

TRENDS IN HUMAN RESOURCE MANAGEMENT PRACTICE: A PERSPECTIVE FROM PRACTITIONERS IN LOGISTICS ORGANIZATION, SELANGOR, MALAYSIA

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ABSTRACT

Human resource management practitioners from nine logistics organizations in the Klang Valley, Selangor, Malaysia were interviewed in person using a structured interview method. Participants identified global competition in logistics industry, emerging of partnership strategy, demographics of the logistics workforce and high quality of services expected from customers as trends they faced in logistics industry. Important points were highlighted as human resource policy, training and development specifically for logistics human resource management that covered these trends.

Keywords: human resource practitioners, logistics organization, logistics industry, trends

INTRODUCTION

Logistics organizations continue to operate in fast-changing and unpredictable environment. Global competition in logistics (Gracht & Darkow, 2013), logistics partnership strategy (Brekalo & Albers, 2016), new age generation of employees (Lyons, Schweitzer & Ng, 2015) and high demand from customers (Chen, Chang, Hsu & Xiao, 2015) are frequently cited as trends in logistics industry. The human resource management (HRM) functions in logistics organizations are in dire need to pace with these trends (Kam, Tsahuridu & Ding, 2010).

This paper examines the HRM functions in the logistics organizations in Selangor, Malaysia and their practices. It examines the trends that the HRM practitioners in logistics organizations might face in the future. Why is there a need to examine the HRM profession in logistics industry in Selangor? Firstly, under the Third Industrial Master Plan (IMP) 2006 – 2020, Selangor will become a strategic location for logistics and supply chain activities (Third Industrial Master Plan 2006 – 2020, 2006), thus stimulating the growth of logistics organizations in Selangor. These organizations require a pool of logisticians for employment to cater for this expected growth. Secondly, HRM practitioners are the key persons who contribute to the recruitment of a correct logistics personal for organizational effectiveness (Kiessling & Harvey, 2014). Lastly, HRM has been associated actively with logistics studies in Malaysia (Daud, 2014).

This paper is organized into four parts. It reviews the literature relevant to trends in human resource management in logistics organization. It then outlines the methodology, results and discussion, and concludes with implications and future research.

Human Resource Management – Trends in Logistics Organization

HRM in logistics organization has been affected by a number of trends. This includes global competition in logistics industry, emerging of partnership strategy, demographics of the logistics workforce and high quality of services expected from customers.

Globalization has resulted logistics organizations to hire competent workforce especially for the top management teams (González-Loureiro, Dabic & Puig, 2014). Furthermore, the study has identified six areas (organizations, change, knowledge management, globalization, industry and business strategy) for logistics organizations to focus on human capital. In another dimension, globalization has developed challenge to HRM on how to tap talent in logistics industry. Findings from Sohn, Sohn, Klaas-Wissing and Hirsch (2015) study showed that employers in logistics organizations find it is more challenging in recruiting and retaining high talented logisticians.

The emerging of partnership strategy in logistics has developed from selecting alliances (Bagchi & Virum, 1998) to an assessment of logistics alliance design (Brekalo & Albers, 2016). Brekalo and Albers (2016) argued that senior level of management in logistics organizations must involve in identifying competent logisticians who are able to demonstrate right skills and knowledge in partnership strategy. These logisticians must be expert in alliance composition, alliance structure, relational behavior, and operational process design of partnership. The increase use of social media to recruit talented supply chain and logistics managers is clear evidence that logistics organizations become more particular in finding their employees (Fisher, McPhail, You & Ash, 2014).

Changes of employee demographic have affected how HRM activities in logistics organizations are managed. The increased knowledge on psychological capital as a tool for employee retention in a transport company is evidenced by the increase of job satisfaction (Schulz, Luthans & Messersmith, 2014). Thus, it prevents labor shortages in logistics organizations. To retain high talented logisticians especially from the Y-generation, employer attractiveness is becoming more important (Sohn, Sohn, Klass-Wissing & Hirsch, 2015). HRM in logistics organizations is focusing on tapping young logisticians with competency, human skills and latest information technology (IT) knowledge (Morgan, Richey Jr & Autry, 2016).

There is a concern from HRM practitioners in logistics organizations on how to develop an effective service quality. These practitioners have designed effective training and development programs in order to attain high quality in service (Bouzaabia, Bouzaabia & Capatina, 2013). Training is focused more on the specific customer service dimensions which directly relate to logistics activities (Leuschner, Charvet & Rogers, 2013). The dimensions of logistics customer service include creating positive perceptions from customers (Chen et. al, 2015), quality operations, empathy and reliability (Gil-Saura & Ruiz-Molina, 2011).

To assess trends faced by HRM practitioners in logistics organizations, they were asked following question:

Have trends such as global competition in logistics industry, emerging of partnership strategy, demographics of the logistics workforce and high quality of services expected from customers affected HRM?

METHODOLOGY

An exploratory study was conducted using nine human resource managers who are working in logistics organization within Klang Valley, Selangor, Malaysia. The idea is to seek their views about the trends in human resource management practice related to logistics industry. An exploratory study would provide an advantage by seeking information from persons experienced in the area of study, by tapping into their collective memories and experiences (Cooper & Schindler, 2013).

The case study method was done due to three objectives (Rowley, 2002). First, it answered in-depth questions such as “what”, “how”, and “why” regarding the trends of HRM in logistics organizations. Second, the researcher had little control over the answers given by respondents about the area of study. Third, answers given by respondents were based on a real-life context. Case study method provides a clearer understanding of the causal mechanisms that lead to breakdown of abstract points (Bennet & Elman, 2006).

Respondents for this study were initially approached through phone calls for appointments. A potential list of thirty respondents who are currently working in logistics organizations in the Klang Valley, Selangor, Malaysia was generated from the Malaysia’s Chartered Institute of Logistics and Transport directory. Overall nine respondents (response rate was 30 percent) were willing to participate.

A validity test for improving the questions was done before the actual interview with the 9 respondents. The instrument used for data collection was personal interview. These open-ended questions were designed in order to determine selected demographic and organization information and to capture the keywords related to trends in HRM in logistics organizations. Since interviews had to be conducted to solicit responses therefore, all the prospects were briefed about the purpose and significance of the study. Individuals showed their willingness to participate in this survey were later approached personally at specified time and date. Interviews were recorded through audio to come at certain conclusion.

Respondents and their Organizations

The responding logisticians in the study were all male. All of them occupied middle positions in their respective organizations with an average of 7.1 years working experience in HRM as a managerial position. Seven (77.8 percent) of them worked in local logistics firms and the balance worked in multinational logistics firms (22.2 percent). The lists of HRM trends in logistics industry from each respondent were compared in duplicate and irrelevant items were removed.

FINDINGS

The research question asked, “Have trends such as global competition in logistics industry, emerging of partnership strategy, demographics of the logistics workforce and high quality of services expected from customers affected HRM?” Global competition in logistics industry, emerging of partnership strategy, demographics of the logistics workforce and high quality of services have been important trends. These trends have created in how HRM practitioners deal with a new human resource approach in logistics industry.

Global competition was highlighted by seven out of nine respondents. This is the most often mentioned trend by respondents. This trend has influenced HRM in logistics organizations. Four respondents have stressed that their organizations focused on recruiting and developing the workforce with a “cross-cultural elements” such as understanding global culture and values, importer and exporter countries Government regulations, and international customer patterns. These seven respondents believed that in the 21st century, logistics organizations may determine the best competitive advantage in servicing their business clients. To ensure their organizations ready for staying competitive internationally, they require their workforce to understand international logistics. For recruitment, if there is a vacancy which deals with international customers, their organizations are looking for those who have working experience in multinational organizations and in dealing with international business. In addition to that, HRM practitioners in logistics organizations are continuously developing and training programs related to international business. One respondent argued that it a challenge for his organization to recruit fresh logistics graduates pertaining to global competition.

According to him, preparing the Y-generation of logistics graduates who are lacking of industrial exposure is an ongoing effort by HRM practitioners. There is close coordination between logistics practitioners and human resource department in his organization. Training and development programs designed by the human resource department for the new employees who are fresh logistics graduates are based on the inputs from the logistics practitioners. For example, trainees would learn the latest trend of “International Commercial Terms” or INCOTERM related to international business.

High qualities of leadership and communication skills continue to be attributes that affect HRM practice in partnership strategy trend for all respondents. For example, two respondents felt that “understanding and working harmoniously” have contributed to the success relationship among partners in logistics industry. Grooming top and middle managers for leadership and communications skills is necessary in their organizations. Four respondents said that those who involve in the partnership strategy must expert in technology as means of effective communication. In addition, three respondents added that the “Internet” is changing the partnership strategy with all logistics partners (for example supplier, freight forwarders, shipping agents, etc.). The HRM challenge is to integrate “Internet” technology into those who involve in the logistics partnership strategy. One respondent said that his organization no longer gives priority using traditional communication among partners, using instead social media tools for this purpose. This trend would require HRM practitioners to better integrate technology into HRM functions such as human resource planning, recruitment, training and performance appraisal. Other respondents view this issue as a challenge for HRM practitioners to design an effective HR strategy for logisticians to work under increasingly tighter partnership conditions. Furthermore, respondents emphasize that logisticians need to equip their knowledge about the current global development related international business such as the Trans Pacific Partnership Agreement (TPPA).

Demographics continue to be an important for HRM practitioners in logistics organizations. Respondents argue that this trend is important for HRM practitioners because different category of generational group (example the difference between X and Y generations) show to be seeking different traits and attitudes. Logistics organizations from five respondents are experiencing turnover from X generations’ employees, where the average tenure for this group is twelve months. In exit interviews, HRM practitioners observed that Y generation tend to leave their jobs for aiming higher salary in other organizations. In a related issue, two respondents felt that preparing younger logisticians, who lack of industrial experience in logistics functions, to stay longer in their organizations was a challenge. Actions taken by HRM practitioners include assessing the trend of logistician salary market and designing attractive fringe benefits. There is a constant exchange of views between HRM practitioners and top senior logistics managers about the assessing the trend of logistician salary market and designing attractive fringe benefits. The above views are emphasized by the other two respondents who consider that different generations of logisticians working in the same place contribute to conflict and different expectations. It causes HRM practitioners to be responsive and creative in dealing with logisticians from different generational groups.

Interpersonal and personal skills were identified as important skills for a logistician who is involved in dealing with customers. Three respondents felt that communication skills were fundamental in determining high customer satisfaction while other respondents emphasized listening skills in particular. One respondent indicated that a logistician must be a multi-tasking worker in order to operate successfully in customer relationship management. Another respondent felt that ability of a logistician who can solve customer problems is very important, and this view was supported by other five respondents who emphasized that logisticians must have well-rounded logistics operations and their organization’s business

knowledge. This was because their organizations were depending on their competency. Other areas that were mentioned by respondents included adult learning in handling customers, stress management, conflict resolutions and team building capabilities.

DISCUSSION

The interviews triggers the trends noted in the literature and all the trends were highlighted by participants. Global competition appears to be the main factor behind the trends in the changing role of the HRM practitioners in logistics organization. Logistics partnership strategy, new age generation of employees and high demand from customers were also important trends.

The most often mentioned trend affecting HRM practitioners in logistics organizations was global competition in logistics. It was mentioned by seven (78 percent) of the respondents. This trend is documented in the literature review by researchers (see González-Loureiro, Dabic & Puig, 2014; Sohn, Sohn, Klaas-Wissing and Hirsch, 2015). The implications of this trend are important. The respondents mentioned new silk routes, deep seaport terminals, triple “E” ships, the Trans Pacific Partnership Agreement (TPPA), one belt one route (OBOR) concept, global knowledge in business and Government open door policy.

Recruitment and selection functions for a new logistician who will be involved in international logistics should include the element of globalization knowledge. Job description and job specification list must include specific functions and minimum knowledge related to international logistics perspective. During employment interview, it is important for HRM practitioners to set close and open ended questions that attribute to logistics global competitions. As for the existing logisticians, there is a need to have comprehensive training and development programs which pace with the current development pertaining to global competition in logistics. Either it is an in-house or an outside of the organization training, HRM practitioners must ensure the learning outcomes which are concerned with current global competition are achieved. According to Shi and Handfield (2012), with the rapid business expansion globally, multinational logistics companies are in a dire need to prepare talented logisticians to face international logistics operation. This has been a major challenge for multinational logistics organizations, as finding qualified candidates, recruiting them, and retaining them have proven to be harder than expected.

The second trend noted by six (66.7 percent) of the participants was the emerging of partnership strategy. Participants reported that HRM is moving towards developing a clear policy for employees who are involve in partnership strategy. This includes do’s and don’ts in a relationship between logistics organization, suppliers and distributors in the Supply Chain pipeline. This trend had not been reported by earlier literature. As mentioned in the literature review section, previous studies have focused on selecting alliances effectively (Bagchi & Virum, 1998) and recruitment for internal and external competent logisticians (Brekalo & Albers, 2016). How this trend affect HRM manager in logistics organizations? For the development of policy, HRM managers may be expected to contribute an effective policy pertaining to several issues related to confidentiality of logistics organization. This means that logistics organizations need to consider the depth of sharing certain information about the operations to other partners.

Zybell (2013) has emphasized the importance of having an effective logistics partnership system in order to provide a basis for an enhanced logistics performance. Based on the view from Zybell, the six respondents were concerned about whether logisticians who was involved in the partnership strategy were not sharing sensitive information among themselves. Respondents argued that those involved in partnership strategy should be

acknowledged about the sensitivity of sharing information. Strong and effective human resource policy on information sharing in logistics industry is a must (Liu, Huo, Liu & Zhao, 2015). Two from the six respondents stressed the need for human resource practitioners to review regularly policies pertaining to partnership strategy regularly. They however did not mention any specific intervals for the review activity.

The third trend that 89 percent of the participants commented was the new age of generation as human capital in logistics organization. These respondents believed that a new training platform was necessary due to the constant demand for knowledge, training and human capital development. Selecting, hiring and retaining the best logisticians were the challenges for human resource practitioners. Difficulties to find the new generation of logisticians with the right attitude, working experience and talent make human resource practitioners identify and develop sustainable training framework as proposed by Dubey and Gunasekaran (2015). This sustainable training framework includes coaching, development and change management, case analysis and theoretical inputs.

Participants views that HRM was changing from traditional approach to elements in the Dubey and Gunasekaran (2015)'s framework. In logistics organizations, the traditional approach of human resource functions was transferred to line managers. Participants agreed that to manage the new generation of logisticians the new role of coaching and advising needs different kinds of skills and competencies.

All respondents agreed that logisticians must be able to manage effectively demands from their customers. In this study, it was found that managing demands from customers was resulting in increasing training on customer services and recruiting logisticians with customer relationship management working experience which was highlighted in the literature (Bouzaabia, Bouzaabia & Capatina, 2013; Chen et. al, 2015). The literature pointed a trend to more training as a method to develop and retain good logisticians (Dubey & Gunasekaran, 2015), and this finding was mentioned in a different way by the participants in this study. The participants viewed that modules for training customer relationship management must be able to deal with local and international customers, in HRM which managers must act as change human resource managers.

CONCLUSION

Since this was a qualitative based on a sample of nine HRM practitioners who were working in logistics organizations, more research needs to be conducted on the trends for HRM practitioners. There appears to be much more emphasized on training and development on trends for global competition in logistics industry, emerging of partnership strategy, demographics of the logistics workforce and high quality of customer services. In addition, the HRM practitioners to develop and identify logistician competencies for the four trends above continue to grow in importance. Young logisticians were expected to bring in different values to the logistics industry, which increases the challenge for HRM practitioners.

Future research is needed in this area to answer salient questions. First, are these four trends do exist only in Malaysia or also exist in other parts of the world? Since this study was conducted within the Klang Valley, Selangor, Malaysia, a large sample is needed to verify the findings. Second, if human resource practitioners are more specialized in logistics organization, will future managers of the human resource area come from those who are from logistics background? Lastly, another area of future research could look at the ways the human resources departments in logistics organizations are assessing the value that they add to logistics activities which would include effective strategic decision making.

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