

# Productivity-Linked Wage System at ABX Express : An Effective Gain-Sharing towards Improvement



ABX was established in 1987 and has grown to be an enormous entity concurrently building an undisputed reputation for trustworthiness and efficiency. They are known to provide door-to-door delivery services of documents and packages.

Over the last 29 years, this corporation has established its network of delivery services through 75 ABX service centres which are located throughout the nation. Not only that, ABX is dedicated in pleasing its customers at every point in delivering parcels and this enables business expansion in more than 200 countries worldwide.

ABX devotes to its vision of “To be the BEST by Ensuring that THE CUSTOMER is at the Centre of EVERYTHING WE DO.” This belief has brought ABX to unlock substantial improvements across many dimensions in boosting customer service. ABX has implemented an advanced information management system and an online parcel track and trace facility.

Not only that, customer service representatives are available around the clock to ensure all shipments are delivered safely and promptly. With this advanced system and technology, customers are now able to obtain updates on the scheduling of documents and package pick-ups, tracking of shipments and checking of freight

charges. This has made ABX an ideal choice for individual consumers, small to medium sized businesses as well as leading international companies in utilising a competent courier service.

ABX values its employees’ commitments towards the success of the entity. Thus, ABX has always been dedicated in educating and monitoring more than 1,200 staff. Additionally, ABX has also been very dutiful in giving its best to all its employees through Productivity-Linked Wage System which was introduced in late 1990s.

This has brought ABX through a magnificent journey in creating a performance-based working environment. The system is improvised regularly to update issues pertaining staff performance and dedication.

With this system, ABX rewards its staff to motivate them in providing better performances. ABX strongly believes, this system is crucial in ensuring all staff are valued and their efforts are recognised.

Moreover, ABX believes that work performance will definitely be better day by day with such appreciation. This belief not only serves as a motivating factor for the staff in ensuring business sustainability at ABX but it also makes ABX an outstanding entity among its workforce.

In this era of economic expansion, courier service is immensely connecting the world economy. This industry remains to be the only industry that transports goods from one point on earth to another point regardless of distance.

Businesses these days are constantly in search of a reliable and efficient courier service. ABX Express (M) Sdn. Bhd. (ABX) is one of Malaysia’s well-known local entities which upholds to reliability and efficiency. This entity has been serving many business corporations especially in ensuring their customers remain competitive in their respective fields in sending or receiving on-time deliveries.

## Productivity - Linked Wage System improves employee turnover

Employee turnover has always been a challenging aspect in businesses these days. Nevertheless, it is the utmost motivating factor for staff in any organisation. Therefore, it is crucial for employers to manage employee turnover as this is not only significant for staff but also the employer itself.

Any increase in employee turnover has always been a concern to employers as it involves many other aspects such as administrative costs, additional costs upon vacancies and costs involved in training new employees.



Ali Nordin, Managing Director of ABX Express (M) Sdn. Bhd. realised that high turnover rate has been a concerning issue to the management.

Therefore, he further implemented the use of effective gain-sharing approach which is widely known as Productivity-Linked Wage System

“PLWS is a system that locks up wages and productivity so that increment in wages are corresponding with a higher increment in productivity performance.”

— Ali Nordin

(PLWS). This system was introduced in late 1990s and is still actively in use till to date. This is because the system has been able to tackle the high turnover rate issue at ABX.

Ali said, “PLWS has been able to assist our management in developing an overall reward system that is able to encourage participation and cooperation among staff. Employees are briefed on this system on their first day at work as this is significant in ensuring efficiency in both parties, namely ABX itself and our employees.”

According to Ali, PLWS is designed in a way which accommodates ABX in providing courier services to customers even with a shortage in manpower.

He said, “We have experienced high turnover rates when we lack manpower without prior notice. Hence, such situations, have led to an addition of monetary benefits into PLWS to retain our workforce especially our dispatch personnel from resigning. We began paying RM2 everyday when dispatches start as early as 8a.m. and even rewarded incentives for personnel who are able to do 500 deliveries and pickups of documents and parcels in a day.”

He further explained, “Such benefits and motivation became a value added aspect for efficient deliveries and pickups. In addition to that, ABX has also introduced three types of schemes for dispatch personnel namely part time, contract and permanent. These schemes offer different payment packages and benefits. These actions are carried out to tackle the issue of high turnover rate in the courier industry.”

### Implementation of PLWS at ABX

PLWS is used to evaluate performance of all staff with their respective key performance indicators (KPIs) based on their divisions at ABX. Staff at ABX are required to conduct a self-assessment based on their departmental KPIs on a monthly basis. This serves as the first tier of individual performance evaluation using PLWS. Then, the self-assessment is forwarded to the supervisor for verification.

During the second tier of PLWS assessment, the respective managers are responsible in encouraging their staff to submit their self-assessment. This is done as PLWS is intended to increase employees’ participation through this exercise. Not only that, managers are accountable in validating every assessment submitted by their subordinates. Every staff will be given a rating of 1 to 3 by their respective managers and this consequently determines their bonuses and incentives.

The third tier stands as the last tier in this process. The final assessment is then submitted to the Human Resource (HR) Department for endorsement purposes. The HR Department will assess individual performances based on department targets set by the management team at ABX.

Ali highlighted that PLWS is meant to propel performance at ABX as KPIs are set based on productivity. He added “We want our employees to work smart with a reduction in operating costs but at the same time maintain quality and efficiency. ABX provides nine types of incentives particularly non-contractual bonuses, wage increments based on productivity performance, yearly profit sharings, Monthly Performance Tracking (MPT) for individual and group allowances.”

“Not only that, it also includes attendance incentives, transport allowances, incentive for deliveries and pick up parcels and other allowances that cover food, outstation and laundry. These benefits are received by all staff who have achieved their targets on a monthly basis. We monitor them every month, so that we are able to provide them incentives and encourage them in work performances. This initiative is what makes us different from other courier service companies in the nation.”

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ABX pays salaries of staff in two staggered payments. Staff usually receive their basic salary and overtime allowances at the end of every month. The second payment of incentives is usually done in the middle of the following month. Such practice has assisted ABX in retaining its staff and ensuring they perform better day by day. In fact, the employees at ABX have been able to manage their financial commitments better with these two payments.

On top of all these, employees receive yearly profit sharing at the end of every year. However, this profit sharing is determined by the management on a yearly basis depending on the company's performance. This practice has allowed ABX in being transparent about their profit among their employees thus gaining trust from their employees itself. This also serves as an innovative measure by ABX in retaining its workforce.

**Improvement in PLWS towards business excellence**

Ali strongly believes that this system will not only be helpful in acquiring financial stability and satisfaction among employees as well as customers, but is also able to instill morale and positive attitude towards achieving business excellence. PLWS is a distinctive approach that creates the right atmosphere in bringing all staff together towards improvement in productivity. ABX usually improves the PLWS every two years. This is to ensure that ABX is always in the right track towards excellence.

Ali concluded that “The new KPIs will be included as the system goes through improvisation. It is significant for PLWS to constantly improve as it involves the performance of staff at ABX. Improvisation processes are usually presented to the Head of Departments to obtain consensus from them before the endorsement process by the top management at ABX. The entire process involves a series of careful inspection by the respective personnel at ABX.”

“This is solely done to ensure every employee benefits from the system as this is closely linked to work performance and productivity as well as profit sharing. ABX is an entity that considers PLWS as a crucial motivating factor for its employees. Overall ABX understands that its business performance and efficiency are highly determined by its workforce. Hence, ABX ensures that the employees are well taken care to perform efficiently at work as well as benefit the company as a whole and especially its customers.”



*Positive impacts*  
of PLWS implementation



Employees are more productive and efficient as they understand its significance towards rewards.



A win-win situation for employer and employees as both parties cooperate in improving company performance.



Ensures work stability and reduces probability of retrenchment during recession.



Increases motivation and satisfaction among employees.