment Process	0.801	10
Reengineered Work Method	0.823	10
SMEs Sustainability	0.797	5

Source: Author's Computation, July 2022

Table 2: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	F	Sig.	Durbin-Watson
1	.838[a]	.702	.695	2.16643	93.466	.000	2.023

Source: Author's Computation, July 2022

Table 2 reveals the model summary of the variables investigated in this study. From the table 2, the R^2 value of .702 indicates that 70.2% variation in SMEs Sustainability is caused by Reengineered Recruitment Process and Reengineered Work Method while the remaining 29.8% is accounted for by variables not captured in the model. Furthermore, the Durbin-Watson value of 2.023 autocorrelation among the variables because the value lies outside 1.5 and 2.0 level.

Table 3: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.953	3	25.318	2.192	.020[b]
	Residual	2425.991	210	11.552		
	Total	2501.944	213			

a. Dependent Variable: SMEs Sustainability
b. Predictors: (Constant), Recruitment Process, Work Method
Source: Author's Computation, July 2022

Table 3 revealed the ANOVA result of the variables employed in this study. From the table 3, the result indicates that there is a positive relationship among the variables; given F=2.192. Moreso, table 4.2.2 shows that there is a statistically significant relationship between the variables given the significance value of .020 which is less than the acceptable 5%. Based on this result, this study concludes that Reengineered Recruitment Process and Reengineered Work Methods have a statistically significant impact on the sustainability of the SMEs in the study area.

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.025	1.811		8.847	.000
	Recruitment Process	.058	.069	.062	.850	.006
	Work-Method	.041	.118	.025	.349	.000

a. Dependent Variable: SMEs Sustainability
Source: Author's Computation, July 2022

The result in table 4 revealed the individual relationship between the independent variables and the dependent variable. Judging by the t-statistics of the individual variables, it is revealed that Reengineered Recruitment process has a positive relationship with SMEs Sustainability (t=.850) while Reengineered Work-Method also show a positive relationship with SMEs Sustainability (t=.349). The implication of this result is that a unit increase in Reengineered Recruitment process and Reengineered Work-Method will result in 0.850 unit and 0.349 unit increase in SMEs Sustainability respectively.

Furthermore, table 4 also shows that each of the independent variables have statistically significant impact on the dependent variable given their p-value is less than the acceptable 5%. Based on this, the study concludes that human resources management reengineering has significant impact on the sustainability of SMEs in the study area.

Test of Hypotheses

Decision criteria: Accept H0 if p-value is greater than 5% and reject H1. However, if p-value is less than 5%, reject H0 and accept H1.

Hypothesis One:

H_0: *Reengineered Recruitment Process has no significant impact on SMEs sustainability in Yewa-South LGA.*

H_1: *Reengineered Recruitment Process has a significant impact on SMEs sustainability in Yewa-South LGA.*

Decision: From the result in table 4, Reengineered Recruitment Process has a positive relationship with SMEs sustainability (t=.850). Moreso, it has a p-value of .006 which is less than the acceptable 5% level of significance. Based on this result, the study rejects the null hypothesis H_0 and accepts the alternative hypothesis H_1, thus, the study concludes that Reengineered Recruitment Process has a significant impact on SMEs sustainability in Yewa-South LGA.

Hypothesis Two:

H_0: *There is no significant relationship between Reengineered Work Method and SMEs Sustainability in Yewa-South LGA.*

H_1: *There is a significant relationship between Reengineered Work Method and SMEs Sustainability in Yewa-South LGA.*

Decision: From the result in table 4, Reengineered Work Method has a positive relationship with employee job performance (t=.349). Moreso, it has a p-value of .000 which is less than the acceptable 5% level of significance. Based on this result, the study rejects the null hypothesis H_0 and accepts the alternative hypothesis H_1, thus, the study concludes that there is a significant relationship between Reengineered Work Method and SMEs Sustainability in Yewa-South LGA.

Conclusion and Recommendations

This study was carried out to investigate the effect of human resources management reengineering on the sustainability of SMEs in Yewa-South local government area of Ogun State. The proxies of human resources management reengineering (i.e. Reengineered Recruitment Process and Reengineered Work-Method) exhibited a positive and significant effect on the sustainability of SMEs in the study area. Based on this revelation, the study

concluded that Human Resources Management Reengineering has a significant effect on Sustainability of SMEs in Yewa-South LGA.

As a result of the findings, the study recommends the following:

i. To achieve corporate goals, an organization need quality personnel. However, due to the need to observe social distancing and other directives aimed at curbing the spread of COVID-19, SMEs owners may need to develop an innovative approach towards recruitment exercise and move away from the traditional approach of physical contact with potential employees so as to ensure a steady supply of skilled labor.

ii. SMEs owners are admonished to review their existing work method and adopt a more flexible work process. In the advanced nations, employees are now working from home and they are achieving better results; although there are slight challenges related to psychological condition of the employees.

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