

SOLUTION OF CURRENT HUMAN RESOURCES PROBLEMS IN LOGISTICS IN THE CZECH REPUBLIC

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Abstract

In the present era of economic growth, most industries in developed countries are calling for people. In the Czech Republic a low unemployment rate also persists, which is the problem for most employers. There is lack of people in all positions, which often makes it impossible to use existing capacities, let alone extend them to meet demand. Logistics is the backbone of supply chain management. If the economy grows, businesses produce more products and they need to ensure their transport to customers, but also to buy and store more products. That is why human resources play a key role in these areas of logistics. Their number and structure indicate the pace of business development. The article therefore focuses on the human resource situation for business logistics in the Czech Republic.

Keywords: Human resources, logistics, Czech Republic

1. INTRODUCTION

Globally, the logistics industry has emerged as a significant growth sector in most countries [1]. Logistics includes planning and management of goods flows from material procurement through production, storage, distribution, sale, to the complaint and reuse all the while watching the added value. Many manufacturing companies have allocated some logistic processes through outsourcing logistics providers. It is estimated, that such long-term contracts make up to 16 % of global logistics services [2].

Over the past few years the world economy has been experiencing unprecedented development. The prosperity can be seen in both traditional driving forces of the global industry, e.g. Germany, China and Japan and the US and, consequently, the smaller economies, i.e. Czech Republic. [3] In compliance with the principles of economic growth, consumers spend more than before; both producing and services prosper. Logistics plays a crucial role, but it also represents a bottleneck for the growing number of orders. [4]

The existing capacity of many logistics operators is becoming insufficient. [2] They lack both storage rooms and human resources in particular. Logistics in the Czech Republic has become in many respects a part of European and global trade and thanks to its geographic location and lower prices and wage level, it is an interesting destination in the EU for international distribution centres that are moved here from Western Europe. Their high concentration in several locations quickly swept away job applicants from the job market. The lack of people forces companies to increase investment in recruitment, wages and benefits. The demand for employees in logistics is also rapidly increased with growing production and sales in wholesale and retail. In the case of practically zero unemployment it is also extremely difficult to manage seasonal fluctuations that are most distinctive in retail logistics. [1]

As a result, the whole Europe has been afflicted by the lack of qualified employees in logistics and transport for several years. Logistics dispatchers, storage workers and, above all, experienced truck drivers are missing. Companies deal with this situation in different ways. The article represents the most currently widely used tools and techniques for addressing the shortage of applicants in this sector in the Czech Republic. [5]

2. PROBLEM DEFINITION - HR IN CZECH LOGISTICS

Czech suppliers of logistics services are involved in transnational production and distribution chains. Application of modern practices and technology has thus become a part of a portfolio of logistics services. [6] Due to the rapid economic development over the last few years, a number of companies have grown practically from scratch, others have emerged as branches of established European logistics companies. [6] The infrastructure is the second most significant aspect in deciding a business location among Czech companies [7]. The company development also requires the development of logistics services.

Nevertheless, global integration brings global problems, so the Czech Republic is struggling with similar problems as its neighbours. There is a major shortcoming in job applicants in logistics [8]. There is a lack of qualified employees in places as logistics specialist and managers, truck and lorry driver, as well as unqualified employees.

There are many logistics companies that compete with their service with each other and are therefore trying to minimize costs, including wage costs. When people's salaries are reduced to a minimum, the problem of finding suitable employees is even more pronounced. People prefer work in production mainly because of higher salaries, but also often due to less responsibility and better working hours (compared to drivers) [8]. The lack of manpower is intensified by the retirement of a strong generation of workers. Thanks to lower wages, strong demand for employees and low labour supply, people with lower education, older workers, school graduates and juveniles have now the opportunity to work in logistics.

Negative impacts of the lack of logistics staff are seen in many sectors - restaurants report several-day delays in beer delivery, businesses do not manage to store material and store their production, and e-shops do not have their goods in warehouses on time. According to HR agencies, the Czech Republic lacks more than ten thousand professional drivers and companies have more trouble than ever before to find personal drivers. [9]

Companies are gradually improving financial conditions to ensure enough drivers and timely delivery of production. But this can only be afforded by larger businesses. Some smaller shipping companies in the Czech Republic are considering ceasing their business completely. But the situation is critical even for larger carriers. For example, O.K. Trans Praha logistics company had to sell roughly fifty trucks last year because there was nobody to drive them. So the company now has to reject new orders. [9]

Logistics, transport and employment are three important topics for one of the largest human resources agencies in the Czech Republic - ManpowerGroup. In the rankings of the positions that are hardest to occupy, the positions in logistics are high up. The 3rd place in the Czech ranking is held by drivers and the 4th place by unqualified operators. This is a major change in the work market - when a person willing to work as a warehouse manipulator or an operator in production is one of the positions lacking the man power the most and the demand for this work profile continues to grow rapidly. [8]

3. POSSIBLE SOLUTIONS TO LACK OF STAFF IN LOGISTICS

There are more ways companies face the lack of people in logistics and industry in general. In addition to the aforementioned wage increase and widening of benefits, it is also education provided by the company for given positions, targeted motivation for education, seeking people abroad or automation. These approaches coincide with possibilities of other industries.

3.1. Education provided by the company

The goal of each employer should be to increase the value of the human capital of the enterprise because it is the main source of business competitiveness now more than ever. [10]

Acute excess of demand for man power brings the availability of employees mostly lacking expertise, and who do not meet the requirements of companies. One of the measures to attract new employees and to avoid losing existing employees is a sophisticated system of corporate education. The trained employees are more motivated and, thanks to new competencies, reach a better salary rating. Surveys show that in companies with a right set up of internal training system, the turnover of employees is much lower, and the companies attract new workers from the work market more easily. And because there is a lack of unqualified job applicants as well [11], and newly recruited young people often soon leave, the companies want to invest in education of more secure, stable employees (which cannot be said about the young Y generation) and transfer and train their employees from positions that are not in such a state of necessity or are replaceable more easily to the positions of operators, warehouse employees or drivers. They ensure the necessary training and certificates at the company's expense accompanied with motivation measures both to education and to new work. An employee should be motivated, not forced to further education. This means, among other things, that there should be a balance between the expertise and the experience of the workers and their wages. [12]

The companies more often educate their employees during their full work load. External training or getting appropriate qualifications or expertise on courses organized by outside institutions are not common in the worker professions - with the exception of those professions where it is given by law, and neither the employer nor the worker have a choice other than to pay for them and to complete them, respectively. However, only a low level of progress or rather the maintenance of expertise can be expected from these workers, and they are not more motivated to increase their work performance. The essential educational and progress activities take place within the companies. [8]

Large businesses have been running their own educational facilities for several years. For example, the *Škoda Vocational School of Mechanical Engineering* has more than 20 thousand students and graduates in 14 fields. The most popular branches of the four-year high school finished with the graduation exam are the industrial logistics and IT-mechatronics. Education at the school is free of charge. The students get money for the work they do during their studies and after successfully completing their studies, they get a job in the Skoda company. Eighteen years ago, ŠKODA AUTO founded ŠKODA AUTO University (SAVS). It is the only university in the Czech Republic founded by a large multinational company. In the year 2017, Škoda signed a Memorandum on Collaboration in Postgraduate Education with the *Automotive Industry Association* (AutoSAP). At the end of 2017, SVAS opened a new MBA programme "Global Management in the Automotive Industry". [11]

3.2. Motivation to changing and extending qualification

Educational activities of the company should be linked to incentive measures so that employees are interested in changing or expanding their expertise. Increased expertise and above all willingness of workers to self-development should be reflected in their career growth, in their wages and benefits, or during downsizing.

Another form of motivational development of employees is to use a so-called situational leadership according to Hersey and Blanchard. Situational leadership means acting on your subordinates through various styles of leadership, adapting to the current work and psychological maturity (in the sense of autonomy) of your subordinates. Maturity means that the worker is ready to perform a particular task. Ability represents the knowledge, experience, proficiency of an individual to accomplish a particular task. Willingness expresses the extent to which a worker has self-confidence, devotion and motivation to perform tasks. Depending on the level of maturity and independence, the superior should express one of the four leadership styles from the directive style applied in the case of minimum maturity and independence, through coaching, supporting to the delegation of tasks in the case of a fully mature worker. The maturity level should be taken into account when determining the basic salary that should be graded into four levels when using the proposed form. This procedure limits the subjectivity of decision-making of executives concerning the level of the basic salary of subordinates, while at the same time motivating the workers themselves to faster development of own skills and knowledge. [13]

3.3. New ways in recruitment

Businesses are more and more forced to employ foreigners who are no longer considered cheap labour but as fully-fledged employees. For a long time, the Confederation of Industry has been engaged in projects aimed at simplification of this process, whether it is a so-called Fast-Track scheme (a fast procedure for intra-corporate transferees of foreign investors) or a Welcome Package for investors. However, Czech companies most frequently use the Ukraine Project, which focuses on people with qualifications. The Confederation seeks to extend activities similar to this project in relation to other countries. Rules set by the state rule out unserious subjects and allow employers to legally recruit the necessary man power. At the same time, there is an official overview of who, in what company, under what conditions and for how long they are coming to the Czech job market. The interest of the companies is great, by the end of 2017 the project was used by over 100 companies, though the time from applying to the arrival of the worker is almost four months long. [9] According to data of the Czech Statistical Office, the second largest group after Slovaks are Ukrainians (more than 20 %). Employers are satisfied with them, they especially appreciate their diligence (82 %), responsiveness (41 %) and easy integration into the work team (33 %). At present, over 13,000 people work in the Czech Republic through this project. The number of companies interested in workers from Ukraine almost doubled over the year and this trend, according to the Chamber of Commerce's estimates, will be even stronger due to the tightened job market. [14]

Next way of recruitment is more targeted recruitment methods. The most effective recruitment technique has proven to be benefits for recommendation of employee. This benefit is in order of tens of thousands CZK, but it still pays off because the recommended employees are more stable man power. [13]

For companies, it is not enough to reach out to people who actively look for a job. These make up 20 % max [8]. It is necessary to find and reach people who are in favour of change, although they are not searching actively for it, using modern marketing procedures. Potential employees from other companies can be offered both rational arguments and emotional stories of specific employees. Logistics firms invest in improving working conditions and build their recruitment campaigns on this fact. Truck drivers appreciate quality vehicles with a well-equipped cabin for rest and sleep. The Czech Republic has long been using ruthless management and its efforts to increase sales by pressuring the drivers to break the rules. This management should be replaced by a rational, human approach that will show the job seekers that their employer cares about their working conditions. Comfort and safety are also improved in warehouses and this should be seen in the advertisements. [8]

3.4. Automation

To some extent, poor staff availability in logistics can be solved by the automation of production, storage and transportation and adopting smarter storage systems that can make some of the processes automatic. Consequently, this results in lowering the number of medium-qualified logistics specialists needed and a variety of tasks can be managed by an operator without sufficient practice in logistics. On the other hand, it is necessary to increase the number of qualified professionals for the management, planning and analysis of sophisticated processes. [15]

There are many activities that can be automated in warehouses, that is, replacing the workers with a machine or information system such as automatic control of handling equipment, order picking processes, replenishment, mobile racking systems, and so on. The introduction of automation leads to a reduction in personnel costs. It also reduces the warehouse operating costs, such as heating or lighting, which do not have to be so intense in automated operation. The result is also a higher warehouse capacity. Warehouse automation technology is undergoing a fairly rapid development, and in the near future, we can certainly expect a renewed interest in these technologies. [16]

More sophisticated processes usually carry much more flexibility, multifunctionality, but also responsibility. That's why some people in the companies can be concerned about introducing these new technologies. It is

therefore necessary to carefully explain the benefits of these technologies in advance. The robots can relieve people of stressful, monotonous, boring and tiring and often dangerous work, especially on assembly lines and in warehouses, and to make them available for more creative tasks as a part of production process optimizing. [16]

4. CONCLUSION

In the era of economic development, the logistics positions in storing and transport play a key role. Due to an acute labour shortage in Czech logistics (and the industry in general), the qualification and practice is no longer the key quality of human resources, rather the willingness and ability to learn new things. This has impact not only on the need to create and adapt educational programs, but also on their systematic interconnection with motivational tools. To ensure new employees in logistics it is also necessary to evaluate and modify not only the techniques for recruitment, but also sources of potential candidates. Many businesses are already using foreign employees as a fully-fledged workforce. A good example is a female bus driver from Ukraine, who was originally hired as a cleaning lady in a transport company and subsequently retrained as a driver. While the difficulty of recruiting logistics operators lies in the demand for a high quantity of reliable and educated people, it is difficult to find individuals interested in the drivers' positions.

Experts expect deepening the lack of people at all levels of logistics. Central European countries will be able to use the workers from Eastern Europe for a short time, however, in the long run, it will be necessary to find a solution in automation, robotization and, above all, emphasis on good personal work with people. Although in the world of Industry 4.0 and Logistics 4.0 many things will look and work differently, it should not be forgotten that human work will still be needed.

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