



MAAKT DE LOGISTIEK MANAGER HET VERSCHIL?



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APRIL 17, 2012
MATERIAL HANDLING FORUM SEMINAR

The business school that thinks
and lives in the future



2

Program

A. Productivity? ↑

J.A Larco, PhD thesis, 2010

B. Accidents? ↓

- JOM, 2011, with D. Stam & B. Balk
- J. de Vries (Mphil student)

C. Stockouts? ↓

S. Ockhuisen, 2012 (MSc student)

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A. Can we influence worker productivity?

3

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A. Can we influence worker productivity?

Order pick experiment

- We set order picking goals for different groups of workers
- Does this work?

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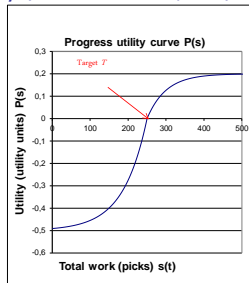


5

Theory: Prospect theory (Kahneman & Tversky 1979)

"Motivation" of working at speed $s(t)$:

1. Strictly increasing
 $P'(s(t)) \geq 0; t \in [0, D]$
2. Loss aversion
 $P(T + \delta) < P(T - \delta); \delta > 0;$
3. Diminishing sensitivity
 $P''(s(t)) > 0; s < T$
 $P''(s(t)) < 0; s > T$
4. Inflexion point

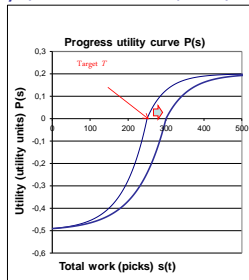


6

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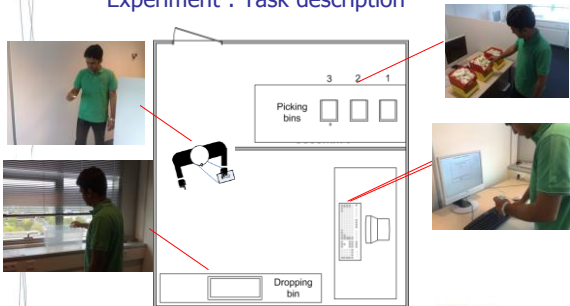


Experiment Design

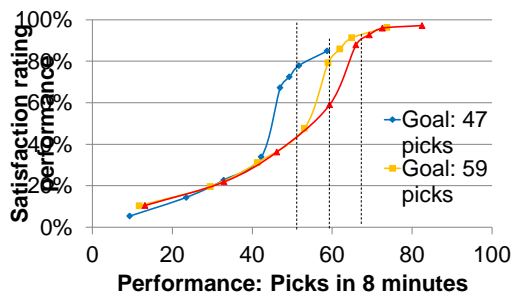
- Simple order picking task, short cycled (<10 sec)
- Learning effects controlled
- **Within subject design:** 3 randomized goal levels (10,50,90th percentile) **per** subject (n=81 subjects) + "Do your best" control (n=36 subjects)
- **Process view:** time stamps recorded
- For each goal:
 - Motivation Level measured (S-curve)
 - Subjective likelihood of success
 - Quality and fatigue



Experiment : Task description

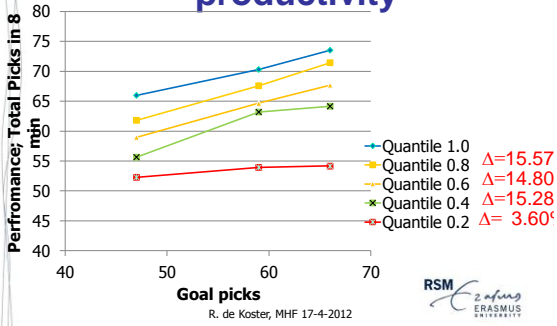


Results 1: Evidence for prospect theory (valuation)



10

Results 2: Impact on worker productivity



11

Conclusies (deel A: productiviteit)

- Mensen ontlenen meer motivatie aan harder werken
- Ca. 80% van de mensen is in staat gem 15% productiever te werken met de juiste stimulansen
- Mits manager juiste doelen stelt

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12

B. Accidents happen....?

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1. Research Motivation

13

Netherlands:

- 2007: 219,000 work related serious injuries (Venema et al., 2009)
- Between 87-147 annual occupational deaths (2000-2007)
- Direct hospital costs: €95M, work absence: €220M (2007)
- 2008: 1,700 serious forklift related accidents in warehouses (www.logistiek.nl), 126/year permanently disabled / lethal

USA:

- 94,750 forklift-related injuries annually (NIOSH)



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2. Research question

14



Forklift Collision with Storage Racks



Employee Reckless Driving

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Many accidents caused by forklifts

15



Forklift Collision with Storage Racks



Employee Reckless Driving

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16

2. Research question



RQ: Which measures really help to reduce such accidents?

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17

Quick survey

- What is the most important determinant to reduce accidents?

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18

3. Two main theories

- NAT, Normal Accident Theory (Perrow, 1984): accidents arise from systems and are unavoidable in complex, tightly coupled systems
- HROT, High Reliability Organizational Theory (La Porte, 1996; Roberts, 1990): highly-reliable organizations exist, even with complex, tightly coupled processes, thanks to specific systems and processes. Management practices are the key drivers

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19

In warehouses: which theory is more valid?

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Safety?

20



21

In warehouses: which theory is more valid?

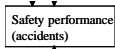
In line with HROT we conjecture Hazard Reducing Systems (HRS) may impact accidents in warehouses

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22

Conceptual model

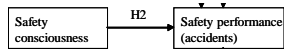


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23

Conceptual model

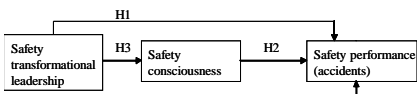


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24

Conceptual model

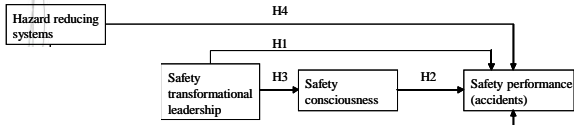


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25

Conceptual model

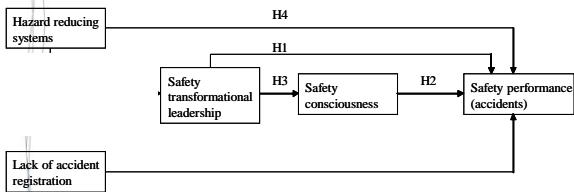


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26

Conceptual model

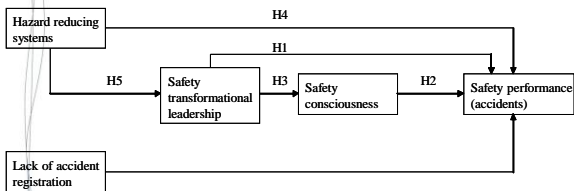


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27

Conceptual model



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4. Method: Data collection

- 1,708 companies selected from a list of 6,000 warehouses of BMWT; size >5 direct warehouse fte, non-dangerous goods
- 1,466 listings correct (i.e. a warehouse)
- 90 respondents (6.1%), 78 useable

14 companies visited in person
78 manager questionnaires
1,033 worker questionnaires

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Construct operationalization: SP

- SP (safety performance; measured by its inverse: the number of accidents)
- 4 accident categories:
 - 1- Occupational accidents resulting in injury, but not leading to absence,
 - 2- Occupational accidents resulting in injury and a minimal absence of 1 day,
 - 3- Occupational accidents resulting in hospital admission after a visit to the emergency department of a hospital,
 - 4- Fatal occupational accidents.
 - Nr of accidents per fte per category during 3.5 years (2006-2009)

Extra variable: LAR (Lack of Accident Registration)

All accident data verified with data of Ministry of SZW

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Construct operationalization: HRS

HRS (Hazard Reducing Systems); based on safety handbook of BMWT, VeLA and ministry of Social Affairs (BMWV, 2005), containing 300 potential measures in warehouses, in 4 categories: human factors, equipment factors, organizational factors and environmental factors.

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HRS

Human factors (HF) <ul style="list-style-type: none"> • Job training • Competencies • Knowledge/Experience • etc 	Equipment factors (EF) <ul style="list-style-type: none"> • Certification of equipment • Maintenance of equipment • Use and goodness of fit • Ergonomics of equipment use • etc
Organizational Factors (OF) <ul style="list-style-type: none"> • General safety procedures • Specific safety procedures • Safety training • Safety monitoring and feedback • Work pressure • etc 	Environmental factors (ENV) <ul style="list-style-type: none"> • Flow separation • Storage separation • Waste removal & handling, active cleaning • (day)Light (ergonomics) • Personal Protective equipment • Noise (ergonomics) • Floor quality • Air quality/ active ventilation • Safety signs/ indicators, and equipment • Security and theft prevention • Fire prevention/ escapes • etc

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HRS

Measure: 69 HRS-related items measured on a five-point scale (totally disagree-totally agree; plus one "not applicable" category)

Exploratory Principal Factor analysis:

- 1: Safe traffic measures ('Traffic')
- 2: Safety training ('Training')
- 3: Cleanliness, tidiness, hazard procedures ('Hygiene')
- 4: Safe storage, parking, and security ('Storage')

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SSTL, SC

Safety-specific transformational leadership	Safety consciousness
<p style="text-align: center;">A. Idealized Influence</p> <p>1. My manager shows determination to maintain a safe work environment</p> <p>2. My manager behaves in a way that displays commitment to a safe workplace</p> <p style="text-align: center;">B. Inspirational motivation</p> <p>3. My manager talks about his/her values and beliefs of the importance of safety</p> <p>4. My manager provides continuous encouragement to do our jobs safely</p> <p style="text-align: center;">C. Intellectual Stimulation</p> <p>5. My manager suggests new ways of doing our jobs more safely</p> <p>6. My manager encourages me to express my ideas and opinions about safety at work</p> <p style="text-align: center;">D. Individualized Consideration</p> <p>7. My manager spends time showing me the safest way to do things at work</p> <p>8. My manager listens to my concerns about safety on the job</p> <p style="text-align: center;">E. Contingent Reward</p> <p>9. My manager makes sure that we receive appropriate rewards for achieving safety targets on the job</p> <p>10. My manager expresses satisfaction when I and my colleagues perform our job safely</p>	<p>1. I know what protective equipment and/or clothing is required by my job</p> <p>2. I am well aware of the safety risks involved in my job</p> <p>3. I know where the fire extinguishers are located in my workplace</p> <p>4. I know what equipment is safe to use for my particular job(s)</p> <p>5. I know how to inform management about any potential hazards I notice on the job</p> <p>6. I know what procedures to follow if injured on my shift</p> <p>7. I would know what to do if an emergency occurred on my shift (e.g., fire)</p> <p style="text-align: center;">Based on Barling et al. 2002 & Kelloway et al. 2006. In turn based on the MLQ of Bass & Avolio, 1990</p>

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34

SSTL, SC

- All questions measured on 5–point scale (disagree strongly-agree strongly)
- Average score over all employees per item
- Average over all items

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35

LAR

Lack of Accident Registration (LAR)

Added also category 1 accidents: 'Near accidents'

Scale 0 to 5

- 0: all types of accidents are registered
- 1: all but category 1 accidents are registered
- 2: all but category 1+2 accidents are registered
- :
- 5: no accidents are registered

Higher score = less inclusive accident registration system

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36

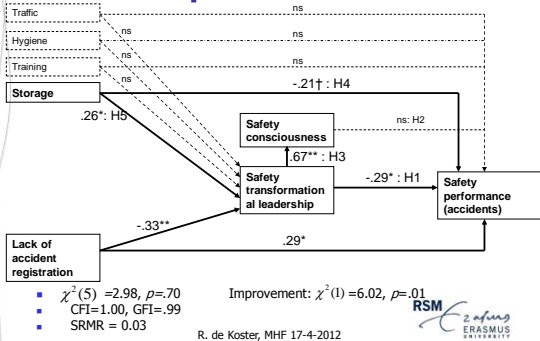
5. Analyses – hypotheses testing

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37

Improved model



38

But what is the real impact of safety leadership?

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39

Effect on accidents?

20% companies with lowest SSTL-score on average have:

- 115% more minor, and
- 88% more medium, and
- 135% more serious

accidents per employee, than the top 20% companies with highest SSTL score

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40

Which "character" properties should the successful manager have?

'Regulatory focus'

determines motivation and behavior in the decision making process wrt goals attainment

Two types:

- Promotion oriented (go for positive outcomes; associated with growth, advancement, accomplishment)
- Prevention oriented (avoid negative outcomes; associated with protection, safety, responsibility)

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41

Which trait should the manager possess to minimize accidents?

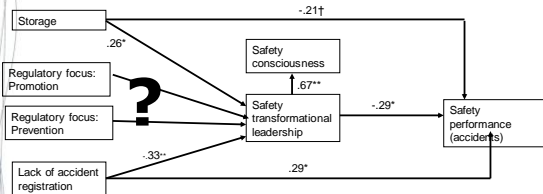
1. He/she should be promotion focused
2. He/she should be prevention focused
3. He/she should be both
4. Neither promotion nor prevention focused

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42

Extended model



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Conclusions (part B: safety)

43

- A manager's focus on safety helps reducing accidents substantially!
- Safety is not expensive!
- Important antecedents of SP: accident registration, safety-specific storage procedures, but.....
- HRS, (L)AR are not sufficient
- Prevention oriented managers have fewer accidents than promotion oriented managers

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C. What determines store stockouts?

44

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C. What determines store stockouts?

45

- Systems (Point-of-sales systems, demand forecasting, replenishment systemens, repl. frequency,...)?
- Product type?
- Something different?

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C. Study of 206 stores belonging to 1 store chain

- Same products
- Same procedures:
 - Procedures for counting
 - Handling stock differences
 - Fallback code procedure
- Same systems
 - PoS
 - Forecasting
 - Replenishment systems
 - Replenishment frequency
- 2 countries : B , NL

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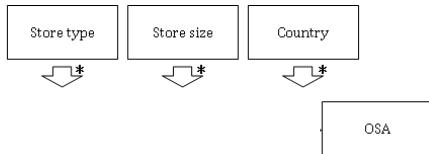
Model



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Model

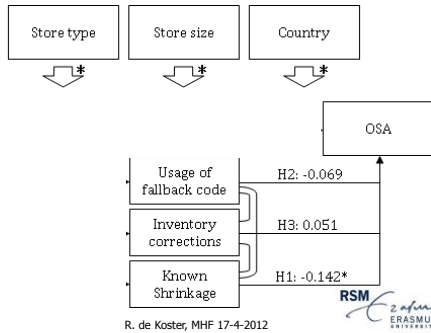


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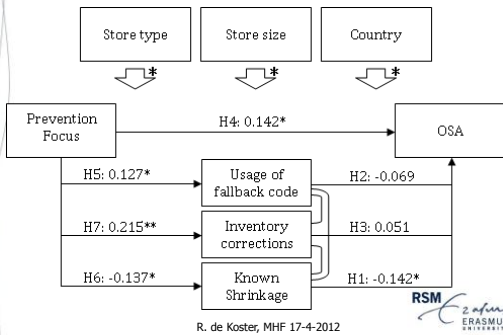
49

Model



50

Model



51

Model

	Top 20		Bottom 20		Test Statistics	
	Mean	SD	Mean	SD	t	p
Prevention focus	4.95	0.0319	3.52	0.1693	37.255	0.000**
Known shrinkage						
Fallback code						
Inventory corrections						
OSA						

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52

Model

	Top 20		Bottom 20		Test Statistics	
	Mean	SD	Mean	SD	t	p
Prevention focus	4.95	0.0319	3.52	0.1693	37.255	0.000**
Known shrinkage	9.42	5.7413	19.79	12.945	-3.274	0.002**
Fallback code						
Inventory corrections						
OSA						

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53

Model

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	Mean	SD	Mean	SD	t	p
Prevention focus	4.95	0.0319	3.52	0.1693	37.255	0.000**
Known shrinkage	9.42	5.7413	19.79	12.945	-3.274	0.002**
Fallback code	5.59	8.9561	6.11	11.968	-0.157	0.876
Inventory corrections						
OSA						

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54

Model

	Top 20		Bottom 20		Test Statistics	
	Mean	SD	Mean	SD	t	p
Prevention focus	4.95	0.0319	3.52	0.1693	37.255	0.000**
Known shrinkage	9.42	5.7413	19.79	12.945	-3.274	0.002**
Fallback code	5.59	8.9561	6.11	11.968	-0.157	0.876
Inventory corrections	0.2869	0.1018	0.1981	0.1423	2.270	0.030*
OSA						

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55

Model

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	Mean	SD	Mean	SD	t	p
Prevention focus	4.95	0.0319	3.52	0.1693	37.255	0.000**
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Inventory corrections	0.2869	0.1018	0.1981	0.1423	2.270	0.030*
OSA	0.9842	0.0100	0.9662	0.0191	3.354	0.002**

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56

Conclusions

- Not only systems are important for performance
- **Manager is crucial for performance**
- Prevention-oriented managers have better performance (safety, stockouts,...) than promotion oriented managers
- Leadership can be trained

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57

Follow up research projects

- Impact of manager's environmental consciousness on warehouse emissions (CO2) (S. Ullsperger)

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