

# Employee participation in logistics companies

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## **Abstract**

The article refers to the basic thesis that people (employees) are the most valuable asset of any organisation. In this case, the point of reference are the logistics companies. Some characteristics of the way the TSL industry operates are presented in a very condensed form. This has been used as an argument to emphasise the importance of human resources in these companies; in particular, the importance of intellectual capital. Owing to the specific nature of these companies, the need for logistics personnel to be highly competent was clearly emphasised. In fact, this is a sine qua non for staff to be able to actively participate in what is happening in the company, especially in the decision-making process. Not only were the conditions for implementing such a management style stressed, but there were also highlighted the benefits, especially those resulting from events which are unfavourable for the company.

**Keywords:** personnel, logistics company, employee participation.

## INTRODUCTION

The present-day, accelerating technological development, which has even been described as a “technological revolution”, the progressive internationalisation of social and economic processes, the development of democracy and our full entry into the European community have brought about many changes into our national consciousness, mentality, perception of reality, hopes and expectations. *What can be done to ensure that logistics can cope with the tasks posed by the economic, social as well as political environment?* These kinds of questions arise quite often when addressing issues related to the functioning of the state as a highly complex system. For it is difficult to imagine the effective functioning of the state, its institutions and entities of the economic sphere without the effective implementation of tasks

of logistical support and security. It is the satisfaction of logistical needs in terms of quantity, assortment, time and place that constitutes one of the safeguards for the effective functioning and security of the state.

Logistics and its processes are currently undergoing a major and dynamic transformation. On the one hand, the development of the last-mile logistics and all related elements is positively influenced by the intensive growth of e-commerce; on the other hand, it has to cope with high market volatility, staff shortages and the fast-moving technological revolution, requiring companies to rapidly implement innovative solutions that improve the functioning of the organisation and help it remain competitive in the market.

The transformations in almost all spheres of activity of society and individuals are not without influence on the optics of the perception of matters related to the operation of logistics companies. What we observe is the result of transformations that affect all spheres of public life and are derived from a series of events. At the same time, the current scale of internationalisation of many phenomena and the dynamic development of democratic freedoms on a global scale is not only a boon for people, but also one of the potential sources of violation of the status quo.

## 1. PEOPLE – A VALUABLE ASSET FOR LOGISTICS COMPANY

For years, there has been a popular saying that, in business, the competition will bite you if you keep running, or swallow if you stand still. The same is true of the intellectual capital of a logistics company. Already at the point when something that is known to our competitor is unknown to us, we have lost. This is understandable, because a company's strategy and goals are realised by people. They are the ones who design and implement technologies, create products and sell them, constitute the company and participate in its life. The survival and position of the logistics company depends on who these people are, what they do and how they act. In a highly volatile environment and intensified competition, the human factor has gained particular importance and has become a source of competitive advantage in many companies. In order to keep up with the changing environment (the conditions under which companies operate), it is necessary to constantly adapt to new conditions.<sup>1</sup> In order to succeed nowadays, having decisive reactions to

<sup>1</sup> Wider: *Zarządzanie przedsiębiorstwem w zmiennym otoczeniu w kontekście zrównoważonego rozwoju*, K. Pujer (ed.), Wrocław 2016.

what is happening around us – open minds that can effectively solve the so-called interdisciplinary problems, which, in many cases, are of international nature – is a requirement. Organisations characterised by a positive attitude towards their staff implement a training philosophy geared towards the continuous improvement of their employees' competences. Such companies understand that they operate in a world where competitive advantage is achieved by employing better people, and that this cannot be achieved without investing in the development of the knowledge, skills and competencies of the people employed. The increase in employees' education, skills and professional experience – with a given stock of physical capital – is followed by the increase in production [7]. This is understandable, as human capital is made up of teams of people who are permanently attached to the company and its mission, who are able to work together, and who have creative attitudes and qualifications. They are the engine and the heart of the company, which is indispensable to its development in the various economic conditions of the environment[16].

In compact studies, which often include research results, there is no clear answer to the question: what is most important in the management of a logistics company. Many authors express differing views. In many cases, it turns out that the application of the existing, so-called 'tried and tested', management methods does not bring the expected results. This is due to a number of reasons. Some supervisors do impose a top-down dictation of process flows, combined with ignoring who is carrying them out. In doing so, these supervisors neglect the function of motivating their subordinates. The result is low employee innovation, mainly due to the fact that little use is made of their commitment and ingenuity. And yet, employees in logistics companies are not satisfied with just an executive role. They expect a more complex job, enriched with decision-making elements; one that would create opportunities for independent planning, organising and controlling. Many facts indicate that the companies of the future will build their position on the basis of new management methods. In these companies, the manager (executive) will not be a superior giving orders, but a leader gaining the respect of his employees, or rather his colleagues. This is also hinted at in the research results I present in this paper.

Logistics companies and their managers are looking for more and better ways of doing things, mainly in order to achieve even better results and to stay ahead of the competition. In their efforts, both theoreticians and practitioners recognise the great possibilities of the human potential. This is probably why, in parallel with investment in technology and engineering, so much attention is paid to employees;

this is where significant reserves – that can be exploited with relatively little effort – are observed. It is a specific and at the same time long-term investment in a logistics company[14]. This is confirmed by the COVID-19 findings, which testify that the pandemic has forced companies to increase management flexibility. It has also shown that good relationships developed in advance pay off in difficult times.

However, ‘betting on employees’ involves certain requirements. As soon as an employee is hired in a company, the necessity to perform duties as well as tasks additional to them becomes actualised. These requirements primarily refer to managers, who, striving to make skilful use of the intellectual potential of their employees, should predominantly stimulate activity and motivate people to perform tasks and listen to their comments and opinions. Creating a pleasant, family atmosphere at work and improving communication with employees who fully identify with the company’s objectives are significant.

At present, there is no other alternative. An analysis of a number of theoretical studies, including those containing research results, stimulates all sorts of reflections. I do not intend to argue with the research findings. Discussions about the future of logistics often focus on issues of optimisation, automation or robotisation. Important issues related to sustainable transport are also addressed. Climate-neutralisation measures are similarly on the rise, with significant implications for the future of logistics. However, in this picture of the future, the presence of the employees of logistics companies is scarcely emphasised. And yet it is the staff of these companies who are their most important capital, which is extremely fragile and requires special treatment.

While some of the changes signalled and the resulting risks have been well identified and classified, personnel issues are still an open question. On the one hand, this state of affairs is not surprising, especially when the effectiveness of the system is viewed through the prism of its effects. But when the phenomenon is seen in a systemic setting, we cannot forget that it involves the presence of people. If we do not perceive them, then the said systemic arrangement will be considerably narrowed since one of its rather essential elements will be missing. Because of the increasing complexity of logistics processes, many companies are opting for solutions that can be described as unconventional. However, regardless of the problem-solving option adopted, it is always the staff who are actively involved in what they have and will have in the future. Past, as well as present times, prove that the most important asset of any organisation is its staff. Employees fundamentally influence what takes place in a particular company; they influence the company’s present and its future.

It is indisputable that logistics has been following the economic changes that are taking place globally for years [6] and that the security of logistics systems is one of the most important challenges of logistics management in the 21st century.<sup>2</sup> Such perception of the future once again emphasises that the human being – the employee of the logistics company – cannot be forgotten in the analysed system. The strong emphasis on the staffing of logistics companies results not only from the issues that have already been raised. It is necessary to bear in mind what awaits us in the near future is what we are often already dealing with. Not to be outdone, it is reasonable to mention that recent years in logistics have been associated with dynamic changes. Logistics operators have had to adapt their services to changes in the economy, changes in the labour market, and the expectations of customers – companies and consumers. Thus, these operators have had to implement new technological solutions to provide even faster and cost-optimised logistics of the highest quality. The question: what changes await us in the future is still relevant. This question is also related to the personnel of logistics companies.

On the basis of the historical developments we already know about and the current market trends, several transformations can be singled out. The most significant will be probably related to the Industrial Revolution 4.0. In addition, it must be clearly emphasised that the growing population and the affluence of the developing societies will drive the demand for products – and thus for logistics services in numerous forms. Product manufacturers and distributors, as well as logistics operators, need to prepare for this increased demand, and to ensure that the right technologies are in place to accelerate processes and that there are enough staff to handle them. When defining the logistics of the future, the focus is primarily on the network of interconnected logistics systems operating through a large amount of differentiated data that relates to the automation and organisation of logistics processes.

Many but not all of the questions we are facing today are answered by digital solutions. In logistics, people are and will always be irreplaceable, and the increasing shortage of qualified personnel highlights the need for systemic solutions aimed not only at attracting employees, but also at retaining them and investing in them as one of a company's most valuable assets. This corresponds to the statement that logistics is a people-based business. Such a motto requires a new way of thinking, new forms of collaboration and leadership. Never before has it been clear that,

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<sup>2</sup> Discussed more extensively: M. Bielecki & A. Szymonik, *Bezpieczeństwo systemu logistycznego w nowoczesnym zarządzaniu*, Warsaw, Difin 2015.

both today and in the future, people must be at the centre of a logistics company's thinking and operations.

The field of logistics is currently undergoing a very dynamic transformation. Staffing issues of logistics companies are clearly emphasised in a comprehensive study presenting the challenges currently faced by companies operating in the logistics area, prepared by the Łukasiewicz Research Network - Institute of Logistics and Warehousing [8]. As assessed by the authors of this study, the surveyed logistics professionals unequivocally state that the lack of qualified staff is becoming a key obstacle for the development of the industry. This is pointed out by more than one third of respondents. At the same time, more than half of the respondents indicate the acquisition of new employees as the most important area of investment, placing less importance on the implementation of modern technologies. People, therefore, remain the key resource of organisations, while automation will not significantly affect employment levels in companies. In this situation, how does the logistics sector, which recognises the problems associated with a shortage of candidates and their excessively high financial expectations, intend to attract new employees? First and foremost by looking after the team it currently has. Almost two-thirds of companies have introduced or intend to introduce additional training and competence development for their employees. Nearly 40% agree to further salary increases. Outsourcing is gaining in importance, with one in four industry representatives showing an interest in it. The share of flexible forms of employment is also increasing, with temporary work usually accounting for up to 30% of total employment. Companies in the sector are also keen to enlist the help of specialists in the area of permanent recruitment (43%) and training (36%) [8].

## 2. EMPLOYEE PARTICIPATION – FASHION OR NECESSITY?

There are numerous factors that influence employee attitudes (behaviour) in a logistics company. Sometimes these factors are difficult to determine, and at other times they are relatively easy to identify and have a varying influence on what takes place in the company. The case is completely different when non-military emergency events occur. In such circumstances, it should not be ruled out that the employee concerned will see his or her health or life as paramount. However, irrespective of the nature of the event and its implications, it is the individual or several employees who will conduct the determination. They should be prepared to act and solve problems independently.

The demand just outlined is not only a result of the possibility of events breaking or disrupting the 'normal' functioning of TSL companies. Today's employees are not satisfied with just an executive role. They expect a more complex job, enriched with decision-making elements; one that would create opportunities for independent planning, organising and control. This speaks to the fact that employees hope that the supervisor will not be a superior giving orders, but a leader gaining the respect of his or her subordinates, or rather co-participants in what is happening. It should come as no surprise, therefore, that solutions are being sought in which staff are given the conditions to participate in the management of the company's real processes and are actively involved in resolving the company's issues. The results of many studies clearly show that, nowadays, employee participation<sup>3</sup> is an attractive method and also a management tool, as it contributes to the efficiency of a logistics company. Participation allows for easier implementation of decisions taken in a collective manner, increases the degree of identification of employees with the goals of the organisation, strengthens the motivation of people in the work process, and contributes to a significant mitigation of conflicts in companies, should they arise [1]. It brings concrete, albeit limited, benefits to employees. It contributes to flexibility and stabilises social relations. In the context of the issues at stake, it is an excellent way of preparing employees to solve problems on their own and to take responsibility for the decisions made. Participation thus becomes a tool to meet the need for respect, recognition and self-fulfilment at and through work, as well as to eliminate stress and prevent conflict [9].

Employee participation<sup>4</sup> is participation not only in the real processes of the enterprise (producing goods, storing them, transporting them, etc.), but also in the regulatory processes (deciding who is to do what, how and with what methods) [10]. Vroom defines it as decision-making by two or more parties, where these decisions affect the subsequent fate of those who make them [4]. So understood, participation involves then a significant change in the social organisation of work throughout the enterprise, as it requires violations of its traditional hierarchical structures and the abandonment of the rigid division between managers and executor [2].

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<sup>3</sup> Participation can take place in many spaces where economic decisions are made. It is a term used in the economic, social or individual sphere, among others. It denotes the participation of an individual or group in a particular endeavor.

<sup>4</sup> Employee participation in management is a very broad concept: a whole list of solutions is theoretically possible, ranging from the voluntary provision of information to employees or the collection of non-binding opinions (consultation) by the employer (manager), to the delegation of certain decision-making or co-decision-making powers to employees (their representation) on specific matters concerning the management of the enterprise.

Employee participation thus implies accepting the rights of employees to co-direct and therefore giving them certain powers as subjects of decision-making, which in adverse (emergency) events is of paramount importance [12].

Participative management is the inclusion of subordinates in the decision-making processes, which makes use of employee involvement, experience and creativity. It happens that people describe the employees “at the bottom” as those who know the ins and outs of production best and are best placed to solve a decision-making problem. Such behaviour, understood as the birth of a ‘bottom-up’ decision, means that superiors consult their colleagues before making the final decision, which in turn allows this type of decision to be called a group decision. Bosses acting in this way try to be team leaders rather than managers of a specific organisational unit. However, it must be emphasised that in this approach, managers do not relinquish their decision-making power, but share this power with their colleagues. This sharing of management, the leadership of a team of employees, is one of the best ways for a manager to utilise himself, his subordinates and therefore create an opportunity for the success of the organisation as a whole. Such a decision-making mechanism is not without its impact on subsequent action. Since the employees have participated in solving the problem, they will not need to be convinced of the validity of the solutions adopted, with which they identify in their entirety [11]. Participative management emphasises the employee’s subjectivity, empowerment and ability to act rather than just react, it strengthens commitment and readiness for mature cooperation. It also helps to reduce the likelihood of negative teamwork.

The implementation of such solutions requires the manager to have the necessary skills to create an appropriate climate of cooperation, to perceive conflicts and problems objectively and to be able to solve them constructively and as a team. However, there is a condition that should be met, which boils down to the fact that the staff of logistics companies must be highly competent. This requirement applies to both managerial and operational (physical) staff. The fulfilment of this postulate is indispensable when the “normal” functioning of the company is disrupted; when the employee will be solving the problems by him- or herself.

Participative management, as far as managers are concerned, requires the right skills, involving the creation of an appropriate climate of interaction, as well as the perception of conflicts and problems along with their team-based solutions. According to W. P. Anthony, “participative management is the art of exploiting the strengths and weaknesses of the individual transformed into an element of group strength” [9]. Although managers practising a participative management style are



perceived by their subordinates “as first among equals”, they are true colleagues of their co-workers; it is obvious to employees that their superior represents the team in their dealings with senior management. The practitioners of the participative style are perceived by the top management and their subordinates as people who are open to communication processes and have the skills to resolve conflicts constructively within the team. The job of such managers is to be a catalyst for the course and development of many events in the TSL industry.

Considering the issues of employee participation, it is important to state that an appropriate design of employee participation in the life of the organisation can significantly contribute to a higher efficiency of the change process, by bringing in additional knowledge and creativity from employees and reducing the resistance to change. This, in turn, results in a change project of higher quality, with the change itself being implemented faster and more effectively [15, 5].

Somewhat to summarize the issue of employee participation, I present two comments from practitioners – people with whom I have discussed it more than once at various meetings, including the academic ones. The first comment boils down to the statement: A team is a group, everyone has a place in it. The second comment directly relates to the issue of employee participation: Participation is a slow process and it takes too long.

## CONCLUSION

The personnel of logistics companies are the strategic value through which the company creates competitive advantage and the qualities that differentiate the company from its rivals. Human capital consists of the competencies of managers and employees, their knowledge, skills, motivations, behaviour and attitudes towards work. Human capital is created through continuous investment. This means that the end of one phase is at the same time the opening of a new one, which is the starting point for further changes. The success of an organisation is built by its people; and their competences, knowledge, skills, experience and attitudes determine the efficiency and effectiveness of the enterprise. What is important is that the value of human capital must always be related to the strategy pursued and the potential risks in the operation of a logistics company.

The modern reality presents employees and especially managers of logistics companies with increasingly large and difficult tasks. They must constantly solve a range of new substantive, methodical and organisational problems. Continuous change undoubtedly aims to increase efficiency in various dimensions. However, achieving such effects requires constant mobilisation and continuous self-improvement, as well as competence not only in the area of a particular speciality, but in many different fields which are not always directly related to it, as non-military emergency events or the COVID-19 pandemic clearly highlight.

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