Workforce Resilience in the Post-COVID-19 Era: Differences Based on Manufacturing– Service Orientation and Firm Size

3

4 Abstract

5

6 The devastating impact of COVID-19 on businesses has led to the redefinition of workforce 7 resilience. This study hence explores workforce resilience factors that will be important in the 8 post-COVID-19 era. It investigates whether these factors perform differently in the 9 manufacturing vs. the service sector and in small and medium enterprises (SMEs) vs. large 10 firms. Sixty-five firms were studied in Malaysia and analysed through Rasch modelling. The 11 results indicate that three workforce resilience factors (positive thinking, sense of 12 responsibility, and emotional control) are difficult to overcome in the manufacturing sector. 13 Regarding the SMEs and large firm contexts, six workforce resilience factors (positive thinking, 14 differentiation, degree of involvement, sense of responsibility, cognitive processes, and 15 innovation) are complicated for SMEs. In comparison, two workforce resilience factors (work-16 life balance and decision-making) are difficult for large firms. Capitalising on these findings, 17 managers in various organisations (manufacturing vs. service and SMEs vs. large firms) can 18 adopt different strategies to leverage workforce resilience post-COVID. Moreover, 19 government agencies can use these findings for policy-making when leading post-COVID-19 20 projects and initiatives.

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22 Keywords: Workforce resilience, COVID-19, Manufacturing sector, Service sector, SMEs,

23 Large firms, Malaysia

24 **1. Introduction**

25

26 COVID-19 pandemic volatility and uncertainty have led to the redefinition of the concept of 27 resilience (Aldianto et al., 2021). The disruption has redefined the workforce management 28 concept, whereas the struggle to protect employment and improve productivity during the 29 pandemic has exposed flaws in people management (Corrales-Estrada et al., 2021). The 30 severity and long-term consequences of COVID-19 are expected to be prolonged and will 31 continue to test individuals and organisations in many ways (Kuntz, 2021). As the most critical 32 organisational resource, workforce resilience must be improved for an organisation suffering 33 from an underperforming economy and a negative work-life balance (Lintz, 2020; Hillmann 34 and Guenther, 2021). If observed from the positive side, COVID-19 has helped to create some 35 opportunities in the area of digitalisation—particularly in terms of disruption through 36 Industry 4.0 technologies such as big data, robotics, 3D printing, machine learning and 37 artificial intelligence—which can improve workforce resilience (Hizam-hanafiah, Soomro and 38 Abdullah, 2020; Soomro, Hizam-hanafiah and Abdullah, 2020).

Being more resilient may be seen as the panacea for organisations who wish to mitigate the effects of COVID-19, and redefining and redesigning a type of people management that suits the current environment is one of resiliency's critical components (Koh *et al.*, 2020; Lin and Liao, 2020). Workforce resilience is defined as a capability, capacity, characteristic, outcome, process, and sometimes a combination of these (Seville, 2018). It is the capacity of employees to recover quickly from difficulty, an adverse event, or a crisis (Brusset and Teller, 2017) and to enable the workforce to be agile in adapting and seizing 46 opportunities from adverse circumstances (Seville, 2018). Due to the new business landscape 47 caused by COVID-19, the concept of workforce resilience has gained increased attention in 48 management studies (Hillmann and Guenther, 2021). Even before COVID-19, organisations 49 were being called upon to pay urgent attention to improving their workforce readiness (i.e., 50 Parker and Ameen, 2018); hence, a pressing need is an in-depth explanation of how the 51 workforce can survive and thrive after the turbulence of COVID-19. Furthermore, the 52 resilience concept related to COVID-19 is dynamic depending on the organisational and 53 industrial context (Vanany et al., 2021). The theoretical understanding of post-COVID-19 54 workforce resilience should be investigated in multiple contexts following this argument. 55 Therefore, this article compares two important firm typologies: manufacturing-service 56 orientation and firm size.

57 Manufacturing and service businesses and products and services have significant 58 differences. In manufacturing, technical skills dominate, whereas in service businesses, 59 interpersonal skills take a considerable lead. In both cases, the organisations can be labour 60 intensive and require workforce resilience. In short, manufacturing businesses are more 61 equipment oriented, whereas service businesses are more people oriented (Ivanov, Dolgui, 62 and Sokolov, 2018). COVID-19 has led to severe challenges in some manufacturing businesses' 63 supply chains, whereas remote services have made work easier for most service-based 64 businesses (Papagiannidis, Harris, and Morton, 2020; Vanany et al., 2021). In terms of final 65 products and services, the production and delivery of goods are usually handled separately, 66 whereas in the service business, the production, delivery, and consumption of services often 67 occur at the same time (Duchek, 2020; Salleh and Zulkifli, 2020). Physical distancing is the 68 primary method of mitigating of the spread of COVID-19, and it has affected business in 69 different ways. For example, in manufacturing firms, goods can be purchased to store in 70 inventory to satisfy customers' needs, but services are offered upon customer demand in 71 service firms. These differences have created unique challenges for workforce management, 72 and understanding the contrasts can help develop better workforce resilience for 73 organisations moving towards the post-COVID-19 era (Lagowska, Sobral, and Furtado, 2020).

74 Firm size is also an essential determinant of organisational resilience (Polyviou, 75 Croxton and Knemeyer, 2020; Vanany et al., 2021). A similar impact is expected on workforce 76 resilience. In general, small and medium-sized enterprises (SMEs) expect immediate results, 77 but large companies work better under long-term sustainable circumstances (Cho, Lee, and 78 Cho, 2017). SMEs have fast and unstructured supply chain and work processes, but large firms 79 have slow and well-defined processes. COVID-19 has been brutal for SMEs because they have 80 minimal cash flow, and extended lockdown situations have hampered their sales and business 81 activities. In some cases, these circumstances have led to bankruptcies and layoffs (Carroll 82 and Conboy, 2020). In SMEs, decision-making lies with few people, but decision-making 83 occurs across the board with several departments in large firms. Moreover, small businesses 84 initially thrive on owners' equity, but large firms need robust funding from multiple sources. 85 Similar to revenue, the SME customer base is small, but large firms enjoy a broader customer 86 base (Arntz, Gregory, and Zierahn, 2017). In the COVID-19 pandemic, SMEs' lack of 87 technological infrastructure has disadvantaged them. In contrast, large firms have, in most 88 cases, leveraged digital technologies such as blended learning and remote deliveries. Doing 89 so will further improve their collaborations in workforce resilience with the advent of the 90 metaverse concept (Shin and Park, 2021). Overall, SMEs have been severely affected, and 91 workforce resilience is even more concerning in emerging economies due to minimal 92 resources and a lack of regulations (Ncube et al., 2021).

93 The majority of the previous literature on workforce resilience has concentrated on 94 leadership (Bargavi, James Daniel Paul and Samuel, 2016; Förster and Duchek, 2017); 95 organisational crises (Teo, Lee, and Lim, 2017; Koh et al., 2020); digital disruptions (Caza and 96 Milton, 2012; Britt et al., 2016; Birkie, Trucco and Fernandez Campos, 2017); and, to some 97 extent, the COVID-19 pandemic (Aldianto et al., 2021; Corrales-Estrada et al., 2021; Queiroz, 98 Fosso Wamba and Branski, 2021). However, the forward-looking literature is scarce on 99 workforce resilience in the post-COVID-19 era discussing topologies such as the 100 manufacturing-service orientation and firm size in a single study. The main goal of this paper 101 is to perform a comparative analysis of (1) manufacturing and service firms and (2) SMEs and 102 large firms in terms of their differential performances on workforce readiness in the post-103 COVID-19 era. The insights from the dichotomies surrounding these two firm topologies 104 provide an interesting theoretical extension. Moreover, the valuable insights may serve as a 105 useful guide for firms to improve the capacity of employees to deal with volatile and uncertain 106 situations. In addition, the current research offers a deeper understanding of dynamic 107 workforce resilience in different settings. In this study, Rasch measurement theory (RMT) was 108 used to study 65 firms across Malaysia. In brief, the following research questions guided this 109 research study:

110RQ1: Which workforce resilience factors perform differently between the111manufacturing and service sectors? Which of these factors are the most challenging to112overcome in the post-COVID-19 era for each group?

RQ2: Which workforce resilience factors perform differently between SMEs and large
firms? Which of these factors are the most challenging to overcome in the post-COVID19 era for each group?

This paper is structured as follows. First, based on the literature, a theoretical landscape is presented in Section 2. The Rasch research method is described in Section 3. Then, Section 4, followed by the results, presents the findings of workforce resilience in terms of both the manufacturing–service orientation and firm size. Section 5 then expands the discussion in terms of the theoretical and managerial implications. Finally, the conclusion, recommendations, and study limitations are addressed in Section 6.

122 **2. Theoretical Background**

123

124 2.1. Workforce Resilience and Manufacturing–Service Orientation

125 The lessons on crisis and workforce management that worked earlier seem to be faltering 126 now (Bargavi, James Daniel Paul and Samuel, 2016; Starr, 2020). Despite the large body of 127 literature on the post-COVID-19 era, studies on workforce resilience are lacking, especially 128 those that directly compare the manufacturing and service sectors in a similar country setting 129 (Aldianto et al., 2021; Ali and Govindan, 2021). Dynamic capabilities theory states that 130 organisations purposefully create, extend and modify their resource bases (Arend and 131 Bromiley, 2009; Teece and Pisano, 1994). According to this theory, workforce resilience in 132 service firms is better than it is in manufacturing firms, as service firms can modify their 133 resource bases more efficiently and faster. During the COVID-19 lockdowns, the business 134 opportunities for service firms significantly increased as service firm business operations ran 135 without significant disruption (Lintz, 2020). Employees in service firms had more chances to 136 take advantage of the pandemic, which improved workforce resilience in the service sector, 137 particularly in terms of change perceptions, flexible decision-making, business continuity, and 138 agility. Therefore, service firms have higher workforce resilience than do manufacturing firms

139 (Manfield and Newey, 2018; Salehzadeh, 2019). Although most manufacturing firms survived
140 the pandemic, service firms survived, adapted, and grew in the face of turbulent changes
141 related to the pandemic.

The COVID-19 pandemic has hurt all economic sectors, including the manufacturing and service industries, in developed and developing countries (Aldianto et al., 2021; Shin and Park, 2021). Workforce resilience is vital, as recovering from a crisis such as COVID-19 requires extra productivity and performance (Lintz, 2020; Hillmann and Guenther, 2021). Naturally, employees with high resilience levels were better motivated to return to normalcy. There are theoretical differences between how manufacturing and service organisations responded and were affected by COVID-19 from internal organisational and output perspectives.

149 Manufacturing firms produce physical products, which require physical labour (Han, 150 Chong, and Li, 2020; Shani, 2020). When the extended lockdowns were introduced to mitigate 151 COVID-19, staff and labour mobility was a challenge and forced the firms to be more flexible 152 and to exercise redundancy (Vanany et al., 2021). Manufacturing firms have very little room 153 for flexibility in their product offerings, as the COVID-19 disruption was sudden and novel. 154 The time needed for product development is lengthy and not feasible to a large extent. The 155 changes in the product may not meet consumer demands or workforce knowledge, skillsets, 156 and abilities (Lorenz et al., 2018). At the same time, service firms during the pandemic could 157 easily change their course and processes to match the severity of COVID-19 restrictions. 158 Another example is that manufacturing firms have been victims of delayed deliveries, which 159 were unable to operate as usual due to the unavailability of raw materials (Bustinza et al., 160 2019). On the other hand, service companies experienced the converse situation. Service 161 firms that do not require a physical interface have earned more revenue than ever through 162 remote deliveries (Powell et al., 2018). In terms of competition, manufacturing firms and 163 products with lower technological dependence are relatively easy for competitors to imitate, 164 and workers in the manufacturing sector generally struggle to achieve sustainable 165 competitive advantages (Khan, Farooq, and Rasheed, 2019; Näswall et al., 2019). A service 166 standard is difficult to copy, but the trained workforce in service firms found it easier to 167 change course, if needed, during the pandemic (Duchek, 2020).

- 168 169
- 170 2.2. Workforce Resilience and Firm Size

SMEs and large firms exhibit stark differences, particularly regarding the output tangibility, 171 172 labour intensiveness, operational automation, and resource access, which have had a 173 significant effect on workforce resilience during the pandemic (Oosthuizen, 2016; Cho, Lee 174 and Cho, 2017). The World Health Organization (WHO) announced that COVID-19 is a global 175 pandemic, causing significant economic shocks worldwide as nations exerted efforts to 176 contain the virus (Aldianto et al., 2021). As per dynamic capabilities theory, organisations 177 adopt, implement and change their internal and external firm-specific competencies into new 178 competencies based on the environment. In this regard, workforce resilience in the post-179 COVID-19 era can be strengthened by developing new competencies for the firm and its 180 people (Chowdhury and Quaddus, 2017).

SMEs have endured the worst of this situation, as they have limited budgets and slimmer margins (Li, Li and Dalgic, 2004). In terms of workforce resilience, among the SMEs, start-up businesses have suffered the most, as the training and education of the workforce is not a priority for start-ups, and they are less prepared to deal with unfavourable external situations (Aldianto et al., 2021). Large companies, on the contrary, have robust 186 organisational structures and well-defined processes, which help them be readier in terms of 187 bouncing back from adversity and hence to have a workforce that is more resilient (Tan et al., 188 2012; Gottman et al., 2018; Lucy and Shepherd, 2018). The global business environment has 189 become increasingly complex due to this pandemic. Moreover, business resilience in the SME 190 sector has become a challenge in terms of business continuity (Papagiannidis, Harris, and 191 Morton, 2020). Business continuity is better for large businesses, and workforce resilience is 192 vital. Leadership style also plays a significant role (Aldianto et al., 2021). SMEs mostly have an 193 autocratic leadership style, whereas large businesses have distributed leadership due to 194 diversity. When leadership has a wider span of decision-making, the workforce is more 195 resilient due to its speed and the variety of decision-makers.

196 In terms of resources and infrastructure, SMEs are struggling, and difficult 197 circumstances such as COVID-19 add another layer of threats to their business operations 198 (Kittipanya-Ngam and Tan, 2020; Kuntz, 2021; Queiroz, Fosso Wamba, and Branski, 2021). 199 Likewise, due to the entrepreneurial nature of SMEs, financial investments are on the low 200 side for small businesses, which gives them less leverage to take advantage of emerging 201 technologies such as 3D printing, artificial intelligence, machine learning, and big data (Tan et 202 al. 2015; Hizam-Hanafiah, Soomro and Abdullah, 2020; Soomro, Hizam-Hanafiah and 203 Abdullah, 2020). The COVID-19 pandemic has eliminated many SMEs in various countries, 204 mainly because they could not join the digitalisation initiative and join the digital economy. 205 Scale-ups similar to start-ups in these pandemic times have also struggled, as they received 206 funds from investors who demanded returns that were frequently not achieved during these 207 difficult times. Moreover, in terms of innovation, large organisations have for a greater ability 208 to research and develop, and their workforce adaptability is better in terms of resilience 209 (Corrales-Estrada et al., 2021; Kuntz, 2021). Overall, workforce resilience is the ability to deal 210 with challenging conditions, and SMEs have mainly been vulnerable to survival. Hence, their 211 response towards uncertain situations has been the least workable.

212

213 **3. Methodology**

214 3.1. Data Collection

215 Malaysia is an emerging economy with a good representation of manufacturing and service 216 concerns. In addition, Malaysia has a fair share of both SMEs and large organisations. As per 217 the Federation of Malaysian Manufacturers (FMM), Malaysia has over 3,000 manufacturing 218 companies. The private sector is a significant contributor to Malaysia's economy, with 219 industrial zones spread across the country, especially in states such as Penang, Johor, and 220 Selangor. In terms of services, the banking, insurance, and education industries have a 221 significant footprint in Malaysia's economy. Firm sizes vary across the country. However, 222 according to the Malaysia Statistical Business Register (MSBR), the SME landscape is 223 witnessing massive growth.

224 A Rasch analysis performs equally well on smaller sample sizes (Linacre, 2009). A sample 225 of 50 targeted respondents is sufficient for obtaining a useful estimate through Rasch 226 modelling (Linacre, 2002, 2004). In another study, 30 respondents were sufficient from a logit 227 scale perspective to conclude the findings of the Rasch analysis (Andrich, 1978; Wolins, 228 Wright and Rasch, 1982). Similarly, another study stated that at least 20 sample sizes should 229 be considered for establishing decisions about respondents with sufficient certainty (Fisher, 230 2006). However, the current study used 65 firms as the sample size, which is satisfactory and 231 sufficient based on the various Rasch standard studies.

232 Two selection criteria were designed to identify and select respondents for the survey of 233 the subject study: (a) senior manager with organisation-wide understanding and (b) at least 234 one year of experience working in that company. Similarly, the respondents who became part 235 of this research stud were primarily directors and department heads, all of whom had work 236 experience in their company of more than three years. The data collection was performed 237 across the different Malaysian states. As a result, 65 firms were studied on the research aims 238 of this study, of which 22 were manufacturing firms (34 percent), 43 were service firms (66 239 percent), 27 were SMEs (42 percent), and 38 were large firms (58 percent). A diverse range 240 of service companies were studied for this survey, which included banks, insurance 241 companies, courier companies, utility companies, business consultancy firms and technology 242 support firms. No single industry occupied a dominant share of the service sector. In terms of 243 firm age, most of the firms (40 percent) were over 30 years old. The definition was followed 244 of the SME Corporation Malaysia based on the number of employees to distinguish SMEs 245 from large firms within the manufacturing and service sectors. As a result, 22 manufacturing 246 firms consisted of 13 SMEs (number of employees =< 200) and 9 large firms (number of 247 employees > 200), and 43 service firms consisted of 14 SMEs (number of employees =< 75) 248 and 29 large firms (number of employees > 75). Details of the sample structure are presented 249 in Table 1.

250 Table 1. Description of the Sample

		Number of firms
Firm orientation	Manufacturing firms	22
	Service firms	43
Firm size	SMEs	27
	Large firms	38
Firm age	< 5 years	4
	6-10 years	10
	11-20 years	17
	21-30 years	8
	> 30 years	26
Manufacturing firms split	SMEs	13
	Large firms	9
Service firms split	SMEs	14
	Large firms	29
Total		65

251

252 3.2. Rasch Measurement Theory

253 Rasch measurement theory (RMT) is grounded in latent-variable probabilistic models (Rasch, 254 1982). RMT is based on item response theory, a mathematical model explaining the latent 255 traits of unobservable characteristics (Marais and Andrich, 2008) and their observed 256 outcomes (Thissen & Orlando, 2021). Rasch's mathematical features for psychometric testing 257 and measurement enable the model to explain a range of possibilities (Andrich, 1978). In past 258 empirical studies, RMT has been used in workforce management (Boone, Yale, and Staver, 259 2014; Aziz, Wee, and Mahmud, 2015) and resilience (Alavi, Isa, and Palpanadan, 2020; Papini 260 et al., 2021). However, work on the subject using Rasch Measurement Theory is needed that 261 is more extensive, such as finding differences between two samples studying various 262 phenomena.

Andrich (1978) and Rasch (1982) formulated a model for dichotomous items, which resulted in the Rasch Rating Scale Model (RRSM). The RRSM helps to define the latent variable through polytomous items in ordered categories (Azizan *et al.*, 2020). The Naiperian expression of this model is:

$$L_n\left(\frac{P_{nij}}{P_{ni(j-1)}}\right) = \beta_n - \left(\delta_i + \tau_j\right)$$

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268

269

where

271 P_{nij} = probability of the observed category j

272 $P_{ni(j-1)}$ = probability of the observed category j-1

273 β_n = measurement of the ability of subject n

274 δ_i = measurement of the difficulty of item I

275 τ_j = differential of the difficulty of observed category j in relation to j-1.

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277 The adoption of Rasch measurement theory is appropriate for this study because 278 Rasch supports the analysis of differential item functioning (DIF). Rasch models have an 279 invariance feature that is inherent to their structure and that establishes support for some 280 items that perform a different function in measuring the construct (Andrich, 1978). For this, 281 differential item functioning (DIF) is used to confirm the presence of a bias when a group of 282 subjects, with some common feature, significantly obtains a different calibration from that of 283 another group in an item's difficulty (Schauberger and Mair, 2020). The RRSM is ideal for 284 measuring latent variables such as workforce resilience, as it is the result of the 285 measurements assessed by the respondents from different firm topologies. Workforce 286 resilience items are positioned on the linear continuum, allowing them to be measured 287 according to their ability and difficulty, from left (less) to right (more). Similarly, a DIF analysis 288 can identify difficulty levels between two pairs of differentiated groups: manufacturing vs. 289 service firms and SMEs vs. large firms.

290

291 3.3. Measurement Scale and Fit Diagnosis

292 The resilience literature varies, with some studies focussing on change (Higgs and 293 Rowland, 2000), team management (Förster and Duchek, 2017), and foresight (O'Brien and 294 Robertson, 2009); likewise, certain studies focus on functions such as supply chain (Baryannis 295 et al., 2019), operations (Grotan and Vorm, 2015) and logistics (Nayak and Choudhary, 2020). 296 In this study, the construct of workforce resilience is based on five elements: propensity 297 (PRO), attitude (ATT), perception (PER), preferences (PRE), and management (MAN). These 298 five elements broadly cover the personality, characteristics and competencies of employees 299 in workforce resilience, which makes these elements a suitable fit for this study. The 300 measurement was adapted from Bargavi, James Daniel Paul, and Samuel (2016) and 301 measures resilience through 5 constructs and 25 items. Overall, with its constructs and items, 302 this study is suitable for the current research, as the 25-item instrument used is reliable and 303 valid, relates to contemporary times of leadership and organisational styles, and explores a 304 wide range of employee characteristics in the context of resilience. Furthermore, as the 305 measures (25 items) can reflect significant variance between teams and organisations, the 306 differences in workforce resilience can be better identified and analysed, which is the main 307 objective of this study.

308 The adapted items relate to employees' personalities, characteristics, and competencies, which can be exhibited differently based on firm type and size. For example, 309 310 the stress level in aviation companies (service sector) (Oliveira and Roth, 2012) is different 311 from that in automobile companies (manufacturing sector) (Prause and Atari, 2017). These 312 differences can result in variable emotional control for employees service vs. manufacturing 313 firms when measuring perception (PER) as a construct of workforce resilience. Likewise, 314 employees' personalities, characteristics, and competencies for workforce resilience can 315 exhibit differences between SMEs and large firms due to the complexity of and resources 316 available in the organisational structure (Dassisti et al., 2017).

A 1-5 point scale was adopted to measure the ratings. This 5-point Likert-type scale had the following levels: 1 ('very little extent'), 2 ('little extent'), 3 ('some extent'), 4 ('great extent'), and 5 ('very great extent'). Winsteps version 4.4.7 was used for the data handling. Table 2 shows the main specifications of this study. The measurement items for workforce resilience are listed in Table 3.

322

323 Table 2. Technical Specifications

•	
Context	Malaysia
Information Type	Primary
Data Collection Method	Survey
Temporal Scope	September 2021–November 2021
Sample Size	65 firms
Data Handling	Rasch Winsteps software, version 4.4.7

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325

Table 3. Construct Items for Workforce Resilience

ConstructItemsThis study is undertaken to understand the workforce resilience characteristics importantin the post-COVID-19 era. In the context of COVID-19, on a scale of 1-5, to what extent doyou agree with the below statements?

, ,		
Propensity	PRO1	Our employees tend to have flexible personalities.
	PRO2	Our employees avoid uncertainties.
	PRO3	Our employees dislike knowing what will happen.
	PRO4	Our employees give preference to health and safety.
	PRO5	Our employees view chances as challenges.
Attitude	ATT1	Our employees try out new ideas.
	ATT2	Our employees see events as opportunities.
	ATT3	Our employees do things in new ways.
	ATT4	Our employees challenge others' points of view.
	ATT5	Our employees find it easy to make business decisions.
Perception	PER1	Our employees value positive thinking.
	PER2	Our employees are good at cognitive processes (sensation,
		attention, and perception).
	PER3	Our employees have control over their emotions.
	PER4	Our employees maintain good relationships with others.
	PER5	Our employees feel a sense of responsibility.
Preferences	PRE1	Our employees wish to be different from others.
	PRE2	Our employees show a high degree of involvement.
	PRE3	Our employees face opportunities confidently.

	PRE4	Our employees face threats confidently.
	PRE5	Our employees maintain a healthy work-life balance.
Management	MAN1	Our employees can control changing behaviours.
	MAN2	Our employees can predict the damage level of fluctuating behaviours.
	MAN3	Our employees have a fixed mindset that can reduce variation.
	MAN4	Our employees can identify events demanding different behaviours.
	MAN5	Our employees can confidently ascertain consequences.

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327 Diagnosis of the fit was carried out following the recommendations of Linacre (2009) 328 by establishing a structure with five categories. The estimates of the Andrich threshold 329 parameters guaranteed the absence of disorders in the difficulty levels of the items, 330 confirming the effectiveness of the category structure. Furthermore, the latent traits of 331 workforce resilience reflected only one reality. Three analysis types were carried out to 332 confirm the operational requirement of the RRSM: (1) principal component analysis of Rasch 333 residuals (PCAR), in which the values of the indicators obtained (variance explained, 46.2 334 percent; unexplained variance in first contrast, 6.05 percent) allowed the multidimensionality 335 tensions to be discarded (Linacre, 2009); (2) the point-measure (PTM) correlation positive 336 sign confirmed the adequacy of the measurements, as shown in Table 4; and (3) the reliability 337 and validity analysis was assessed by using the Rasch estimators of measurement for subjects 338 and items. The 65 measures and 25 items have Person Reliability of 0.87 and Item Reliability 339 of 0.95, respectively. The Cronbach's alpha for the measures was 0.92. As the values were 340 above 0.70, they satisfied the Rasch standard levels, confirming the reliability and validity of 341 the measurement. Regarding the individual validity analysis, the outfit mean square of 342 residuals (MNSQ) for item PRO3, 'Our employees dislike knowing what will happen', was 343 above the recommended level (Wright and Linacre, 1994), with an outfit MNSQ of 1.91 and 344 an outfit ZSTD of 3.60, as shown in Table 4. After checking, this item was removed. The 345 diagnosis confirmed the fit of the data to Rasch measurement theory; hence, the measures 346 obtained adopt the properties of the model.

347

348 Table 4. Item Calibration

S.N	Measure	STD	INFIT	INFIT	OUTFIT	OUTFIT	PTM
	ment	ERROR	MNSQ	ZSTD	MNSQ	ZSTD	
PRO1	.20	.14	.74	-1.48	.70	-1.64	.58
PRO2	1.01	.13	1.17	1.03	1.43	2.28	.53
PRO3	1.93	.14	1.93	4.19	1.91	3.60	.56
PRO4	70	.18	1.15	.74	1.11	.53	.41
PRO5	15	.15	1.49	2.23	1.50	2.17	.44
ATT1	64	.18	1.09	.48	1.05	.27	.45
ATT2	55	.17	.80	95	.77	-1.03	.48
ATT3	20	.16	1.02	.16	1.12	.63	.46
ATT4	.32	.14	1.22	1.23	1.20	1.06	.46
ATT5	.94	.13	.95	26	.92	41	.64
PER1	-1.36	.22	1.19	.83	.95	09	.35
PER2	46	.17	.71	-1.49	.69	-1.48	.50

PER3	.22	.14	.85	84	.80	-1.03	.55
PER4	55	.17	1.17	.85	.98	02	.47
PER5	-1.22	.21	1.13	.60	.84	52	.39
PRE1	46	.17	1.13	.69	1.07	.38	.41
PRE2	46	.17	.93	27	.93	27	.42
PRE3	49	.17	.81	91	.75	-1.15	.47
PRE4	11	.15	1.14	.74	1.43	1.91	.41
PRE5	.22	.14	1.31	1.62	1.16	.83	.56
MAN1	.39	.14	.97	12	.96	14	.57
MAN2	.47	.14	.81	-1.12	.75	-1.45	.62
MAN3	.68	.13	.82	-1.09	.90	55	.61
MAN4	.37	.14	.55	-3.02	.49	-3.30	.64
MAN5	.58	.13	.67	-2.18	.66	-2.10	.64

4. Results

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351 The responses from 65 firms were grouped according to their manufacturing-service 352 orientation (22 manufacturing and 43 service firms) and firm size (27 large firms and 38 SMEs). 353 These groups were analysed using the RRSM of the DIF to identify whether workforce 354 resilience exhibited significant differences among the two comparative pairs (Linacre, 2009). 355 The statistical Welch's t test of difference in means was used, and the indicators of a 356 differential behaviour were interpreted (Bond and Fox, 2003). The hypothesis of differences 357 in the item's differential behaviour is accepted when the significance value is under 0.05. In 358 addition, the differences were considered based on the DIF contrast value: a DIF contrast less 359 than 0.43 is deemed small, a DIF contrast between 0.43 and 0.64 is deemed moderate, and a 360 DIF contrast greater than 0.64 is considered large (Wright and Linacre, 1994; Linacre, 2002).

361 The DIF analysis was conducted in two stages. In the first stage, the manufacturing-362 service orientation was compared in terms of workforce resilience. Table 5 shows the 363 workforce resilience item's significance value and DIF contrast for a probability under 0.05. 364 The results confirm the existence of differences between the manufacturing and service 365 groups for three items: PER1, 'positive thinking'; PER2, 'emotional control'; and PER5, 'sense of responsibility'. The first intergroup difference of PER1, 'positive thinking', probability value 366 was 0.0063 (significant at P < 0.05), and the DIF contrast value was 1.30, indicating a large 367 368 difference. The positive direction of the comparison from the manufacturing to the service 369 sectors revealed that achieving workforce resilience in terms of PER1, 'positive thinking', was 370 more difficult in manufacturing vs. service firms. The second intergroup difference of PER3, 371 'emotional control', had a probability of 0.0074 (significant as P < 0.05) and a DIF contrast of 372 0.82, indicating a large difference. Regarding the positive comparisons, the findings reveal 373 that achieving workforce resilience in terms of PER3, 'emotional control', was more difficult 374 in manufacturing vs. service firms. Likewise, the third intergroup difference of PER5, 'sense of 375 responsibility', had a probability of 0.0101 (significant at P < 0.05) and a DIF contrast of 1.15 376 (also categorised as a large difference). The positive direction of the comparison from the 377 manufacturing to the service sectors, the third finding of the study, reveals that achieving 378 workforce resilience in terms of PER5, 'sense of responsibility', was more difficult in 379 manufacturing vs. service firms.

In the second stage, the SMEs and large firms were compared in terms of workforceresilience. As shown in Table 6, the workforce resilience item is based on the responses

382 analysed using the significance value and DIF contrast, which has a probability of less than 383 0.05. The results obtained confirmed the differences between these two firm groups for eight 384 workforce resilience items: ATT3, 'innovation'; ATT5, 'decision-making'; PER1, 'positive 385 thinking'; PER2, 'cognitive processes'; PER5, 'sense of responsibility'; PRE1, 'differentiation'; 386 PRE2, 'degree of involvement'; and PRE5, 'work-life balance'. Correspondingly, the firm size 387 difference results showed the probability value (significant at P < 0.05) of ATT3, 'innovation' 388 (0.0356); ATT5, 'decision-making' (0.0161); PER1, 'positive thinking' (0.0074); PER2, 'cognitive 389 processes' (0.0170); PER5, 'sense of responsibility' (0.0350); PRE1, 'differentiation' (0.0030); 390 PRE2, 'degree of involvement' (0.0030; significant at P < 0.05); and PRE5, 'work–life balance' (0.0090). The DIF contrast values of 0.68, 0.66, 1.30, 0.83, 0.93, 1.06, 1.06, and 0.81 for the 391 392 respective workforce resilience items indicated a large difference. Furthermore, the positive 393 direction of comparison from SMEs to large firms indicated that all these workforce resilience 394 items were more challenging for SMEs vs. large firm except for ATT5, 'decision-making', and 395 PRE5, 'work–life balance'.

- 396
- 397 Table 5. DIF of the Manufacturing–Service Orientation

No.	Groups		DIF	t of	Probability	Items
			Contrast	weich		
PER1	Manufacturing	Service	1.30	2.83	.0063	Our employees value positive thinking
PER3	Manufacturing	Service	.82	2.80	.0074	Our employees have control over their emotions
PER5	Manufacturing	Service	1.15	2.66	.0101	Our employees feel a sense of responsibility

398 399

Table 6. DIF of the Firm Size

No. Groups		DIF Contrast	t of Welch	Probability	ltems
ATT3 SMEs	Large firms	0.68	2.15	.0356	Our employees do things in new ways
ATT5 Large firms	SMEs	0.66	2.48	.0161	Our employees find it easy to make business decisions
PER1 SMEs	Large firms	1.30	2.78	.0074	Our employees value positive thinking
PER2 SMEs	Large firms	0.83	2.46	.0170	Our employees are good at cognitive processes (sensation, attention, and perception)

PER5 SMEs	Large firms	.93	2.16	.0350	Our employees feel a sense of responsibility
PRE1 SMEs	Large firms	1.06	3.10	.0030	Our employees wish to be different from others
PRE2 SMEs	Large firms	1.06	3.10	.0030	Our employees show a high degree of involvement
PRE5 Large firms	SMEs	.81	2.72	.0090	Our employees maintain a healthy work–life balance

400 **5.** Discussion

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The present study contributes to the literature on workforce resilience with a specific view on the post-COVID-19 era by comparing manufacturing and service firms as well as SMEs and large firms. This study further empirically evidenced the differences in workforce resilience, specifically through three main findings on the differences between manufacturing and service firms, followed by eight main findings on the differences between SMEs and large firms. Based on these findings, the proposed framework of workforce resilience for the post-COVID-19 era is presented in Figure 1.



411 Figure 1. Proposed Workforce Resilience Framework in the Post-COVID-19 Era

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410

413 5.1 Post-COVID-19 Workforce Resilience in the Manufacturing vs. Service Sectors

414 Personal characteristics and organisational culture differ considerably between 415 manufacturing and service firms. In manufacturing firms, technical skills dominate primarily, 416 whereas in service firms, soft skills take the lead (Cotet, Balgiu and Zaleschi (Negrea), 2017). 417 In terms of people leadership, cost leadership takes precedence over differentiation in 418 manufacturing vs. service firms (Gottman et al., 2018). Employees in manufacturing firms 419 experience more stress due to physical production and floor assembly line pressure, whereas 420 service firm employees' targets are less stressful in terms of turnaround time (Vivares, 421 Sarache and E. Hurtado, 2018). The findings confirm that workforce resilience in terms of 422 PER1, 'positive thinking', is significant and more complex in manufacturing vs. service firms.

This finding resonates with Corrales-Estrada *et al.* (2021) and Gabriele Sauberer, Andreas Riel (2008). The primary reason is that disruptions such as COVID-19 paralysed many manufacturing firms' supply chain and business operations, particularly with extended lockdowns. A sizable number of manufacturing firms declared bankruptcy and were not allowed to operate production and physical sales, as opposed to service firms that thrived by remote delivery and sales. Hence, the resilience of the workforce in terms of thinking positively has been a challenge in manufacturing firms.

430 PER3, 'emotional control', is more difficult in manufacturing vs. service firms, echoing 431 the workforce management literature (Kuntz, 2021, Gottman et al., 2018). Difficulty in 432 controlling emotions among the manufacturing workforce can be explained because they 433 have taken a significant brunt of the hardships in terms of job losses and production halts; 434 hence, the workplace culture has deteriorated, although transitionally, for manufacturing 435 firms. Based on business opportunities and competition, manufacturing (vs. service) firms 436 have struggled more, and the same frustration can be generally seen in the workforce. This 437 study further confirms that workforce resilience in terms of PER5, 'sense of responsibility', 438 exhibits difficulties in manufacturing firms, which resonates with Jiang, Ritchie, and 439 Verreynne (2019) and Lagowska, Sobral, and Furtado (2020). Manufacturing firms mostly 440 have complex operations spreading over the different stages of production. Thus, a sense of 441 responsibility is shared but collectively increased. In service firms, employees mostly have 442 individual contributor-based roles; hence, the importance of accountability is easier to 443 manage, as responsibility is the lowest in a collective culture.

444 In comparing manufacturing and service firms, this study also confirmed that other 445 characteristics—such as PRO1, 'flexibility'; ATT4, 'challenging others'; and PRO4, 'concern for 446 health and safety'-regarding workforce resilience are insignificant. This finding implies that 447 firm orientation does not play a key role in employee flexibility, as it is different in 448 manufacturing firms compared to service firms (Bargavi, James Daniel Paul and Samuel, 449 2016). Likewise, the attributes of challenging others' points of view in the workplace and 450 concern for the health and safety of are is not dealt with differently in manufacturing 451 compared to service firms (Starr, 2020; Stefan and Nazarov, 2020). In summary, the results 452 indicate three workforce resilience factors (positive thinking, sense of responsibility, and 453 emotional control) that are difficult to overcome in the manufacturing sector.

454

455 5.2 Post-COVID-19 Workforce Resilience in SMEs and Large Firms

Likewise, personal characteristics and organisational culture differ fundamentally in SMEs and large firms. Employees in large firms have better time management skills due to better corporate planning than do those in SMEs (Cho, Lee and Cho, 2017). Employees in large firms are also comfortable making decisions due to systematic structures and centralisation (Välikangas and Romme, 2013). In terms of culture, SMEs struggle with research and development initiatives and drive, whereas large firms find it relatively easy to promote an enterprising culture of research and innovation (Aldianto et al., 2021).

In the context of the SME vs. large firm dichotomy, eight valuable findings were found. In general, workforce resilience in SMEs is more challenging than in it is larger firms. Even though the myriad of the previous literature has highlighted this connotation in a broader resilience discussion (Polyviou, Croxton and Knemeyer, 2020; Vanany *et al.*, 2021), this study identified differences in the workforce resilience context. This study confirms that attituderelated workforce resilience differs vastly between SMEs and large firms. ATT3, 'innovation', is more challenging for SMEs, a finding that complements the studies by Queiroz, Fosso 470 Wamba, and Branski (2021) and Corrales-Estrada et al. (2021). Large companies have more 471 funds, resources, and room to experiment with their products, services designs, and 472 workforce. Hence, innovation is a challenge for the SME workforce in particular (Sharma et 473 al., 2021). ATT5, 'decision-making', among the SME workforce highlights an exciting finding 474 that is not found in the extant literature. Some possible arguments for this finding may best 475 be explained by the fact that SMEs are commonly run by a single person or by few people 476 who manage most of the business's operations. Decision-making, in this case, is faster for 477 SMEs vs. large firms.

478 Workers' perceptions are also an essential resilience measure in times of disruption. Workforce resilience in terms of PER1, 'positive thinking', is more challenging for SMEs than 479 480 it is for large firms. Large firms are more sustainable, and their organisational strength is 481 higher, which translates into more positivity among their workforce and, eventually, higher 482 workforce resilience. Furthermore, the findings highlight that PER2, 'cognitive processes', are 483 more challenging for SMEs. Cognitive processes deal with sensation, attention, and 484 perception, and in large companies, employees generally have better cognitive processes 485 because the companies place more focus on learning and education. PER5, 'sense of 486 responsibility', is more challenging for the SME workforce. SMEs are commonly flatly 487 structured and more organic; thus, the duties held by the workforce are larger and more 488 interfunctional. In contrast, large firms have a better sense of responsibility, as they have 489 structured processes and well-defined operations.

490 This study also confirms that SMEs have difficulty attaining workforce resilience. Large 491 firms have technological resources, particularly in Industry 4.0 technologies, which can offer 492 differentiated product offerings, especially when dealing with the novel COVID-19 disruption. 493 For the SMEs that are not endowed with these advantages to provide differentiation, being 494 different from the others is not a characteristic of the SME workforce. This factor explains the 495 PRE1, 'differentiation', findings as being more challenging for SMEs, in alignment with 496 Schauberger and Mair (2020) and Nastacă (2020). Similarly, SMEs' lack of resources and 497 technologies limits the number of employees, who have multiple responsibilities. Often, an 498 individual is expected to perform numerous roles at once. Although the workforce roles in 499 SMEs are multifunctional, attaining PRE2, 'degree of involvement', is more challenging for 500 SMEs when they are not assisted by the technologies (Papadopoulos, Baltas, and Balta, 2020). 501 Interestingly, PRE5, 'work-life balance', is more challenging for large firms vs. SMEs, which 502 corresponds with the study by Gottman et al. (2018) and Hodges (2017). In SMEs, employees 503 and entrepreneurs take charge and are flexible with their personal and professional 504 obligations. In contrast, large firms mostly have fixed work timings, resulting in less of a work-505 life balance.

506 This study comparing SMEs with large firms also confirmed that workforce resilience in 507 terms of other characteristics-such as PRO2, 'uncertainty avoidance'; PER3, 'emotional 508 control'; and ATT4, 'challenging others' — was insignificant. This finding suggests that firm size 509 does not play a significant role in employees' approaches to avoiding uncertain and 510 ambiguous events. Therefore, the SME and large firm workforces deal with volatility in a 511 similar fashion (Fletcher and Griffiths, 2020). Furthermore, the attributes of emotional control 512 in the workplace and the conduct of challenging others frequently are not dealt with 513 differently in SMEs vs. large firms (Gottman et al., 2018; Starr, 2020).

514 In summary, six workforce resilience factors (positive thinking, differentiation, degree of 515 involvement, sense of responsibility, cognitive processes, and innovation) are challenging for 516 SMEs, and two workforce resilience factors (work–life balance and decision-making) are 517 challenging for large firms. Finally, the workforce resilience factor that does not differ 518 between the two firm types is not discussed at length in this study, as it is readily available 519 and well discussed in the literature. The focus of this study is to highlight the findings that 520 have a large DIF contrast, implying a large significant difference for each of these eleven items 521 between the two pairs of firm typologies.

522

523 5.3 Theoretical Contributions

524

This study complements and extends the research on workforce resilience in the following nine aspects. First, the categorisation of manufacturing and service firms in the workforce resilience area has made it possible to reconcile the empirical evidence in this regard, which is lacking. Second, the classification of SMEs and large firms in the workforce resilience area has added further empirical evidence, which is scarce.

530 Third, the study identifies differences in positive thinking, sense of responsibility, and 531 emotional control between two sectors: manufacturing and service. Fourth, the study 532 identifies differences in innovation, decision-making, positive thinking, cognitive processes, 533 sense of responsibility, differentiation, degree of involvement, and work-life balance 534 between SMEs and large firms. Fifth, this study supports and extends the findings of Aldianto 535 et al. (2021), Kuntz (2021), Lintz (2020), (Senna et al., 2021), and Näswall et al. (2019). Sixth, 536 it introduces a measuring instrument that has not been previously used to compare the 537 workforce resilience for the post-COVID-19 era between manufacturing-service orientations 538 and firm size.

539 Seventh, the results indicate three workforce resilience factors (positive thinking, sense 540 of responsibility, and emotional control) that are difficult to overcome in the manufacturing 541 sector. Amongst them, positive thinking is most critical (Nayak and Choudhary, 2020; Fügener 542 et al., 2021). More efforts are needed to improve employees' mental and psychological states 543 by giving them hope to deal with a crisis such as COVID-19, which helps to develop workforce 544 resilience (Seville, 2018). Eighth, the findings of this study confirm that six workforce 545 resilience factors (positive thinking, differentiation, degree of involvement, sense of 546 responsibility, cognitive processes, and innovation) are difficult for SMEs. For example, one 547 major challenge SMEs face is differentiation (Ekanayake, Shen, and Kumaraswamy, 2021; 548 Ivanov and Dolgui, 2021). Workforce resilience can be significantly improved by promoting 549 flexibility and agility among employees to offer new and modified product and service 550 offerings, allowing SMEs to seize new opportunities and counter threats in difficult times such 551 as COVID-19 (Nayak and Choudhary, 2020). However, SMEs can find it challenging to gain that 552 agility and introduce differentiated offerings (Förster and Duchek, 2017; Hodges, 2017; Teo, 553 Lee, and Lim, 2017).

554 Last, the results indicate that two workforce resilience factors (work-life balance and 555 decision-making) are complicated for large firms. In terms of decision-making, large firms 556 make decisions that are more significant, resulting in more severe consequences and benefits. 557 To improve workforce resilience, organisations should increase their employees' sense of 558 being decisive (Ekanayake, Shen and Kumaraswamy, 2021; Senna et al., 2021). However, large 559 firms struggle more in decision-making, as their processes are often lengthy and slow, 560 adversely affecting decision-making ability and hence workforce resilience (Ali and Govindan, 561 2021). In the COVID-19 era, work from home demands better decision-making and resilience 562 (Gottman et al., 2018; Lucy and Shepherd, 2018). In summary, this study adds theoretically to

the literature on crisis and workforce management, especially in extending the studies of Lintz(2020), Shani (2020) and Starr (2020).

565

566 5.4 Managerial Implications

567 This study has three managerial implications. The first is for manufacturing companies, which 568 should pay more attention to positive thinking, a sense of responsibility, and emotional 569 control to improve their workforce readiness for the post-COVID-19 era. As part of their 570 production plan, managers in manufacturing companies should promote a culture of 571 positivity and a sense of responsibility (Nayak and Choudhary, 2020; Fügener *et al.*, 2021). 572 Developing and executing corporate training in emotional intelligence can also improve 573 resilience.

The second implication is for SMEs. In SMEs as well, positive thinking helps, as training the workforce to be more optimistic in times of crisis signifies hope and well-being, which positively impacts resilience. For innovation, SMEs should partner with large firms to collaborate externally for intrinsic innovation (Ekanayake, Shen and Kumaraswamy, 2021; Senna *et al.*, 2021). Open innovation—relying on external knowledge for the internal innovation of products and services—can improve SME resilience in manifold ways. This will enable SME employees to do things in new ways.

581 Finally, the third set of implications is for large firms. Using the findings of this study, 582 large firms can improve the work–life balance of their workforce by designing worker-friendly 583 policies. Particularly after COVID-19, the flexibility of work from home and the four-day 584 workweek concept can be capitalised upon. Furthermore, the drive for digitalisation among 585 large firms makes it possible to manage a decent work-life balance (Ali and Govindan, 2021; 586 Ivanov and Dolgui, 2021). The government can also play an active role in helping large firms 587 better promote the work-life balance philosophy. Moreover, large firms can better utilise 588 Industry 4.0 technologies such as big data, machine learning, and artificial intelligence to 589 make faster and more streamlined decisions, eventually resulting in stronger resilience 590 (Fügener et al., 2021; Gibson et al., 2021). In practice, within the industry, collective guidelines 591 from working groups in best practices can further motivate large firms to strengthen their 592 workforce resilience for the post-COVID-19 era.

593

6. Conclusion, Limitations and Future Research Directions

595

596 The COVID-19 situation has been challenging because it is difficult to predict how things will 597 develop as circumstances change rapidly (Fügener et al., 2021; Kuntz, 2021). The problems of 598 social isolation, disrupted work and family routines, economic instability, and mental health 599 suffering have added layers of complexity for individuals and organisations in business today 600 (Brusset and Teller, 2017; Senna et al., 2021). However, the lessons learned during the COVID-601 19 disruption should not be wasted and should be well utilised in preparation for the post-COVID-19 era. This study, through its findings, has identified the critical areas of workforce 602 603 resilience important for dealing with the post-COVID-19 scenario, especially from two bases: 604 manufacturing-service orientation and firm size.

This study has some limitations. The current study chose Malaysia as the geographic context by analysing 65 firms operating in the manufacturing vs. service sectors and who were SMEs vs. large firms. As all the firms were from Malaysia, this context adds to the study limitations of this paper. However, Malaysia is an excellent case to study, as it witnessed a prolonged lockdown and strict restrictions for almost 1.5 years starting in March 2020. The 610 study instrument of this paper will be beneficial for evaluating workforce readiness in other

611 countries, regions, and territories to enhance cross-cultural learning on workforce readiness.

612 The responses for this study were captured from senior managers with management control

on behalf of employees, which adds to the limitation of generalisability.

Workforce resilience is a skillset that can be cultured (Breen, 2017), implying that with reasonable effort, one can learn to resist challenges when preparing for the post-COVID-19 world (Gottman et al., 2018). Employing people who are more resilient is no assurance that the workforce will be resilient. Having resilient people does not inevitably translate into having a resilient organisation or team, although they are related (Aldianto et al., 2021). Therefore, the mechanics of how individuals come together can create a team that is either more or less resilient, which can be a focus area for future research (Seville, 2018).

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