

Human Resource Factors and Competitive Challenges Influencing The Supply Chain World: Review and Analysis

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Abstract

The concept of the supply chain in companies has evolved significantly in recent decades and today perceived as one of the most vital strategic functions in the implementation of company's business strategy. The Complex interaction of different environmental variables like cut-throat competition, globalization, and an emergence of commoditization advancement in information system and technological changes in supply chains themselves have become very dynamic and complex. Despite the realization that managing the supply chain effectively can provide a core competitive advantage, there appears to be the insufficient realization that this rests on human skills and performance in the supply chain. Effective and strategic management of human resources can provide an equally strong source of core competency, very little of this realization has been applied to managing the human resource in the supply chain as far as corporate sector is concerned. The present paper aims at reviewing and analyzing key human resource factors as well as competitive challenges which influence supply chain orientation.

Keywords: Supply Chain, Competitive Advantage, Human Resource factors, Challenges, Supply Chain Orientation.

Introduction

Supply chain management in common parlance refers to a systematic mechanism of business supply-side activities in order to maximize customer value and to accomplish strategic advantage in the marketplace (N. S. Narahail, 2014). It signifies an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains possess everything from production to product development, to the information systems needed to direct these undertakings. But the proper functioning of supply chain management is next to impossible without quality human resource in the organization. (Bowersox, 1996) The only differential element between effective and mediocre supply chain management is the quality of human resource behind it. By managing the human resource effectively, companies are able to cut excess outgo and provide quality products faster through impressive supply chain management (Steward, 2008). This is done by keeping tighter control of internal inventories, internal production, distribution, sales and the inventories of the company's product purchasers and again it is not possible without effective human resource management. The implications of many factors of human resource for the successful and valuable execution of supply chain related strategies has been extremely highlighted in authentic research and so many evidence have been found in the literature review of supply chain orientation (Hiltrop, 1996). There are strong interdependencies between Human Resource & supply chain management and thus it is complex to identify precise boundaries because we cannot find even a single place where the impact of human resource

in supply chain orientation cannot be found. Furthermore, these boundaries are consistently moving to accommodate an integration of human resource and supply chain activities (Marinko Jurčević, 2009).

Review of Literature

The drastic change in the business environment requires effective communication, team building, and constant lifecycle invention and innovation to compete with the competitors as well as to have edge over them from long term perspective (Prusa, 2004). Human factors insights in the area of effective supply chain management are critical for the effective development of global process networks (Kalpina Kumari, 2013). Using strategic human resource practices in supply chain, development and retention of key management professional in the supply chain, addressing cross cultures issues in the supply chain and developing an effective corporate culture to streamline supply chain management process are some of the key issues of human resources in supply chain orientation (Hugos, 2003). Human resource practices such as skill oriented training, motivation, organizational commitment, adaptability; empowerment, leadership and shared values can positively contribute to supply chain success (N. S. Narahai, 2014). Appropriate supply chain management requires consistent advancement operating efficiencies of the companies i.e. internal logistics as well as effective customer services i.e. external logistics in the supply chain management process. Involvement of human factor at internal and external logistics cannot be ignored to exploit the competitive advantage over the competitors in such a dynamic business

environment. The factors and issues related to a human resource like training and development, technology, and talent management etc. in the whole supply chain management process should be treated with extreme care to facilitate overall efficiency and effectiveness. (Marinko Jurčević, 2009). Supply chain managers need to realize the importance of different supply chain drivers and facilitators like organization's culture, education & training, teamwork; simulations and have the capacity and desire to learn constantly through experimentation. A new set of strategic imperatives is transforming corporate logistics management. The insight of supply chain managers and executives must shift from asset management and direct reports to creating a new pathway of coordinated and continuous product flow, and implement it by influencing the actions of others (Ngai, 2005). Supply chain managers must learn to harness the impact of human resources management to effect sweeping programs of change, which is not only confined to their own companies but in other companies in their supply and distribution channels as well to achieve economies of scale (M.W. McCarter, 2003). Ultimately, the vision and mission with which supply chain managers work on companywide HR policies that drive coordinated product flow will go far to determine both their own performance compounded with companies long-run success (G. Hofstede, 2003).

Research Methodology

Research Objectives- The present paper is concerned with fulfilling the objective of reviewing and analyzing key human resource factors as well as competitive challenges which influence supply chain orientation.

Need of The Study- To aware the students, academicians as well as industrialist about the relevance of human resource factors and competitive challenges which facilitate overall efficiency and effectiveness of supply chain management process of every business enterprise.

Sources of Data- The data used in the study is primary as well as secondary. Primary data has been collected on the basis of personal interactions with supply chain and logistic experts, academicians who are specialized in supply chain management issues, and the learned persons. On the contrary, secondary data is collected by reviewing various authentic research papers from online databases of peer-reviewed journals, official websites of global supply chain management issues, quality books, professional magazines, and newspapers.

Key Human Resource Factors Influencing Supply Chain World: Review And Analysis

Key functions like sourcing, manufacturing, customer service and retailing involve logistics in their planning and scheduling in order to optimize the end-to-end supply chain, but their core mechanism and management depend upon the

functioning of HR (Schuler, 1984). Some of the key human resource factors which influence the supply chain world are given below:-

Degree Of Organizational Citizenship- The concept of organizational citizenship has been under HR expert's scanner since the late 1970's. Over the last few decades, interest and research in organizational citizenship have increased substantially because it is unrestricted behavior which is not the element of employee's formal job requirements but it facilitates the effective functioning of the organization in informal ways. In other words, organizational citizenship has important consequences in the workplace because it demonstrates the extent to which an employee voluntary support and his behavior contributes to the organization success (Anusha Sridhar, 2014). Research literature reveals the fact that formative organizational investment are associated with social exchange relationships that create feelings of loyalty and selflessness which in turn influences employees to benefit the organization through behaviors that exceed minimal condition of employment (Bakker, Albrecht, & Leiter, 2011). On the basis of reciprocity norms, employees will be inclined to increase their personal contribution and efforts and ultimately exhibit extra-role behaviors. OCB reflects a loyal soldier syndrome which is essential for doing a job in a better way, taking an exertion above and ahead of formal requirements as well as stuffing the space between procedures and guidelines (Fleming, 2005).

Level of Mutual Faith - Faith in common parlance refers to a belief that someone or something is reliable, good, honest & effective. In other words, faith exists when one partner has confidence in an exchange partner's reliability and integrity (Podsakoff, 1996). Research literature reveals the fact that information provided by a faithful party is likely to be more constructive and thus provide a greater value to the recipient in the organization. A high level of faith enables parties to focus on the long-term benefits of the relationship which ultimately is going to enhance competitiveness and reducing transaction costs. In order to become more flexible and agile, Organizations need the element of faith to the great extent (Myers, 2004). Researchers also found that lack in faith leads to higher transaction costs and agency costs while a high level of faith encourages open communication and willingness to take risks and the overall performance would be enhanced if the problems of distrust were reduced (Harrison, 1995).

Degree of Professionalism- Dedication is defined as an act of committing to a charge or trust. Dedication is the essence to all of the relational exchanges within a company as well as between the companies and its various partners. A successful supply chain management requires dedication among the internal supply chain members and trust is a significant element to keep up such commitment ((IPD), 2002). When both dedication and faith are present

simultaneously, they produce results that enhance efficiency and effectiveness. Inter-organizational transactions usually depend upon mutual understanding which forms the basis of dedication to the organization. It was also observed that successful managers engage in many critical issues in which they initiate, create & take care of new commitments. Faith was found to be a major determinant in relationship commitment (Paauwe, 2004).

Skill Set - Skill requirements do not vary significantly on the basis of size and region of companies but still a lot of modifications are required as per the company's specifications. Research literature suggests that supply-chain employees can move between regions with some degree of flexibility (Gowen, 2003). Companies indicate that soft and analytical skills are a major requirement for all occupation categories across all sub-functions. Other common skill requirements include technical, interpersonal and customer service skills. These skills and knowledge include: Knowledge of logistics functions and the supply chain, Regulatory knowledge and Negotiation skills, General management and business, financial planning & forecasting, Cost analysis, Knowledge of international business practices, Knowledge of laws and regulations, Optimization of workflow, Knowledge of transportation, Languages Tactical Operational, Contract administration and management, Vendor relations/ management, Employee Engagement, Knowledge of currency markets and business implications, Emerging emphasis on process and change management skills and Performance measurement and quality management etc (Chandra, 2000)

Optimum Social Structure - Social structure consists of a set of social components like individual or organizations and a set of the dyadic ties between these components. In other words, it is a set of relationship employees have in their own organization in the form of internal and external networks (Hage, 1970). Stout social structure provides opportunities to exploit needed information a firm already holds, and therefore structured internal networks maximizes information gathering and may provide a distinct competitive advantage to firms for effective supply chain management. Research literature reveals the fact that networks differ in size like a number of social linkage & range of social contacts have a huge influence on the working or functioning of supply chain management. Brawny social kinship is featured by long span and is exercised frequently and emotionally strong (Kim, 2007). Generally, robust social networks possess more capacity for information than weak networks and networks with an association to numerous departments & hierarchical levels etc are potentially contain more reliable and productive information (Leenders, 2000).

Human Resource Challenges Influencing Supply Chain Orientation: Review And Analysis

Challenges related to human resource in the supply chain

management like effective recruitment, high labor turnover ratio, non-clarity of career path, coping up with the advancement in technology and imparting effective training and development sessions would not only impact the creditability and business potential of the enterprise (Rouse, 2008) but somewhere also result into large tangible and intangible losses (O.S.Vaidya, 2012) if proper care is not taken of the respective challenges:-

Employment Challenge - One of the most critical human resource challenge being faced today and which is likely to be constant in upcoming years due to limited supply is employment challenge. Research literature reveals the fact that the most common employment issue facing companies is finding eligible candidates with the skills required on the basis of the job description and specification (Han, 2007). This may be multiplied with other HR obstacles like the limitation of resources, competition for resources, and lack of awareness of interest in the supply chain sector. Manager and supervisor positions are commonly cited as an uphill task to fill, particularly employees with specific managerial skills. Companies must make use of effective retention policies to attract & get well-qualified candidates which fulfill the need of the hour (Zhang, 2009).

HR Turnover Challenge- Employee Retention has become a burning human resources issues in the corporate sector, especially because employees seems to be over ambitious and materialistic and they are ready to search new opportunities within and outside of the supply chain (Lee, 2000). The root cause of increasing employee turnover is low employee morale, absence of a well defined career path and poor superior-subordinate relationship etc. Companies must make use of effective retention policies to provide a clear career pathway and flexible working environment to their employees (Rankin, 2006).

Succession Planning challenge - Succession planning in common parlance refers to a process of identifying and developing internal people with the potential to fill key positions of the company. Companies are grooming rapidly in dynamic environment & they do not have a readymade successor identified for any roles. Companies are unprepared to handle the growth and too much nervous about losing key leaders due to competitors and retirement etc (Darvish, 2014). Research literature found that managers are having deep trouble while identifying and preparing the right people to fit the right roles in the organization because of certain factors. The Company must put a sight on effective succession planning in order to move from existing HR position to desired HR position in future (Deegan II, 1986).

Technological Challenges- Technology has evolved at a more rapid pace in last few decades. Technology had a more profound impact on job design and skill requirements of human resource as far as the supply chain is concerned (Bhandari, 2014). Research literature also reveals the fact

that technology is most commonly employed for inventory and warehousing management. (Sahay, 1999) Looking forward to it, companies are employing technology for matters like transportation, customer and supplier relationship management. Not surprisingly, larger organizations have already employed technology in above matters but requisite skill and knowledge in the available human resource is still a matter of concern for many companies. Organizations are continually updating their technology to improve efficiency and indicate that their ability to keep pace with technological change is a challenge (Coye J.J, 2003).

Talent Management Challenge- Requirement of specific supply chain positions is likely to be remaining a major challenge with some growth & scope forecasted for vital positions in logistics information systems -tactical and operational, customer service - tactical and transportation operational & warehousing operational etc (Healy, 2015). Manager-level positions were commonly cited as difficult roles to fill like functional managers, general managers & project managers etc with supervisor and analyst roles also identified as a challenge. Research literature reveals a fact that there was an overall increased reliance on knowledge-based positions like supply chain specialists technical logistics knowledge, information technology knowledge and customer service positions like sales, customer service, client management etc (Deloitte, 2015). Thus, talent requirement is one of the biggest constraint and challenges for many companies in recent time.

Training & Career Development Challenge- Companies indicate an alarming fact that technical development courses are essential for supply chain personnel to tide over the emerging issues and developments related to supply chain management. The most popular means of employee development are on-the-job training and technical external courses (Wallace, 2003). Research literature reveals that employees are not fully satisfied with the training they have received and that it has met their needs to cope with dynamic supply chain management issues (Mangan, 2005).

Conclusion And Suggestions

The sound orientation of supply chain management system simply depends upon the quality of human resource and their effective involvement in the organization. Management must train their sights on vital human factors which not only serve the overall efficiency and effectiveness of the organization but also serve as an effective tool to tide over competitive challenges concerned with the supply chain. Creating and retaining employee loyalty and commitment towards the organization is facilitated by the effective social exchange relationship culture and management also need to ensure the healthy working environment for the employees compounded with the offering of financial and non-financial incentives to achieve the same. Well-defined succession planning path must be

designed in the organization which is a great tool to enhance employee's motivation and productivity as well as indirectly spoils the turnover rate of the employees in the organization. Sound and simple social structure for the effective functioning of a supply chain in the organization should be constituted. Management must design comprehensive and formative training and development events in order to polish and enhance the required hard and soft skills of their human resource because specific skills regarding supply chain is the need of the hour for many companies to cope up with technology as well as emerging supply chain issues. Management must design certain seminars and workshops to boost the wave of professionalism as well as to cement the relationships of employees working in different departments or hierarchies to eliminate the conflict of interest because healthy relations and mutual understanding will enhance overall competitiveness in the organization and leads to the transmission of reliable and formative information.

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