

Extension Material 2.2

Case study

ABD Logistics: why did things improve?

ABC Logistics is a nationwide company providing logistical services to a wide range of retail and wholesale outlets. The work involves the delivery of food and related supplies to several supermarket chains. Responsiveness to customer orders and the ability to deliver to tight timescales is critical to the company's reputation and success. This means that all its employees, drivers, warehouse staff, and those who liaise directly with customers need to be engaged at work and committed to high levels of customer service.

Unfortunately, due to weak management, some key performance indicators have shown worrying declines. First, sickness absence rates among office staff increased from a long-term average of 5 per cent to 7 per cent. Second, voluntary quit rates also increased, and, third, productivity levels in the warehouses fell.

To counter these trends, the MD appointed a new HR manager with a remit to 'get a grip' and fix these problems. As a result, a new occupational health policy was introduced, training was provided to line managers on absence management, and a productivity scheme was introduced into the warehouses.

Some improvements in each of the three problem areas became apparent after several months and the HR manager felt her appointment had been justified. She claimed that the changes she had introduced had led to the improvements in performance.

This exercise is designed to force students to think beyond the obvious and look for alternative explanations for the outcomes HR attributed to their changes.

Questions

1. What else could have happened within the company that might have contributed to the performance improvements?
2. What factors in the external environment could have impacted on these three aspects of employee behaviour and contributed to the improvements?
3. Given that public sector sickness absence is significantly higher than in the private sector, what kind of action could management take that would potentially have a much greater impact on sickness absence rates other than training line managers or improving occupational health facilities?