

# The Importance of Flexibility of Human Resources and Employee Performance on Logistic Industry in the Eastern part of Indonesian Region: A Literature Review

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## ABSTRACT

Advances in information technology have created a shift in people's needs and behavior to continue to change along with the development of technology itself, and are able to trigger the birth of logistical needs and the mobilization of goods both physically and virtually. This has contributed to growing business entities engaged in the logistics sector in various places to meet the high needs of the community for the delivery of goods and services globally. The role of human resources that triggers corporate performance improvement in the context of the dynamics of human resource flexibility has not been much researched. This article therefore introduces a conceptual framework to enhance the understanding of the versatility of human resources by researchers in order to improve their efficiency in logistics companies. This conceptual framework uses the construction of Strategic Human Resource Management (Strategic HRM) as a basis, then extends it to exogenous factors and applies it to the context of business logistics. Study results suggest that performance of workers can be affected by exogenous factors such as; versatility of employee abilities, flexibility of employee actions and flexibility of human resource practice.

**Keywords**— logistic, human resource flexibility, employee performance

## 1. INTRODUCTION

Logistics businesses in different countries are now experiencing significant growth [1]. This contributes to the growth rate and demand for courier services that continues to increase [2]. Therefore businessman will face this challenge which also provide opportunities for companies that have modern logistics systems and experienced human resources and competent to develop market share and business ownership [1, 3].

The PricewaterhouseCoopers (PwC) Group (2019) research report identifies five main forces that will change the trends in the transportation and logistics industry, which should be anticipated by the world's logistics business players are digitalization, changes in world trade, changes in processes driven by software, changes in domestic trade, and changes in the machining process. But of the five things, the Chief Executive Officer (CEO) engaged in the transportation and logistics sector, clearly recognized the anticipatory attitude most needed in relation to technological disruption. This strength can be seen from the expectations shown by the leaders of transportation and logistics companies related to the outlook for economic growth support, the impact of technological change, and changes in distribution channels. Namely, they are optimistic about the performance prospects achieved in 2018 and as much as 85% of the 1,239 CEOs in

85 countries surveyed expressed confidence in the prospects for business growth in 2019.

Association Logistics and Forwarders Indonesia (ALFI) predicts that in Indonesia, the growth potential of the logistics business can reach more than 30% until 2020. Especially now that many new logistical players are present, this potential will continue to grow. Estimated overall growth of the sector could reach Rp 40 trillion or more per year. This means that the logistics sector in Indonesia is very promising in business opportunities (Katadata.co.id, Friday, July 12, 2019). Seen from the characteristics in Eastern Indonesia which has archipelago trait, it makes the logistic business very important in supporting the economic growth of the community because logistic is one of the important pillars for e-commerce success (Annual Report of PT. Pos Indonesia, 2018). To anticipate the positive trends in the logistics industry and competitiveness, companies must have skilled and flexible human resources in following technological changes, productive policy targets, and creating a conducive business environment [4, 5].

An important capital to support a company's survival is its human capital, particularly in the face of fast and radical competition and changes in the business environment. In modern countries human capital is a very valuable capital that has knowledge, education, skills and expertise for work in a company [5, 6, 3]. Human capital and its management in a company are very important if is related to the effort of creating value, flexibility, management achievements, and

can make it possible to formulate the flexibility of human resources and competencies of the company [7, 5].

Human resource flexibility can significantly improve employee performance [8, 9] in logistics companies [1]. At present, there are many logistics provider companies that can easily be accessed by the wider community via the internet. Different levels of service and tariffs, of course, will be taken into consideration by users of delivery services, because each consumer expects the best service at affordable rates and the expectation of time certainty [10, 11]. To achieve competitive advantage and maintain business sustainability, the company is highly dependent on the flexibility capabilities of its employees who are able to adapt to changing business environments, and easily accept consumer advice [12, 13, 14, 15].

Employee quality can be affected by the human resource flexibility parameter mentioned above, and it has also been empirically evaluated by some researchers [e.g. 8, 9, 14, 15] using the flexibility factor suggested by [12]. But there are still differences in research results, and have not specifically addressed the behavior of employees in the logistics business sector, as a reference for human resource managers in managing employees. Therefore this literature review is very important to discuss the dimensions of HR flexibility in a unity of variables to describe a new research model that has not been reviewed by previous researchers.

Conceptual

To build a thorough understanding of the flexibility of human resources on the performance of employees, we developed a conceptual framework (Figure 1), based on previous research on the effect of flexibility in human resources on company performance. In this conceptual framework, versatility in human resources is characterized as the capacity of companies consisting of (1) human resources with a variety of competencies and behavioral repertoires and (2) human resource practices that can be used to utilize these people effectively, responsive to changes in market demand, and flexible to a dynamic environment. The construction of the core conceptual framework was adopted from Strategic Human Resource Management by [12], a conceptual development model that was influential in Management of Human Resources. Although this model is specifically designed to understand human resource flexibility as a strategy that is suitable for work. It has been proved as a theoretical basis for improving the performance of human resources in the workplace that has an impact on improving company performance [8, 9, 3, 14, 15]. Therefore, the construction of human resource flexibility and employee performance is used as the basis for the conceptual framework of this literature.

Human resource management (HRM) was originally designed to fulfill the task of managers who are responsible for achieving organizational goals, which is done by managing a number of businesses by involving people in an organization. HRM performs processes To procure, train, assess and pay workers, administer labor relations, occupational health and safety, as well as judicial matters for their employees [3, 16]. But along with the development of technology, globalization, competition, challenges and economic trends, HR Managers are changing traditional

ways of working to modern ways of working. The responsibility of the HR Manager in a company must be able to be more competitive, fast and responsive, cost effective, oriented towards human capital, and more scientific in making decisions [6, 3]. Technology has influenced the way people work, so it has an impact on the skills and expertise training that employees need today to improve their performance [3]. Human capital refers to the workers in a company's information, schooling, training, skills and expertise.

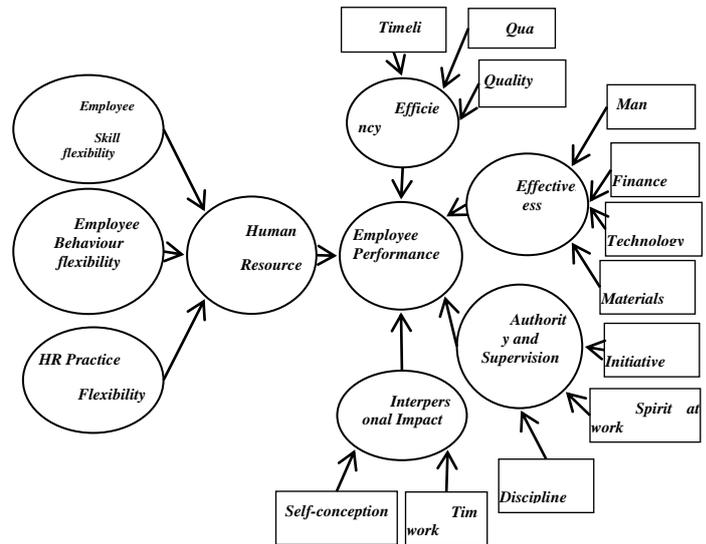


Figure 1. Framework conceptual for Flexibility of the human resources to employee performance

Employees hope the Human Resource Manager can help lead efforts to improve their company performance. Therefore HR-Managers are now in a strong position Improving company performance and profitability, and ensuring that human resource management functions is to deliver services efficiently [17, 3]. Thus the strategic HRM is expected to be able to formulate HR policies and practices that produce the skills and performance of employees needed to achieve the company's strategic goals. Basic determinants of human resource flexibility toward employee competence. [18].

Current trends across all management areas reflect a step towards greater flexibility in modern management. Versatility, according to [ 19 ], is the ability to change or respond on time, effort, cost or results with a minor penalty. Then the organization must be able to adapt to rapid environmental changes. Attention to strategic flexibility is also highlighted by [20] and [21], when discussing new manufacturing strategies. According to them, in the current era of business competition, that there are no new competitors that can be predicted its emergence, from an unexpected direction, and the worst possibility is a company must think of itself as a product and business provider that gives flexibility to start a business from a new direction, and the importance of dynamic management decisions in two contexts namely operational and business plans by utilizing flexibility. Flexibility on human resources refers to the extent to which human resource practices can be adapted and applied in

different situations. Meanwhile the practice of coordinating human resource flexibility involves how quickly the practice can be re-synthesized and distributed.

Flexibility of human resources is the ability of employees in a company that has a variety of skills and behavioral records that can provide choices for companies to look for strategic alternatives in the face of competition, and how much ability the practice of human resources needed to identify, develop, and apply it quickly and precisely in maximizing the flexibility that the employee has. When viewed as an internal function or trait of an organization, versatility in the handling of human resources is carried out through the following three principles [12]:

Flexibility of the workplace skills, refers to the many potential uses of alternative skills that can be applied by employees and how individuals can quickly develop their various skills. This means that, if a company's employees have variety of skills and different work activities can be done at the company's request, then it can be said that employees have a high level of ability. Citing thinking based on human resources, [8] He concluded that this form of versatility can be a source of competitive advantage for businesses, since specific skills are of high value and are difficult for rivals to imitate or replace.

Flexibility of employee behavior refers to how many workers have a broad range of actions that can be tailored to specific conditions. When workers are able to properly administer these behavioral reports to a variety of conditions, rather than just following operating standards and procedures, if the company can adjust and respond to changing situations it can thus improve its competitiveness [12].

Human resource practice flexibility, defined by [8] refers to how much the implementation of human resources in a company that can adapt to various situations, in various locations, or company units, and the speed of adaptation. Furthermore, flexibility of employee behaviour, refers to how many employees have an extensive repertoire of behaviors that can be adapted to specific conditions. and cannot be replaced by competitors.

This theoretical view, defines the flexibility of human resources has an internal orientation, namely the flexibility of human resources refers to the degree to which workers hold a wide range of skills and job conduct repertoires that can be provided by a company to be chosen to pursue various strategic alternatives [12]. If these employees are mobilized through appropriate human resource practices, they will become a source of competitive advantage.

Flexibility of human resources enables companies to adapt and respond to changes in their external environment and internal business climate, so that flexibility of human resources can also be seen as a source of competitive advantage that leads to high employee performance [22, 23, 8].

[24] explained that, basically employee performance is what employees do and don't do individually which affects how much they contribute to the organization, which is supported by three main factors namely; (a) the ability of individuals to do the work, (b) the level of effort expended, and (c) organizational support, and fulfill elements such as; efficiency, effectiveness, authority and supervision, and interpersonal impact. Thus it can be understood that employee performance is a function of the results of work in the company that is influenced by external and internal

factors of the organization To meet the targets set over a given period of time. Internal factors influencing employee / group performance consist of intelligence, abilities, emotional stability, motivation, understanding of position, one's family condition and characteristics of the working group, and so forth. Although external influences include labor regulations, consumer preferences, rivals, social values, labor unions, economic conditions, workforce changes and market conditions. Employees who have flexible skills are expected to improve their performance.

Human resource versatility also influences employee performance, if employee performance in all areas of the company is fine, then the next stage firm performance good too. Therefore, human resource flexibility influences company performance [25], flexible workplaces also have an impact on company performance [26]. According to [27] that the idea of flexible employees has expanded widely and become a competitive asset in modern organizations. The development of information technology that is continuous and increasingly complex business competition, requires human resources who have the flexibility of work to be very important to deal with it. Therefore, individual goals and organizational goals are expected to be achieved through the improvement of employee performance.

## **2. IMPLICATION FOR RESEARCHERS**

This paper provides a framework that helps researchers understand employee views of the factors that drive efficiency of human resources and performance of workers in a logistics services business. At the same time, our conceptual framework affects the success of workers by the exogenous factors outlined in it. This paper broadens the theoretical model of organizational behaviour, from the viewpoint of HRM-Strategic research. Although flexibility in human resources highlights the importance of flexibility in employee skills, flexibility in employee behavior, and the practice of flexibility in human resources, as the main determinant of variables. This becomes a problem to be investigated more deeply in future research especially in the logistics business. More study is therefore needed to determine the important factors in our conceptual framework that have the greatest influence on the success of the employees. We believe that efficiency, effectiveness, authority and supervision factors, as well as interpersonal impact as determinants of employee performance can be used as general questions that are relevant, because the context of employee performance differs between logistics companies and other service companies, and has different goals in different situations. However, more in-depth efforts relatively less significant factors can be filtered and/or relevant situational differences can be identified and a new conceptual framework created. Implications for practitioners.

## **3. PRACTITIONERS IMPLICATIONS**

The conceptual framework we propose is applicable to logistics business for leaders and employees because it enables them to determine factors that directly encourage customers to u

se logistics services in an effort to meet their needs. Efforts to understand consumers to choose the company in accordance with their wishes requires the ability of management in making strategic decisions, the use of information technology, and adequate marketing to increase customer satisfaction. For example, our conceptual framework shows that employee attitudes that are flexible towards efforts to improve performance are not only influenced by aspects of individual skills, but also by group skills that are predicted to significantly improve performance and have implications for company performance. Therefore, leaders must emphasize aspects of flexibility and pleasing to consumers. Furthermore, we state that consumers need accurate information such as; timeliness, accuracy / condition of orders, quality and availability of information [28]. To meet the needs of consumers, logistics companies need human resources who have flexible skills and master information technology at work. Thus, flexibility in human resources can improve performance [9, 29] in shipping companies [1] because there are currently many companies providing courier services that the wider community can easily access. Different service levels and tariffs will of course become a special consideration for shipping users, where each customer expects the best service at affordable rates and the expectation of guaranteed time certainty [10, 11].

#### 4. LIMITATIONS

Like other conceptual models, this model also has drawbacks the same as other conceptual model. Next, we have established a conceptual framework that incorporates all factors considered to motivate workers to improve their performance. While our conceptual framework is based on a combination of findings from different studies on the

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employee performance issues and versatility in human resource flexibility, the use of information technology and the Internet as an e-commerce medium, also influences the consumer's intention to choose the most trusted logistic service company, which is not included in the literature a review that we discussed, or that was discussed in other literature researches. We do believe, however, that we have provided given this context. The second drawback of our paper is that we base it around a conceptual framework that emerges from a review of related literature that has never been thoroughly tested using empirical evidence. This implies that some care must be taken in applying findings that can come from our conceptual framework. Finally, by choosing structure specificity for our conceptual framework, we must limit the number of results of previous studies discussed in this paper.

#### 5. CONCLUSION

In the age of modern business rivalry, a portion of Indonesia's consumers also shop on the internet; thus encouraging logistic business people to adapt to the changing demands of information technology used by consumers. Therefore, we suggest a conceptual framework in this paper to enhance the perception of the versatility of human resources in their success by researchers. This conceptual framework uses HRM-Strategic construction as a basis, and is expanded by Exogenous variables and it relates to the output of workers. Our analysis shows that employee performance can be affected by the flexibility of human resources possessed by a logistics company

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