

The Impact of Employee Satisfaction, Organizational Commitment, Job Performance and Teamwork as the Success Factors in FedEx: A Study of FedEx's Employees in Malaysia

Koh Jhee Qing¹, Daisy Mui Hung Kee², Joel Chen Tai Soon³, Chin Kah Hui⁴, Ch'ng Kelvin⁵, Abishek Singh⁶, Obaja Elka Kurniawan⁷, Aisha Bader Alotaibi⁸, Rudresh Pandey⁹, Majdi Anwar Quttainah¹⁰, Liem Gai Sin¹¹

Universiti Sains Malaysia, Penang, Malaysia^{1,2,3,4,5}

11800 Gelugor, Penang, Malaysia

ABES Engineering College^{6,9}

Campus -1, 19th KM Stone, NH 24, Ghaziabad, Uttar Pradesh 201009, India

Ma Chung University^{7,11}

Jl. Villa Puncak Tidar No.1, Doro, Karangwidoro, Kec. Dau, Malang, Jawa Timur 65151

Kuwait University^{8,10}

Jamal Abdul Nasser St, Kuwait

Correspondence Email: daisy@usm.my

ABSTRACT

In 1971, FedEx was founded as Federal Express Corporation, by Frederick W. Smith. In the world of supply chain services, FedEx is one of the most trusted and respected brands. The main goal of FedEx is to make sure that FedEx is their customers' first choice, by delivering world-class customer experience. FedEx ensures that they deliver world-class customer experience to their customers so that their loyalty towards FedEx will grow and they will not risk trying another carrier service. FedEx takes care of its people first, believing they will then take care of its customers. For this reason, FedEx top leaders commit the "People First" philosophy.

Keywords: Customer, FedEx, First, People, Supply Chain, Trusted

INTRODUCTION

One of the factors leading an organization or business entity to success is a good human resources management. A good human resources management is a good budget control of an organization, a high level of employee satisfaction, and develops a system that will improve the performance of the employees. Organizational behavior (OB) is the study of what people think, feel, and do in and around organizations. It studies how organizations interact with their external environments, particularly in the context of employee behavior and decisions. There is an integrative roadmap of OB that helps us in knowing the behavior of people particularly in an organization or group better and tells us how the behavior affects the performance of an organization.

FedEx is one of the best companies that provide delivery service in the world. Their branches located around the world. Countries like Malaysia, India, the USA, etc have been using FedEx service. FedEx mission is to produce superior financial returns for its shareowners by providing high value-added logistics, transportation, and related business services through focused operating companies. Customer requirements will be met in the highest quality manner appropriate to each market segment served.

FedEx will strive to develop mutually rewarding relationships with its team members, partners, and suppliers. Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards.

FedEx focuses mainly on their delivery service; they provide overnight delivery business. This allows their customer to make an order anytime and anywhere. It adds a big portion of customer value-added service. Together with the overnight delivery business, FedEx also is able to continue developing new ways to add values to customers. They use anew, wireless technology to track the deliveries with greater efficiency, and created a website to help customer tracking their deliveries in any process, from pick up to drop off destinations. This development shows that FedEx put their customer needs first before anything else. Moreover, the fact that FedEx is the largest express transportation company is another strength. They got a strong brand image, and their good service has built strong customer brand loyalty. These all allow FedEx to continue to innovate, to add value to their customers.

Background of Ideas

Product and Service

The FedEx company was founded in 1971 by Frederick W. Smith. The company is engaged in transportation, E-commerce, and international business services, especially in the United States. With Frederick's determination, the FedEx company managed to survive and succeeded in making consumers trust and make it one of the biggest companies in the world. FedEx also maintained its consumer confidence by leading the industry for 35 years and winning numerous international class awards.

FedEx provides their customers and business worldwide with a broad portfolio of transportation, e-commerce, and business services. Having a big name and sizeable capital, FedEx released several products like FedEx Express, FedEx Ground, FedEx Freight, as well FedEx Services. Their products are post deliveries, express mail, freight forwarding, and third-party logistics. As the result their employees' commitment, FedEx are able to expand. They are willing to spend more time participating in any activities that will create a positive image for FedEx. The employees of FedEx also have high job performance because they are very satisfied with their working environment. They rarely make mistakes such as wrong deliveries or overtime deliveries. This helps to create brand loyalty because customers will seek service from FedEx again in the future. Lastly, FedEx is an international organization, this requires their employees to communicate with each other from other regions, thus good teamwork will help them to overcome any issues with ease.

Market Opportunity Analysis of FedEx

The strength of FedEx is that FedEx is reliable suppliers, it has a strong base of reliable suppliers that provide raw materials for FedEx; therefore, FedEx can overcome any supply chain bottlenecks and continue to service their customers. FedEx also strong dealer community, this means that FedEx has built a culture among distributors and dealers in which they not only promote the products of FedEx, they also train their sales teams to explain to the customers how they can maximize the maximum benefits out of the products they purchased. With the combination of the previous strengths, the customers of FedEx respond positively towards the services of FedEx, they have high satisfaction towards FedEx because FedEx always succeeds in delivering their products and services with maximum effort anytime and anywhere. FedEx with its dedicated customer relationship, management department is able to achieve good

brand loyalty and equity among their customers. Lastly, because FedEx is a big company, the cash flow does matter. FedEx has a strong cash flow that provides the resources in the hand to expand into new projects.

The weaknesses of FedEx are they are only compatible with the present business model limiting expansion in the adjacent product segment. The top management of FedEx should let their employees participate in discussions frequently, these small decisions made by employees may contribute to the new product and service idea. This will help FedEx in overcoming the weakness of only compatible with the present business model. Other than that, FedEx has limited success outside the core business, they face difficulties in moving into new product segments because they have a strong brand image about express shipping only, they cannot introduce new products or services as their customers do not have high confidence in the new product segment of FedEx. Moreover, FedEx are currently over depending on the market in United State. The US is the major revenue driver for FedEx, it is a good thing that it is contributing a vast amount of revenues to FedEx, but it is always risky if a company only depends on one thing as the majority of the revenue, FedEx knew this, and they are trying to expand their business rapidly.

The opportunity for FedEx is that though the rapid growth on the internet, there will be more online customers for FedEx, therefore FedEx has invested a big amount of money into the online platform such as Facebook and Instagram. In the next few years, FedEx can use big data analytics to get to know their customers better and add value to them by serving the needs of their customers. Decreasing the cost of transportation is also an opportunity for FedEx because this can reduce the cost of FedEx products so they can either increase their profits or pass on the benefits to their customers or increase their market share. With the increasing profits, FedEx can invest in more new projects and continues to grow and expand the size of FedEx. Lower inflation rate also an opportunity for FedEx because this will bring more stability to the market and enhance the purchasing power of the potential customers, they will purchase more to satisfy their needs. Lower inflation rate also reduces the interest rate of loans, FedEx can charge their customers at a lower cost thus creating brand loyalty.

The threats for FedEx are growing strengths of the local distributors, this is because threats in some markets as the competition are paying higher margin for the local distributors, this will hindrance the grow of FedEx market share in the local area and they cannot increase their market share in the industries. The rising pay level and increases prices in some countries can lead to serious pressure on the profitability on FedEx because FedEx must increase the cost of hiring employees and the principal for new investments. The shortage of skilled workforce in a certain global market also represents a threat to the steady growth of FedEx in these markets. This is because the focus of FedEx is to satisfy their customers' needs, if their employees do not have the required skills and knowledge, they cannot fulfill the needs and the customers will not seek service from FedEx (Notesmatic, 2018).

Political, Economic, Social and Technology Environment for FedEx

The most famous political factor is government regulations and laws (Biz Fluent, 2017). FedEx must interact and cope with different government regulations and laws on various nations because FedEx is an international company. Some political factors of concern include political stability, industrial limitations, and business standards. However, FedEx continues to grow and serve the world because it strictly abides by all relevant laws and regulations.

The economic factors such as inflation, interest, and exchange rates are the main concerns of FedEx in making decisions as they have the potential to distress customers. There are both positive and negative effects on the financial status of FedEx since they operate in many countries. However, they must be flexible with the changes in these rates by basing them on the economic status of each country.

The social factor requires FedEx to satisfy the needs and demands of a specific group of customers in certain countries. This is because each country that FedEx serves has different culture and background, if FedEx are able to cope with these differences they can grow at a faster rate. Populated and high literacy rate countries are favorable to FedEx because the citizens have more resources to purchase from FedEx and they have the knowledge to make orders.

In the technology factor, FedEx takes improvement on the internet to its full advantage by providing electronic services to their customers around the world. With this technology, customers are able to track their orders easily. FedEx also communicates with their customers through e-commerce, which is another form of business to business transactions.

In summary, the main success factors of FedEx as an international company are high job performance, job satisfaction, and commitment of the employees towards FedEx. These factors will help FedEx to attain a competitive advantage in the industry. The teamwork between employees in FedEx also at a high level, this can erase the barrier between employees from different regions and work together to achieve the organization's goals.

RESEARCH METHOD

The research used in this study is descriptive research design by analyzing the factors that lead to the success of FedEx in Malaysia.

Organizational Commitment

In our opinion, a high organizational commitment of employees towards an organization is an important factor driving to the success of an organization. Organizational commitment is the desire on the part of an employee to remain a member of an organization (Colquitt, Lepine & Wesson, 2019). Therefore, a high organizational commitment of employees towards the organization is a strong desire to remain a member of an organization and involves themselves frequently in activities organized by the organization such as charity events.

High organizational commitment is important to FedEx because it can decrease the rate of employee turnover. A low rate of employee turnover can reduce the costs of FedEx in hiring new employees and training them. For example, FedEx had to publish an advertisement about hiring new employees, increase the exposure of their recruitment, and conduct interviews in the process of hiring new employees if FedEx has a high rate of employee turnover. Other than that, a low rate of employee turnover also reduces the risk of deteriorating product or service quality because the employees are familiar with their jobs, so they can complete their job without making mistakes.

High organizational commitment will improve the profit of FedEx instead of just reducing the costs. This is because when the employees of FedEx have a high

organizational commitment, they will join the discussion of their task-related topic actively, or participate in decision makings. These numerous small decisions made by employees are a rare resource that the competitors cannot imitate so that FedEx has a competitive advantage over competitors. Besides, this will form a culture facilitating everyone to involve themselves and improve the performance of FedEx.

Job Satisfaction

Job satisfaction of employees is one of the main keys to lead the success of an organization. Job satisfaction can be defined as a pleasurable emotional state resulting from the appraisal of one's job or job experiences (Steven & Mary, 2019). It represents how you feel about your job and what you think about your job. Therefore, we can say that an employee with high job satisfaction think positively about their job because organizations provide things that the employees value.

If employees have high job satisfaction in FedEx, they will blend themselves in the organizations passionately. They will engage in the organization activities such as meetings. The employees will help the company to build a good image if they were very satisfied with their jobs by spreading the good news about their organization to the people around them. If FedEx has a good image, they can form a strong relationship with their customers and build brand loyalty. Brand loyalty can help FedEx to improve their profits and continues to invest more in their technology by using these extra profits.

Moreover, when employees have high job satisfaction in FedEx, the rate of absenteeism will decrease significantly (Essays, 2018). This is because the employees are willing to come to work, they will not try to escape from their working environment. When the rate of absenteeism is low, the productivity of the employees will increase, each department can reach their target easily and the top management of FedEx are unnecessary to worry about the problem of absenteeism and focus more on the other aspects such as investment and development.

Job Performance

The other aspect specifying the success of an organization is the job performance of the employees. Job performance refers to the value of the set of behaviors that contribute, either positively or negatively, to organizational goal accomplishment. If an employee has high job performance, we can say that the employee contributes positively to the organizational goal accomplishment; therefore, we must ensure that the employees in an organization have high job performance in order to reach their organizational goals.

High job performance of employees in FedEx can improve effectiveness outcomes. They can achieve a considerable outcome by using the limited resources that the organization provides because they have enough competencies skills and knowledge related to their task. Other than that, the employees with more experience also contribute to their high job performance. They can adapt to the task easier since they are familiar with the problems, so they can come out with solutions in a short period of time.

Furthermore, the high job performance of employees in FedEx also adds values to the customers. This is because when the employees have high job performance, they can satisfy the needs of their customers without making any mistakes. When then needs of the customers are satisfied, they will have a good view about FedEx, and they will

consider FedEx again in the future for their good service. This scenario will help FedEx to reach their goals which satisfy the needs of the customer as their priority and help FedEx to earn more revenue as these customers are their potential customers in the future.

Teamwork

Teamwork refers to the combined actions of a team. A team consists of two or more people who work interdependently over some time period to accomplish common goals related to some task-oriented purpose (Business Dictionary online, 2019). Good teamwork can help a team to accomplish the set goals effectively and efficiently. Thus, we must ensure the teams within an organization to have good teamwork to maximize the function of a team.

Good teamwork in FedEx can help FedEx to accomplish more because each team member has a different set of skills and bits of knowledge (FeedEx, 2019a). If these individuals come together and form a team, they can share their skills and knowledge so that the values of the employees will be increased. When the members share knowledge and skills, the efficiency of a team will be improved significantly, this is because the members able to complete their tasks faster after learning new skills and knowledge. So, good teamwork can help a team to accomplish more goals and help FedEx to accomplish more goals eventually.

Good teamwork will make an accurate decision. The accurate decision prevents FedEx from bearing more costs. For instance, when a team makes a wrong decision and delivers the goods to the wrong destination, FedEx must bear the cost of compensation. An accurate decision can be made by having good communication between team members. The members of the team can convey their opinion freely because they are comfortable with the other members. When the team faces any problems, they will come up with a better solution after discussion compared to the solution that came from an individual.

RESULTS AND DISCUSSION

Organization Commitment

FedEx's organizational objective is to provide unequalled quality customer service (FedEx, 2019b). So, recruitment becomes a critical process that needs to be carried out with careful consideration to make sure that employees they recruit can provide a high commitment. To avoid employee turnover, they only recruit people who were ready to accept challenges, take risks, and also possess an enterprising attitude. FedEx encourage functional experts by providing them stock options as well as a chance to work in exciting and aspiring surroundings. They choose a logical and well-planned procedure to carry out recruitment and selection. So, they prepared an aptitude test and quiz about Mathematics, English, and reasoning skill, followed by an interview. Candidates that undergo the examination will be given an appointment letter. The new online system can facilitate the screening procedure and there is no race, gender, religion, nationality, disability, or age discrimination when it comes to provide employment opportunities. FedEx provide a fair and equal treatment to all candidates.

Job Satisfaction

FedEx attributes success to people (FedEx, 2019). To become, and to maintain, the leader in the air express cargo transportation industry, FedEx must provide a certain level of service and quality. FedEx has developed a unique relationship with its

employees, based on their philosophy. It is beneficial for employees to have job satisfaction.

Founder and CEO Frederick Smith has his own belief that “when people are placed first, they will provide the highest possible service, and profits will follow”, (Essay, 2018). That is why he determined to make employees a part of the decision-making process. This principle, “People- Service- Profit”, became FedEx’s corporate philosophy. These three corporate goals form the basis for all business decisions. The people in FedEx priority acknowledges the importance of employee satisfaction and empowerment to create an environment where employees are feeling secure enough to take risks and become innovative in pursuing quality, service, and customer satisfaction.

There are many processes to make sure that their corporate philosophy becomes a way of life for all employees. They have Survey-Feedback-Action (SFA), an annual employee satisfaction survey, rating management’s performance, and forming a basis for improvement. Moreover, FedEx have a process for dealing with employee’s questions or complaints regarding corporate policy, called the Open-Door program. FedEx employees are also able to appeal process for having an issue or complaint heard, as FedEx have guaranteed Fair Treatment Procedure. FedEx also has an employee recognition, reward program, and a policy of promotion from within FedEx as well.

Job Performance

As stated before, if an employee has high job performance, we can say that the employee contributes positively to the organizational goal accomplishment, therefore FedEx has a well-defined training program to train the new hires and facilitate them to perform the task as well as they are expected. FedEx’s training and development program not only focuses on job-specific skills and competencies but also provides an environment that favors continuous learning. In FedEx, they have various types of jobs such as customer service representatives (CSRs), couriers, and service agents. They have to interact more with customers and were trained with extra care and significance. The training for CSR trainees needs to spend around 8 weeks in which they were trained about FedEx’s service types and were put in simulated work environment conditions. Furthermore, the test will also be provided when the trainees finish the training program. They must obtain good scores in these tests to complete the training and be placed in actual work.

FedEx is a learning organization that provides a continuous learning atmosphere to facilitate the skills, capabilities, and competencies of the employees. To evaluate the competencies and proficiencies of the employees, they need to take up a job-knowledge online test once in six months. The performance of the employees becomes an employee training record and is stored in the Personnel Records and Information System (PRISM). With such evaluation, employees ought to enhance their competencies and are assisted and trained further in improving their performance.

Teamwork

As there is not only an employee working for FedEx, an employee cannot just think about himself or herself only. In 2018, FedEx employs over 425, 000 workers across the globe with its headquarters in Memphis. Today, there are more than 425,000 workers. Teamwork plays an important role in FedEx.

Each day, FedEx teams work to ensure that every experience their customers have with them is outstanding. With good teamwork, decisions made can be precise and jobs can be done in a moment. For example, parcels of different kinds of sizes must be delivered to a lot of places across the globe. One miscommunication in a team will mislead the whole team and make the delivery to their customer's doorstep delayed. But FedEx successfully delivers all the parcels and remains as the leader in the air express cargo transportation industry.

That is why teamwork is very important in FedEx. Even miscommunication between employees from different departments will make a big loss for FedEx. FedEx have proven that their excellent teamwork.

CONCLUSIONS

Increase Presence in the International Market

Even though FedEx has retained a strong market share and position in the global parcel and delivery industry, it only focuses on its main market which is the US. Competition among the US parcel and delivery industry is highly competitive. Some competitors such as DHL and UPS have invested and researched to improve their services. To surmount this situation, FedEx should try to penetrate the other market especially Asian countries which the economies are growing rapidly to find more opportunities in the future. If FedEx successfully increases its presence in these markets, it will help the brand to reduce its dependence on the US market as well.

Increase Operational Efficiency

The operating costs of FedEx have kept increasing year after year. Its operating expenses were 43.7 billion dollars in 2016 and had increased to 55.3 billion dollars in 2017 and risen to 60.6 billion in 2018 (FedEx, 2019). FedEx should increase its operational efficiency to reduce costs and increase its revenue. They should also focus on planning a better financial plan which uses its cash and assets more efficiently and is able to generate more revenue for the company in the future.

Strike More Partnerships

FedEx have a good reputation among the industries, and excellent technology, capabilities, and resources. They are excellent in becoming supply chain partners providing solutions to supply chain issues for some businesses. FedEx should take this as an advantage and strike more partnerships to improve its range of services and capabilities. Since the E-commerce boom is catching up, transportation is in huge demand. FedEx should cover this to increase its market potential in developing economies.

Increase Customer Satisfaction with the Use of AI and Digital Technology

Technology offers the biggest business opportunities for every organization. FedEx should invest more in technological innovation for higher efficiency and superior customer satisfaction. FedEx can use AI and digital technology to adapt in their daily business process to improve its services as well as provide the customers with a better experience.

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