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Abstract

Owing to the continuous changes in the external business environment, the function of Strategic Human Resources Management in organizations is of paramount importance. The function of the human resource (HR) department has over time, evolved from personnel management to Strategic Human Resource Management (SHRM) currently seen as a new breed in the management of human resource of organizations. Prior studies have found substantial positive evidence for statistical associations between SHRM practices and improved Logistics service provider's performance. According to the resource-based view of the firm, an organization can effectively and efficiently achieve sustainability and competitive advantage by creating values that are rare and quite difficult for other competitors in the industry to imitate. Core competencies of logistic service providers can be created through Strategic Human Resources Management System (SHRMS) according to the resource-based view (Goh Hui Chyn, Maniam Kaliannan, 2011). SHRM is said to be operational in an organization when the human resource function is vertically aligned with the mission, vision and objectives of the organization and horizontally integrated with other goal oriented organizational functions. The purpose of this study is to investigate the relationship between (SHRM) practices and logistic firm performance with HR Practices in selected logistic provider in Nigeria as the focus. To explore the impact human resource management has on logistics performance in Nigeria, this study examines the relationship between, recruitment and selection, performance appraisal, compensation & benefits, health & safety, training and development, manpower planning, job description and disciplinary action. Data were collected using questionnaire sent to human resource managers and other staff in logistics service providers firms in Nigeria. A total of 84 useable responses were obtained and used for the purpose of analysis. Using hierarchical regression analysis, training and development, recruitment and selection, reward management and performance appraisal, manpower planning, job description and disciplinary action were found to be effective in building sustainable and competitive advantage in any logistic service provider. The implications of these findings in the contextual characteristics of logistic service provider's capabilities in Nigeria are discussed, including avenues for further research. The findings can form the basis of useful recommendations for logistics managers in encouraging the practice of Strategic human resources management and for employees who are concerned with maintaining their competitive advantage for long-term organizational success and management efficiency and effectiveness

Introduction

Globally, the function of human resource (HR) department in an organization is now witnessing tremendous growth, especially in logistic companies with the high rate of human activities going on. Thus, logistic has emerged as a significant growth factor in most nations. Nigeria is among the nations where the demand for logistics and supply chain service has been growing at a monumental pace. The increasing pressures from the rapid changes that are occurring in the business environment have led to a variety of responses among industrial organizations. The globalization of logistics and supply chain services, the rate of technological innovation and fluctuation in consumer demand are among the factors that have increased the dynamism of the competitive environment to which organizations must respond using the wealth of their human resources.

More prominent, however, is the distinct shortage of logistics and supply chain expertise, including information system support capabilities, which have become hurdles to logistics and supply chain development (Ling, 2003). The inadequate logistics infrastructure coupled with lack of skilled workers and management is blamed for the high level of loss, damage and deterioration of stocks experienced, especially for perishable products (Dolven 2002, Kerr 2005). The challenges, however, also generate opportunities for companies with advanced logistics system and skilled employee to grow their market.

For Nigerian logistics firms to survive in a global economy in this new millennium, they need to exploit all the available resources as a means of achieving competitive advantage. One resource recently recognized as providing a source of competitive advantage is the human resources of the firm and it is widely accepted that in an organization, people are an important source of competitive advantage (Pfeffer, 1994). Since firm performance is considered as one of the major organizational goals, much of the recent human resource management (HRM) research has been directed in understanding the relationship between SHRM practices and firm performance.

Effective and competitive human resource is the key to the strength of organizations in facing the challenges of business today. HR was seen by Itami (1987) as an “invisible asset” of the firm that creates value and it is so embedded in the operational systems of an organization to enhance the firm’s capabilities. The importance of having a competitive human resource is synonymous with the success of today’s organizations. An efficient and effective human resource will produce quality, productive individuals that will eventually minimize the problems that are related to human resources such as job dissatisfaction, absenteeism, or turnover of employees.

The reason for the focus on SHRM function’s transformation are due to the continuous change in external environment such as globalization, competition, market reach, technological innovation and growth in information and communication technology. In order to be viable and achieve sustainable competitive advantage, the organization has to use every available HR best practices and management must be flexible and fit to the environmental changes. HRM practice is one area that influences employees’ intention to leave, levels of job satisfaction and organizational commitment. HRM as a practice and an academic discipline has developed substantially since the early 1980s. Given the development of the logistics and supply chain services in Nigeria and the challenges they face, SHRM is expected to play an important role in improving its effectiveness. Logistics service providers (LSPs), however, are seen to share the general reluctance among business organizations in Nigeria to emphasize HRM practices in order to improve quality of service, despite the evidence that effective HRM practices are important elements of service quality and customer satisfaction (Yong and Wu, 2008).

The key aim of this study is to explore the human resource management practices of selected logistic service providers and propose a strategic human resource management plan for future development of HR strategic roles in the company that align to company objectives. Specifically, this study is intended to achieve the following objectives:

- To identify and examine the extent of HRM practices in logistic firm.
- To investigate the human resources practices in the context of its relevancy to the current environmental challenges
- To suggest a strategic plan on human resources management for the organization based on the outcome of the research.

This study is conducted to address the gap in literature. It offers three important questions that probably have not been previously investigated in other studies and in the logistics and supply chain services in Nigeria particularly.

- What is the extent of HRM practices in the logistics and supply chain services in Nigeria?
- Do HRM practices affect firm performance (logistics firms)?
- Do HRM practices contribute to the development of key logistics and supply chain capabilities?

Background Of The Study

The term “strategic human resource management” has been commonly used for the last two decades. Prior to that, the field was generally known as “personnel management” and later as “human resource management”. Dessler (1991) had made no differentiation between personnel management and SHRM and saw that the latter as a modern expanded version of traditional personnel management due to technological change in the work environment and a shift in societal values. Torrington and Hall (1998) explained the differences between personnel management and HRM by mentioning that personnel management is considered as **workforce-centered** while HRM as **resources-based centered**. Guest (1987) conception of HRM is not as an alternative to personnel management but as a particular firm of personnel management which stressed the strategic issues of employee commitment, flexibility, quality and integration.

Since there is no universal agreement on the meaning of HRM, many definitions and coherent approach to the management of

organization’s most valued assets (the employees who individually and collectively contribute to the achievement of the objectives of the business) exists. Beer, et al (1984) viewed HRM as involving all management decisions that affect the relationship between the organization and employees – its human resources. Storey (1995) considered HRM as a distinctive approach to employment management which seek to obtain competitive advantage through the deployment of highly committed and skilled workforce, using an array of techniques.

Shrm And Logistics Service Providers

Recent researches in logistic and supply chain management indicate that a lack of logistics professionals has become an issue that can no longer be ignored (Trunick 2003, Hong et al. 2004, Kerr 2005). In addition, in 2002, the Asia Pacific Logistics Institute in Singapore in association with the logistics Institute of the Georgia Institute of Technology in the USA carried out some studies which indicated that both international and domestic LSPs identified lack of talent as one of the key challenges of operating supply chain services (Bolton and Wei, 2003). Hong, et al (2004) also found that shortage of logistics management expertise, coupled with inefficient information support systems, are impediments to supply chain development. In contrast, LSPs in Nigeria do not consider lack of qualified personnel to be a major issue that could affect the future of the logistics industry in Nigeria. Richard Armstrong, president of Armstrong and Associates (a supply chain market research and consulting firm), comments that whether a company is able to undertake any logistics project anywhere still depends on the strength of its contacts within the country’s bureaucracy.

Methodology Of The Study

The sample of logistics service providers (LSPs) for this study was taken from the list of logistics companies within the South-Eastern region of Nigeria. A total of 4 logistics companies were visited on the course of the study, thus constituting the participant size for the survey. In this survey, questionnaire survey

method was been used to collect data. The full scale survey was conducted with a total of 150 questionnaires given out among the four selected logistics firms in the region.

Data Collection Procedure

To collect the data, a full scale questionnaire survey was conducted within 6 months using the 4 logistics companies selected. The data analyzed is based on the 84 valid respondents from the total of 150 in the four sample logistic companies giving a response rate of 62.7%. The researcher distributed and collected the questionnaire in person, which allowed the researcher to ask relevant questions to the sample respondents and also aiding as they completed the questionnaire. The response rate was satisfactory and statistically acceptable (Babbie, 2004). For the survey questionnaire distributed within the companies, a prior permission letter had been issued for the entire operational 4 logistics companies. After checking, 36 of the 110 returned questionnaires were found to be invalid as they were improperly filled and were excluded from the data file, reducing the usable sample to 84. Of the 84 valid questionnaires returned, 3 were completed by the company's general manager, 39 by sales or marketing manager, and 42 by other operational executive.

Data Analysis Techniques

Basically, there exists numerous methods of analyzing data, but in order to test the hypothesis formulated, the data was analyzed by finding and grouping the proportion of each respondents that chose whatever response in the tables. The consensus of option of respondents was then measured by the application of Factor Analysis Techniques. Also, the Regression Analysis model, Correlation Matrix, Categorical Regression (CATREG) were used as data analysis techniques. In this case regression was used to describe how logistics firm performance and productivity depend on HRM practices (Recruitment and Selection, training and development, performance appraisal, Health and Safety and compensation and Benefits. The resulting regression could be used to predict LSP's performance and

productivity for any combination of the independent variables.

Analysis Of Study Data

Regression analysis was used to explore the impact of HRM practices have on performance of LSPs. Descriptive statistics was used to project the respondents profile as well as the general patterns of variations in the HRM variables and organizational performance. Then the KMO-Bartlett Test, Factor Analysis, Correlation matrix, were all conducted to investigate the impact of SHRM practices and LSPs performance in the study. The KMO-Bartlett test was performed with data set to evaluate the pattern of correlation in the data that indicate that 'Factor Analysis' is suitable for the study. The KMO ranges from 0-1 where greater values indicate high level of suitability and value greater than 0.5 is statistically acceptable. For this study the KMO value is 0.698, and Bartlett test is significant (Chi-Square with 190 degree of freedom). Therefore Factor Analysis is considered as an appropriate technique for analyzing factor loading. Moreover, the approximate chi-square statistics is 2,032.288 with 190 degree of freedom which is significant at the 0.05 level. A Factor Analysis of the SHRM variables produced a factor that explains 98.7 percent of the variance with high reliability (Cronbach α = 0.734). The need to specifically examine the individual impact of the various HRM variables on LSPs performance informed the choice to use all these statistical techniques.

Results

The profile of the sample respondents of this study is shown in the table 4 below. There are more males (76.3%) than females (23.7%). The majority of the sample i.e. (51.3%) is above 40 years old and about (28.7%) and (14.6%) are the age groups between 36-40 years old and 31-35 years old respectively; while 5.5% is for the age group of 20-30 years old. It was found that the majority i.e. (68.7%) hold executive MBA's, 20.4% are Master's degree holder and about 10.9% are Bachelor's degree holders. However, the companies are now selecting and recruiting MBA holders to help improve their business performance, a point that motivates

many employees to pursue executive MBA. This tends to reduce cost of training of employees by companies. It is found that 63.1% of respondents have received formal job training while about 36.9% of the respondents

have not received any formal job training. Based on the survey results, 64.4% are respondents in a 100% private owned company while 35.6% are respondents in a Government owned company.

TABLE-1: Demographic Characteristics Of Respondents In Lsps (N = 94).

RESPONDENT CHARACTERISTICS	CATEGORY	PERCENTAGE
Gender	Male	76.3
	Female	23.7
Age	20-30	5.4
	31-35	14.6
	36-40	28.7
	Above 40	51.3
	Bachelor	10.9
Education	MBA	68.7
	Master's	20.4
Training	Yes	63.1
	No	36.9
Organization type (N=4)	100% private	64.4
	Government	35.6
	Joint venture	-
Types of logistics offered *	Transportation	66.2
	Distribution	23.8
	Courier service	20.0

Note * percentage exceed 100% as firms can offer more than one category of logistics services.

Table 2 presents the Factor Analysis Result. Principal Component Analysis (PCA) reduced the 25 variables into ten (10) main factors which explain about 58.1% of the total variable. Each factor was dominated by at least 1 variable. Factor component 1 (PC₁) has high significant loading which is related to performance appraisal. This includes 'employee satisfaction with performance appraisal result' (.923), 'performance provides regularly by management' (.917); 'performance appraisal in my company is result oriented' (.898), 'employee environment towards job performance' (.892); 'performance appraisal clear to all' (.845). Factor component 2 was related to training and development (PC₂). This factor includes items such as 'training programmes are of high quality' (.897); 'updated programmes according to requirement' (.841) 'continuous training programmes by organization' (.840); 'train employees to retain them' (.803); 'new employee familiar with organizations norms and value' (.792). Factor 3 (PC₃) was related to

health and safety and include items such as 'provision of safety and protective devices' (.866), 'effective health Insurance scheme (.821); 'Safety and protective devices for injury prove areas' (.796); high ethics on health and safety issues' (.798); 'training employees on health and safety' (.730). Factor component 4 (PC₄) was related to recruitment and selection 'hiring people with specialized skills (.871), organization prefers promotion from within' (.836) 'hire people with creative thinking' (.830), 'recruitment and selection without interference' (.760). Factor component 5 (PC₅) was related to compensation and benefit which includes 'compensation rewards irrigative ideas (.852), 'performance is noticed and rewarded' (.857). Factor component (PC₆) related to compensation and benefit which include 'compensation in the form of monetary and non-monetary incentives' (.962); Factor component 7 (PC₇) related to compensation and benefit which include 'compensation related with level of knowledge and skill' (.831), Factor component 8 (PC₈) still on

compensation ‘good performance rewarded with more training’ (.742). Factor component 9 (PC₉) related to recruitment and selection; ‘recruitment and selection process fits with candidates and job’ (.510). Factor component 10 (PC₁₀) related to health and safety ‘training

employee on health and safety’ (.467). See Principal Component Analysis (Rotated Component Matrix) table 2 below with the analysed values in the table appearing in bold.

Table-2: Principal Component Analy

To test the proposed hypothesis, regression analysis were conducted; it was found that HRM practices have significant impact on the overall performance and LSC capabilities of LSPs. The HRM practices are found to explain

about 88.1% of the total variance in the firm performance, which suggests that they are important factors which impact on firm performance (productivity) and LSC capabilities of LSPs.

	PRINCIPAL COMPONENT ANALYSIS									
	1	2	3	4	5	6	7	8	9	10
JD1	-.210	.084	.020	.871	.293	-.130	-.040	.064	-.004	.010
JD2	-.193	.133	.132	.830	.139	.069	.051	.108	.156	-.296
JD3	-.105	.242	.060	.836	-.111	.011	.205	-.124	.165	.193
JD4	.037	.345	.301	.446	-.077	.059	.181	.225	.510	-.167
JD5	-.258	.172	.029	.760	-.054	.016	.060	.339	-.253	.072
MP1	.023	-.122	.789	.046	-.132	-.280	-.194	.150	.040	.015
MP2	.009	-.037	.821	.130	-.058	-.045	-.105	-.110	.382	.081
MP3	-.102	-.085	.866	.123	-.071	-.017	.136	-.039	.095	-.182
MP4	.117	.161	.796	-.086	-.134	.104	.122	-.100	-.387	-.074
MP5	.192	.175	.730	.017	-.077	.090	.027	.009	-.143	.567
DA1	.845	-.064	.061	-.134	-.058	-.031	-.099	-.134	.227	.016
DA2	.898	-.067	.000	-.152	-.027	-.021	-.024	-.063	.245	.110
DA3	.917	-.120	.063	-.186	-.094	-.035	.007	.002	-.094	-.034
DA4	.923	-.148	.017	-.134	-.073	-.025	.031	-.010	-.217	-.058
DA5	.892	-.066	-.005	-.046	-.110	-.026	-.098	-.002	-.128	.062
HR1	-.166	.106	-.251	.071	.852	-.022	.143	-.099	.135	.128
HR2	-.144	.130	-.114	.099	.857	.000	.153	.160	-.144	-.149
HR3	-.129	.056	.007	.195	.367	-.007	.831	.230	.016	.003
HR4	-.097	.060	-.094	-.025	-.022	.962	.000	.081	.002	.012
HR5	-.189	.211	-.098	.325	.119	.158	.362	.742	.082	-.001
CM1	-.209	.792	-.005	.242	-.085	-.073	.194	.201	.046	-.031
CM2	-.233	.840	.035	.158	.052	.085	.001	.222	.094	-.076
CM3	-.200	.841	.043	.102	.014	-.030	.000	-.186	-.077	-.328
CM4	-.020	.897	-.010	.034	.081	-.002	.042	-.097	-.015	.260
CM5	.104	.803	-.083	.140	.311	.163	-.097	.119	.015	.136

Table 3 reports all the SHRM variables being statistically significant. Thus, all formulated hypotheses are accepted at the 0.05 level of significance. The recruitment and selection, training and development, performance

appraisal, compensation and benefits, health and safety incentives are all positively and significantly related to firm performance (productivity).

Table-3: Regression Analysis Of Hrm Practices And Firm Productivity

INDEPENDENT VARIABLE	Unstandardized coefficient		Standardized Coefficients	t	Sig.
	B	S.E.	Beta		
Constant	.719	1.335		.539	.592
Recruitment & selection	.311	.045	.285*	6.898	.000
Performance appraisal	.416	.043	.359*	9.757	.000
Training & development	.356	.031	.437*	11.612	.000
Health & safety	.515	.051	.425*	10.028	.000
Compensation & benefits	.347	.041	.359*	8.443	.000
F test	154.685*				
R ² Adjusted	.986	.003			
N = 94					

Notes: a. Dependent variable is Productivity and LSC capabilities, sig. = significance level. b.*p < 0.05

Table 4 showing Categorical Regression was used to describe how productivity and LSC capabilities depend on job description, manpower planning, disciplinary action, HR policy, and communication. The resulting

regression could be used to predict firm performance (productivity) for any combination of the independent variables. The following results were obtained in this instance.

Regression For Categorical Data (Catreg) Coefficients

Table-4 a. Dependent variable: Firm Performance

Thus, firm performance (productivity) = .416 * Job description + .446* manpower planning + .390*Disciplinary action+.408* HR policy +.358* Communication; R² = 99.7%

FACTORS	Standardized coefficient		DF	F	Sig
	Beta	Bootstrap (1000) Estimate of Std. Error			
Job Description	.416	.069	13	36.762	.000
Manpower planning	.446	.059	15	56.160	.000
Disciplinary action	.390	.083	20	22.064	.000
HR policy	.408	.085	12	22.989	.000
Communication	.358	.064	15	30.814	.000

All the variables of this predictive model are statistically significant and hence could be used in improving firm performance and LSC capabilities. It should be noted that all the variables through their standardized

coefficients considered in the model will contribute substantially to LSPs performance.

Discussion On Findings

The objective of this study was to investigate on the impact of SHRM practices and firm performance among the LSPs in Owerri, Nigeria. The demographic data of this study indicates that male employees are dominating at the higher positions in the LSPs surveyed. The field study result reveals that employees receive formal job training. Moreover, the majority of the respondents are MBA degree holders. Most of the SHRM variables have the high value of Means, approaching the highest possible score of five, suggesting that all variable are perceived by sample respondent employees and managers to have strong influence on organizational performance. The KMO and Bartlett's Kaiser – Meyer – Olkin test results also supported these findings and all the variables are found to have consistent high level of significance.

All factors were found to have significant loadings. For example Factor 1 (JD₁) Performance Appraisal had significant loadings on the five items. This observation suggests that firms in the LSPs should improve their performance appraisal system through job description to enhance employee performance. Factor 2 (MP₁) Manpower planning had a high significant loading to suggest that firms are likely to benefit by providing orientation for new employees, providing continuous training programmes and high quality training programmes. Factor 3 (DA₁) – Disciplinary Action had reasonably significant loading on attitude of employees, commitment to duty, and absenteeism matters. Thus, management of LSPs is obliged to pay more attention to discipline of employees at work to improve their performance. Factor 4 (HR) –HR Policy, had significant loading on 'hire people with specialized skills', 'hire people with creative thinking skills', 'organization prefers promotion from within'. In this study, it was found that recruitment and selection processes have significant loadings on firm performance similar to the performance appraisal, training and development and compensation and benefit activities. That the impact of compensation and benefits activities is not so high as other practices could be due to the fact that the existing compensation and benefit activities are

not very effective. This study's empirical results obviously suggest that the HRM practices are to be further improved, and it is particularly noted that the priority should be given to the improvement of performance appraisal and compensation practices, which received highest significant loading. The regression analysis results demonstrate that HRM practices have a strong impact to overall improvement of LSPs' performance. The hypotheses focus on 'recruitment and selection', 'training and development', 'performance appraisal', 'compensation and benefits' and 'health and safety'. They all have positive impact on firm performance as was hypothesized. It was found in this study that recruitment and selection practices in LSPs had a positive impact on LSPs' firm performance with a standardized coefficient of .285* (P < 0.050). The LSPs' surveyed recruit and select people with skills and ability. This result is in line with those of previous studies (i.e. Huselid 1995, Cho, et al. 2006) which also found positive link between hiring and staffing management for organizational growth.

The second hypothesis (H₂) posited that effective performance appraisal is positively related with firm performance. The study results substantiate the hypothesis showing that performance appraisal is positively associated with LSPs' firm performance with a coefficient of .359* (P < 0.05). This result is also in line with the findings of the previous studies undertaken by Huselid (1995), and Marshal (1998). Thus LSPs are putting more emphasis on skills and qualified employees, and evaluation of performance.

The third hypothesis (H₃) stated that training of performance related to firm performance. In this study it was found that effective training and development practices in LSPs had a positive impact in firm performance with a coefficient of .437* (P<0.05). This result supports previous studies results (Vlachos 2008) which have found that training and development have relationship with firm performance.

The fourth hypothesis (H₄) stated that compensation & benefit, that are limited to employee skills, knowledge and performance, are likely to positively impact on firm

performance. It was found that compensation & benefits practices had a positive impact on firm performance with a coefficient of .359* (P<0.05). This supports the previous studies by Huselid (1995).

The fifth hypothesis (H₅) stated that health and safety incentives /awareness would relate to firm performance. In this study it was found that adequate health package and safety awareness in LSPs had a positive impact on performance, with a coefficient of .425* (P <0.05).

All these formulated hypotheses are accepted at the significance level of 0.05. More importantly, all the HRM system components are highly and significantly related to firm performance and LSC capabilities. Thus, the results of this study have several implications for firms in the LSP category.

Research Findings And Recommendation

The findings of this research indicate a number of implications for LSPs and the management of Strategic Human Resources Management. Most of the LSPs surveyed are privately owned. In order to better understand and develop more effective strategic HRM practices. There is need for SHRM to be incorporated as a system within the companies. SHRM practices are the concern for investors, buyers, entrepreneurs and managers. The study findings provide some guidance for future direction to all stakeholders in LSPs for their business sustainability in the competitive business environment. LSC capabilities have to relatively distinct, though related, sets attribute. One centers on individual talents and skills, while the other is characterized by team effort and collaboration.

Reward management presently practiced by LSPs in Nigeria appears to be concentrated directly towards individuals rather than teams thus, having little impact on team base capabilities. However, offering opportunities for individual career development and professional advancement has also been found to be an effective means to retain employees and reduce turnover (Armstrong 2007). Attention to reward management, performance appraisal, training and development

programmes is likely to strengthen LSC capabilities and reduce staff turnover. Lastly, the research study has been limited to 4 LSPs only due to logistics problem on the part of the researcher. Further research should examine similar research objectives for as many LSPs as possible as sampling and sample size. Also, more SHRM practices similar to those studied to an extent have to be studied to compare the result.

Conclusion

This study investigated the SHRM practices and logistics firm performance. Based on the empirical findings, most of the core practices of SHRM, namely recruitment and selection, performance appraisal, training and development, health and safety of employee, compensation and benefits, Job description, Manpower planning, Disciplinary action, HR policy and Communication were all found to have a significant and positive impact on firm performance. This observation implies that firms should be encouraged to invest more in SHRM system improvement to enhance their performance and competitiveness.

The data collected and statistical results suggest that the sample LSPs would benefit by establishing some orientation programmes for new employees. These introduced programmes would provide continuous training for updating employee skills and knowledge. Employees may be rewarded by revising and updating training programmes to cope with the changing environment, initiatives to improve the quality of training.

If these sample LSPs increase their human capital investment both by off the job and on the job training, they should be able to improve performance. Since attention in the global economy is on firm performance improvement, it is important that firms manage their Human Resources well to enhance their overall performance for their competitiveness in the global market. According to Itami (1987), HR is an “invisible asset” of the firm. It is embedded in the operational system and creates value to the organization to enhance their core competencies (Prahalas and Hamel, 1990).

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