

## NEW NORM IN MANAGING HUB OPERATIONAL EFFICIENCY AND CHALLENGES DURING MOVEMENT CONTROL ORDER: A CASE STUDY AT CJ CENTURY IN KLANG

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### ABSTRACT

The COVID-19 outbreak is affecting all industries, including logistics which act as the country's economic backbone because of its responsibility for the transportation of goods and products throughout the supply chain. Therefore, this virus outbreak can cause significant harm to a country's economic growth. In this research, it will highlight how one of the logistic companies in Malaysia, CJ Century Logistics Sdn Bhd maintain its operational efficiency during the COVID-19 outbreak, within the Movement Control Order period. It will focus on the hub department, which is one of the essential logistics elements in assigning the goods to the right location. This research will also discover the challenges and effectiveness of the actions taken to maintain the hub's operational efficiency. This research used a qualitative approach by conducting three interviews with the respective respondents from the company to collect essential data. The results of the study present that the high volume of parcels, delivery issues, an increase of customer complaints, and insufficient manpower are the challenges that the hub department needs to overcome. Besides, the factors that contribute to operational efficiency have been identified, which include great leadership, effective communication, and the practice of new safety protocols. At the end of this study, it was also revealed that all the changes made to the hub division to adapt to the unexpected situation are immensely effective.

**Keywords:** Hub department, COVID-19, Operation efficiency, Challenges, CJ Century

### 1. INTRODUCTION

The logistic sector is known as the backbone of the country's economy as it plays a crucial role in handling the transportation of good and product throughout the supply chain. It is a part of the supply chain network that responsible for delivering the right amount of goods to the right customer at the right time, in the right place and in the right condition. Therefore, it is essential to always improve and maximize operational efficiencies in every department involves in the logistics field. This includes the hub department as it is the center or specialized region assigned to deal with activities on a commercial basis by different operators related to transportation, coordination, separation, organization, and distribution of goods for domestic and international transit. If there any problem arises, the logistic sector ought to solve it as fast as possible to prevent any difficulties to the other parties involved. However, this year of 2020 had the logistic sector unprepared with the COVID-19 pandemic outbreak that started in Wuhan, China [1].

As this COVID-19 outbreak is the first virus pandemic situation that Malaysia needs to overcome with plenty of initial steps and control measures to ensure the safety of its citizens that compel the

implementation of MCO [2], it is something that a lot of industries does not prepare with. However, they need to rapidly adapt to the situation to ensure the continuation of their business operation.

CJ Century Sdn Bhd is one of the major providers of supply chain solutions and offers various services that involve in the logistics field. CJ Century in Klang delivers excellent logistics solutions for their customers throughout the year by having an innovative value-added solutions model for their warehousing and distribution service. Therefore, CJ Century surely affected by this unforeseen situation that requires them to abide by the new government's outlines.

The current fatal situation had forced every company including CJ Century to follow the established new norm and health SOP set by the Health Ministry in order to minimize the risk of infection [3]. Therefore, this new norm can greatly affect the work progress and productivity of CJ Century as the hub department is one of the most vital operations for any courier companies. Through this research, the new norm and challenges in CJ Century's hub operation can be discovered and discuss to maintain and maximize their operation and gradually adapt to the current situation in a positive way.

## **2. RESEARCH PROBLEMS**

The current situation clearly gives a big impact on the courier services as the incoming data shows that there is a brisk spike in business during and after MCO. According to one of the newly established health SOPs, one-meter social distancing is a must to stop the spreading of the virus [3]. Moreover, the customer had shifted towards the e-commerce approaches as it is considered the only means for the nation's population to survive in this pandemic situation [4]. As the demand is also increasing, it can disrupt the operation just because their movement is always restricted and need to aware of their social distance. Moreover, it may be inevitable to face congestion at the hub terminal if the incoming package flow per hour rises above the hourly sorting capability [5 - 6]. Thus, there are issues that cannot be avoided. The product might incur damage, a late distribution, or incorrectly delivered items can frustrate customers and harm the company's reputation.

Thus, there will be a lot of challenges as this new norm is an unfamiliar experience faced by every industry in Malaysia. With the new demand in the logistics field and a few limitations, a hub department's inability to cope with the current situation will jeopardize the company's business. As a result, this needs a detailed strategic plan and solutions in distributing duties and tasks to ensure the job can be done accordingly.

## **3. CONCEPTUAL FRAMEWORK**

The conceptual framework consists of independent and dependent variables which represented in the relationship between cause and effect as shown in Figure 1. the conceptual framework encompasses the researcher's thoughts on the identified research topic, the issues that need to be investigated, asking the related questions, the reviewed literature, the right theories to be applied, procedure and tools, the data analysis and the interpretation of the findings, recommendations and conclusions that the researcher will make [7]

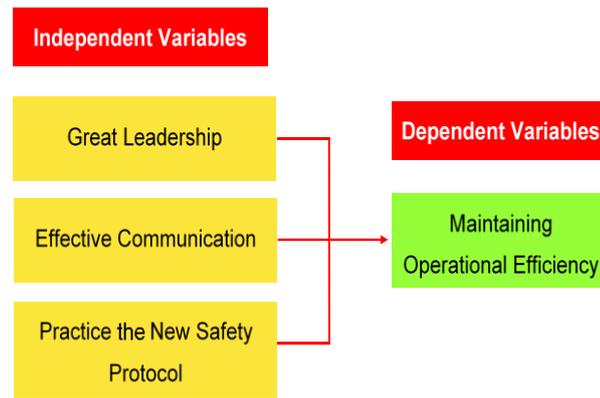


Figure 1: Conceptual Framework

#### 4. DATA ANALYSIS

Research finding will clarify all the data gained from the interview sessions conducted with the respondents. The results from this research highlighted five different main themes which are hub department's challenges, great leadership, effective communication, practice the new safety protocol, and maintain operational efficiency. The summary of the findings can refer to Table 1.

##### A. *Hub Department's Challenges*

The hub department of CJ Century Logistics Sdn Bhd was facing several challenges and impacts that arise during the Movement Control Order. According to all respondents, the main challenge for their hub department is managing and delivering the high volume of parcels, which has increased tenfold. As the public was prohibited from leaving their homes during the MCO, it had caused the surge in demand for online shopping. The respondent also stated that Shopee's highest sales occurred in March 2020 at the early stages of MCO implementation, indicating the public's preference to shop online in handling the period of isolation. Moreover, the containers piling up at ports that were transported to the hub at once is one of the reasons, there is an increase of parcels volume.

Receive complaints from customers regarding the delivery's issues is the other challenges for the hub department. The sudden increase of parcels volume has created a backlog and pending which had caused delays. Moreover, the hub department unable to completely monitor each parcel as the data of the shipped goods is not tally with the system's record, causing the customers to complain about their undelivered parcels. Next, Mr. Remy and Mr. Saravanan also had commented regarding the insufficient workers during the MCO which causes the hub department to get new workers from manpower vendors to assist them with the high volume of parcels. This has also presented a challenge to the hub department, as training newcomers can take up to three months.

Table 1: Summary of Findings

<b>Themes</b>	<b>Details</b>
Hub Department's Challenges	<ul style="list-style-type: none"> <li>• High volume of parcels</li> <li>• Numerous customer complaints</li> <li>• Delivery issues</li> <li>• Insufficient manpower</li> </ul>
Great Leadership	<ul style="list-style-type: none"> <li>• Execute task effectively</li> <li>• Maintain a positive work environment</li> <li>• Need to be strict</li> <li>• Find solution to a problem together</li> </ul>
Effective Communication	<ul style="list-style-type: none"> <li>• Communication in hierarchical organization structure</li> <li>• Utilization of communication technology</li> <li>• Daily briefing</li> <li>• Misinformation is handled accordingly</li> <li>• Clear communication strengthens the team</li> </ul>
Practice the New Safety Protocol	<ul style="list-style-type: none"> <li>• Abide by the new health SOPs</li> <li>• Two sections for temperature scanning</li> <li>• Worker's details are recorded daily</li> <li>• Workers are monitored frequently</li> <li>• Working in a group are disallowed</li> </ul>
Maintaining Operational Efficiency	<ul style="list-style-type: none"> <li>• Changes are immensely effective</li> <li>• Implement ad-hoc changes that suit the operation</li> <li>• Manage to achieve daily target</li> </ul>

Despite of all the challenges, the respondents stated that the CJ Century's hub department has no major concern limitation from the government's outline and can give their best cooperation to follow the government's instruction. They dully noted that safety is the utmost concern during the pandemic as the virus can easily transmit from one to another. However, the workers initially struggled to maintain a one-meter social distance because their job requires them to move a lot, especially when handling a large number of parcels. Aside from that, due to the differences in each state's rules, such as PKPB and PKPP, they must also adapt to the preparation of numerous documents for lorry drivers to ensure a smooth shipment delivery.

This shows that the MCO pose several challenges and impacts on the hub department, including a high volume of parcels, numerous customer complaints, delivery issues, and insufficient manpower. However, the government's outline contains no major concerns, but the workers struggle to keep a safe distance from one another. The hub department also needs to focus on the documents required when the drivers need to cross the state borders to deliver the parcels. Other than that, CJ Century's hub department had no problem following the government's instruction and had taken extra measures to ensure everyone's safety.

### ***B. Great Leadership***

Great leadership is unquestionably crucial during the pandemic outbreak. The respondents stated that without a great leader to supervise the situation, the worker cannot execute their tasks efficiently under a chaotic environment. A great leader can respond to a problem quickly, supervise works, execute task accordingly. Furthermore, Mr. Safwan highlighted a leader needs to have a strong sense of responsibility and the workers are the backbones in the hub department. Therefore, communication, cooperation, guidance and training from a leader can cultivate a group of people to work well together as great teamwork allows the workers to strengthen their performance orientation. Moreover, a leader should foster a supportive atmosphere to motivate and encourage the workers during difficult times.

The researcher discovered that there are no problematic workers who are resisting following orders. Mr. Remy, on the other hand, explained that those who refused to cooperate would be denied entry and no longer be needed in the hub department. Time is a critical factor for their operation, so the leaders must be strict to ensure they have an effective and efficient operation.

The hub division is claimed as the pulse of the company. That is why leaders need to delegate tasks efficiently. Mr. Remy emphasized the importance of discussion, briefing, and meetings in effectively delegating responsibilities and working together to find a solution to a problem. This is to ensure the same mistake will not repeat twice. Other than that, the workers who are unable to cope with the night shift operation are advised to leave the hub ground to avoid an accident if they doze off or fall asleep. The leaders also will ask the workers to assist with any chute that has become congested. Moreover, the upper management always informs earlier for any changes to help the workers to prepare.

Through these findings, the researcher concluded that great leadership is the driving force to run an efficient operation in a midst of a chaotic situation. The leaders need to ensure that the daily target is achieved by sticking to the time frame and all the received parcels are delivered accordingly. A great leader must also have the courage to make difficult decisions about their workers and to be strict in certain situations. As a result, they can sort things out and emphasize what is right and wrong. Lastly, delegating tasks is the responsibility of a leader to empower the team and assist them with professional development. The leader should recognize which worker best suited to handle the required task. Lastly, discussion, briefing, and meeting are also important to assist delegate tasks accordingly.

### ***C. Effective Communication***

Communication in hierarchical organization structure has been implemented in the hub department for clear and transparent communication. Reports, information, suggestions and work requirements are all flow from subordinate to manager in providing valuable information to management about the state of the hub department. Mr. Remy highlighted that the subordinates are assigned tasks based on their capabilities. The subordinates will refer to the hub manager if there is any problem that they unable to solve. Aside from that, Mr. Safwan emphasized that briefing is one of the ways they communicate, advice, and update work with the workers.

The respondents claimed that they communicated with the workers via email and WhatsApp. According to the articles that the researcher had studied, communication technologies offer better responses and greater adaptability. However, misinformation is unavoidable in the courier industry. There is misinformation that involves the customers, upper management and between workers. Every situation is supervised and solved accordingly. Despite everything, Mr. Saravanan mentioned

that there is no misinformation regarding the new SOPs and MCO's instruction as everything had been explained clearly.

Effective communication is crucial for a smooth operation during the COVID-19 outbreak as highlighted by the respondents. Mr. Remy believes that a person who has been appointed a position should be treated with respect and responsibility. Moreover, a leader needs to communicate effectively to reach an agreement from both parties as it is not appropriate for a leader to override the person in charge's decision. Furthermore, effective communication allows for two ways of communication, which can help to strengthen the team and keep the operation running smoothly.

The researcher discovered that it is important to have effective communication within a workplace to have an efficient operation and provide critical information to respond to emergencies especially during the COVID-19 outbreak. Communication in a hierarchical organizational structure can enhance the clarity and transparency of the delivered information. The technologies are also used to have better responses and communication. Misinformation, on the other hand, cannot be completely avoided. As a result, every misinformation will be addressed appropriately.

#### ***D. Practice the New Safety Protocol***

As to ensure an efficient operation and safety is the utmost priority during working hours, the workers need to adhere to the implemented procedures and SOPs. Mr. Saravanan stated that the workers need to operate the correct procedures during receiving parcels to ensure that they are in sync with the system. In addition, Mr. Safwan explained the hub operation used the FIFO method in which the first goods to come into the hub are the first ones to leave. Apart from that, the workers must communicate with the management regarding the pending parcels and keep updated for them to be delivered as soon as possible. Mr. Remy also stated that the workers are compulsory to wear safety gears which are safety shoe and safety vest.

The respondents explained the new safety protocols implemented are based on the government's outline and everything has been followed thoroughly. The workers need to wear a face mask and keep using hand sanitizer. The hub department had also implemented two sections for temperature scanning and all the details of the workers such as name, IC number and the taken temperature are recorded in a book. CJ Century also had conducted a swab test for every worker as an extra measure in confirming that they are safe from the virus.

According to Mr. Remy, the workers' attire will be checked thoroughly at the entrance of the CJ Century building to ensure that all the safety protocols are strictly followed. Moreover, all the workers are being monitored through the CCTVs by the manager and will ask the respective supervisors to oversee the situation if there is an issue. Furthermore, the supervisors frequently check the hub area to ensure the workers are working well and follow the SOPs to avoid an accident. The leaders will also keep reminding the workers regarding the safety protocols during a briefing. The respondents strictly stated that uncooperative workers are prohibited to enter the CJ Century building and the person in charge will take action accordingly.

According to the respondents, there are no major changes occurred in the hub department to execute the new safety SOPs. The leaders always monitor the workers to make sure they are working at a safe distance. This is to ensure that they can curb the spread of COVID-19 or else the whole hub need to be quarantined and forced to close. However, it is always definitely not easy to maintain one-meter social distancing. This is due to many parcels requires a lot of movement among nearly 100 workers. Moreover, Mr. Saravanan stated that there are few changes regarding the

working flow to ensure they maintain a safe distance from each other. They need to work individually instead of in a group which one of the reasons the operation is a little bit slower.

This shows that the hub department in CJ Century do practice the new safety protocols to ensure their workers are free from the COVID-19 virus. They also had taken extra measures to ensure everyone's safety. Furthermore, the workers are frequently monitored and checked their attire every day. This is to ensure that every worker strictly followed the implemented safety protocols. Moreover, the workers who are reluctant to abide by all the SOPs are not allowed to be in the hub department. Other than that, there are no major changes for the hub section to heed the SOP guideline but they do need to change their working style in order to maintain one-meter social distancing with each other.

### ***E. Maintaining Operational Efficiency***

In any situation, maintaining operational efficiency is a must. According to the responses, all of the changes made to the hub department are effective. Courier service indicates its operational efficiency by ensuring all of the parcels must be delivered accordingly and all of the lorries manage to depart on time. The interesting fact is that CJ Century's hub had achieved that. The changes are made daily depending on the incoming parcels. At first, it is difficult for the workers to keep up in high-stress situation. However, they manage to maintain efficient operation once the workers had adapted to new changes and comfortable with the new SOPs. The leader's role is critical in monitoring, educating, advising, and deciding on ad-hoc changes that are best suited to the current situation. Mr. Remy claimed that the daily ad-hoc changes are immensely effective, and everything adheres to the specifications accordingly.

Furthermore, Mr. Remy and Mr. Safwan emphasized that teamwork is what makes everything possible. As a result, they able to run a smooth operation and meet the daily target of delivering whatever comes into the hub. This shows the importance of effective communication in providing crucial information for workers to execute tasks correctly. Moreover, a leader must communicate effectively to foster workers' commitment and competence, as well as to inspire the workers to work as a team in face of a crisis. Effective communication also allows exchanging clear information between workers which contribute to their work's performance and maintain operational efficiency. Aside from that, respondents emphasized that adhering to the government's new SOPs contributes to operational efficiency. This is because there is no report for COVID-19 cases from their hub department or else it will hinder the whole operation as the hub need to be quarantined and forced to close. This will only lead to a bigger problem for the whole company as they cannot execute any shipment.

The respondents stated that they already overcome the crisis and able to run their operation efficiently. Therefore, there is no improvement needed for the hub operation. From all the findings, the researcher discovered that effective communication, great leadership and practice of the new safety protocols play a vital role in ensuring operational efficiency during the Movement Control Order.

## 5. CONCLUSION

It can be concluded that this research has succeeded in meeting both objectives by using the qualitative approach. The findings clearly outline the challenges that occurred in the hub department during Movement Control Order which are a high volume of parcels, delivery issues, an increase of customer complaints, and insufficient manpower. The researcher also manages to observe the factors and solutions to maintain operational efficiency while fulfilling the government requirements. Great leadership, effective communication and practice of the new safety protocol do contribute to ensuring hub operational efficiency. Next, the researcher able to discover the effectiveness of the hub department's changes to adapt to the high-stress situation. All of the executed tasks and implementation of new SOPs are immensely effective as the hub department manage to hit the daily target in delivering the parcels.

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