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RESEARCH ARTICLE

**ROLE OF HUMAN RESOURCE MANAGEMENT FUNCTION IN SUPPLY CHAIN
MANAGEMENT PRACTICES**

Dr. V.Pramadha

Senior Associate Professor, NICMAR-CISC, Hyderabad, India

ABSTRACT

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Corresponding Author:

Dr. V.Pramadha

Email:

dr.pramadha@gmail.com

Human Resources Management is one of those vital functions of an Organization, which define, direct and achieve the organization's vision and mission. The concept of "Global Market" has not only highlighted the sensitivity of this function but also has emphasized on the need to refine it and make it more efficient in order achieve the organizational goals effectively. In Supply Chain Management often only marketing area receives the significance, undermining the role played by Human Resources function. It is habitually assumed that best customer service practices and exceptional Customer Satisfaction can be accomplished only by the best Marketing Practices, ignoring the essence that only Customer-Oriented Employees and Customer-Centric Values of the organization, result in Customer Satisfaction furthering it to Customer Delight. Wide variety of factors contribute to the success of Human Resources Management function in Supply Chain Management Practices, these include Administrative issues such as Number of Employees, Compensation factors, Job Satisfaction, Training and Development, Performance Management Systems & needlessly the Cognitive Aspects such as right composition of employees, their skills, behaviours, motivation levels and leadership practices adapted in the Organization. Human resources always act as the key performance drivers; however their workability and victory depends upon the systematic and strategic planning of the Supply Chain Management Practices. Many organizations are yet to work on their People Strategy, which is the key element in accomplishment of organization's ultimate Goal.

"Human resources are like natural resources; they're often buried deep. You have to go looking for them; they're not just lying around on the surface. You have to create the circumstances where they show themselves." — Ken Robinson

INTRODUCTION

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A simple explanation of Supply Chain Management says that it is process where goods and services move from the supplier or manufacturer to the customer. This simple definition is complicated in its own way, for there are many issues go into this, for instance a mere movement does not fulfill the purpose of Supply Chain Management process. Materials, services and information should provide highest degree of Customer Satisfaction at the best possible price. Achieving this standard requires high degree of commitment from supply chain partners ensuring better coordination and greater understanding of customer needs and more over an ability to create a virtual organization, which functions in a far enhanced manner and beyond the mundane technicalities of any physical organization.

Often the notion of Supply Chain Management is confused with the concept of Logistics Management. Logistic Management refers to the activities within an organisation or the boundary of a single organisation, while Management of Supply Chain refers to the network as the name itself is self-suggestive, Supply Chains of various companies who work together and coordinate their activities, so that a product moves from the manufacturer to the end user.

It is often assumed that the key to successful Supply Chain Management practice is effective Marketing Management, but a crucial element missed out here is that, all the activities, from the point of procurement to the point of delivery or consumption is done by people. Every supply chain activity is driven and directed by people, who are vital part of the operations. The various activities, which are a part of SCM like raw material procurement, inventory management, managing finished goods to final delivery to customer etc., require great precision and expertise, hence the strength of managing supply chain management lies in the efficiency of the people who administer and control it.

Management of Human Resources is one of those vital functions of an Organisation, which define, direct and achieve the organisation's vision and mission. The concept of "Global Market" has not only highlighted the sensitivity of this function but also has emphasised on the need to refine it and make it

more efficient in order to achieve the organisational goals effectively. In Supply Chain Management, it is time and again the marketing area receives the significance, undermining the role played by Human Resources function, it is habitually assumed that the Customer Satisfaction can be attained only by the best Marketing Practices, ignoring the essence that only Customer-Oriented Employees and Customer-Centric Values of the organisation result in Customer Satisfaction furthering it to Customer Delight.

Customer expectations, increased competition, price mechanisms are exerting high pressure on supply chain system, the challenge is to deliver the product and services to the preferred destination at the right time and at the best price. To achieve the goal of enhanced customer satisfaction, the systems need to be upgraded, updated and accurate. By making so we are not only involving the firms but also the entire gamut of supply chain players, including the manufacturers, whole salers, retailers, suppliers, distributors and all. Manufacturers need focus not on improved product quality but customer satisfaction, whole salers and retailers need to ensure that the products and services are within the customers's reach, while suppliers and distributors should guarantee the product quality.

Service economy is dominating the world scenario and the focus is on delivering the value to the customer. Organisational culture plays a major role in the shaping the employees attitudes and their behaviour towards their customers, reinforcing their values about the system. Organisations need to work on improving the competencies of the employee, it has to be enforced that customer loyalty is important to survival of any business. Only the recurring value delivery to the customer results in building customer loyalty and repeated buying behaviour. Organisations need to realise that functional areas other than Marketing also contribute to customer satisfaction; one of the most important functional area is Human Resource Management. HRM designs strategies that engender customer satisfaction. Contrary to the popular belief that HR function only deals with hiring of employees, takes care of their well being and manage their careers, the new age HR Managers believe in making the passive labour force into active human resources.



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Various HR determinants such as job satisfaction, effective training, congenial organisational culture, job security, job status, competitive compensation policy, result-oriented performance management practices, lead to a satisfied employee. The other wide variety of factors contribute to the success to Human Resources Management function in Supply Chain Management Practices can be classified into various categories such as Administrative, Operative, Cognitive and etc. Administrative issues include the number & skill set of the employees, compensation factors, job satisfaction, training and development, performance management systems, policy making & etc., Operative issues such as day-to-day affairs, regularity & punctuality of employees, health, safety & welfare issues, canteen facilities, transportation, recreations and etc. Cognitive aspects include right composition of employees, their skills, behaviours, motivation levels and leadership practices adapted in the Organisation.

Interesting it may sound but managing human resources is not as simple as it appears to be. First challenge is to attract the right kind of employees with the required skills, qualifications & qualities as the majority of the qualified incumbents are not interested to join Supply Chain Sector the reason could be the lack of awareness about the career or growth opportunities in the Supply Chain Sector. The various job profiles in this sector require wide range of skills such as Managerial, Operational, and Tactical & Functional skills in the area of Finance, Marketing, Legal, International Business, Mechanical Skills and other common skills such as Language Skills, Interpersonal Skills, Customer Service Skills and Technical Know-how. The huge gap between the demand the supply of right kind of man power is an issue of great concern.

Another challenge is lack of available suitable education or courses in the area of Supply Chain Sector. Employee learning is facilitated either through his or her own experience or through intense training procedures. We may expect the development of the required courses and the Institutes, Colleges and Universities may be offering them in the near future. Compensation related issues also affects the man power inflow into this sector, gender differentials, context of education,

technical discrepancies, and age gap also lead to the variation in the remuneration. Research proves that compensation is one of the key elements and it acts as the core of these HR strategies. Compensation strategies such as good pay, incentive schemes, and cafeteria approach keep employees happy and motivated to increase sales, provide after sales service and exhibit high concern for customer satisfaction. Employee motivation is another critical factor that determines employee performance and leads them work towards customer contentment. It is organisation's responsibility to design the compensation and motivation policies, which induces an employee to align the organisation's goals and objectives to their own personal goals and work with their own interest.

The third dimension that is vital in employee performance and productivity is training and development, which helps in shaping employee behaviour, work on modifying their attitudes and enhance their value system. Proper training methods aid employees to develop a customer-oriented behaviour and the customers will admire this behaviour. Rapid progressions compel supply chain management systems to provide rapid and consistent service at best price and right time, always. In the modern economy, Customer Relationship Management (CRM) plays a major role, as customer relation and retention are imperative in building long term relationships. Customer and his needs have been a crucial part of supply chain management organisations since their inception. Customer Relationship Management's standard applications consist of marketing research, marketing automation, sales force automation and communication technology forms the core of it. CRM ensures that customers' needs are better addressed and the products and services are handled in a better manner. With help of CRM practices the knowledge about our customers, their needs and ways and means to communicate with them becomes an integral part of our database, this helps us to focus on better service rather than merely updating their information. These days most of the companies are working towards better visibility of business processes, and hence trying to incorporate various sets of software applications including Customer Relation Management and Supply Chain



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Management, with Enterprise Resource Plan (ERP) as their backbone.

Empowerment of employees helps in creating sense of ownership and then the supervisors need not coax the employees to satisfy the customer needs, customer satisfaction will eventually become the employees' priority. Empowered employees set the rules of the game, design strategies to gratify the customers. Effective HRM policies help us to identify the true potential of the human resources in the organisation and encourage the innovations and improvements in the existing supply chain management.

Supply chain organisations are becoming learning organisations as they are inclined to convert their knowledge about markets and customers into a productive means to remain competitive in the dynamic markets. Information obtained from the markets needs to be adapted in the form of knowledge and disseminated to the employees and other key players, who can make a difference in the functioning of a supply chain organisation. The education and the training provided to the employees endows them with a vision for a holistic supply chain practice and helps them to see themselves as a part of a big picture. Effective training also enables employees to prepare for the changes to come up in the due course of time and more importantly, it equips them embrace the change that market dynamism brings in. People cannot be compelled to change, hence the knowledge & training provided to them smoothens the process the change and assists them to deal with the resistance to change by altering their mindset, attitudes and behaviour and enables them to welcome the change.

Organisational culture also plays a major role in the functioning of employees in the firm; every organisational member in the supply chain link brings in his or her own personal culture to this alliance and keeps adding and enhancing the strength of the group culture. The contributions made by the multiple supply chain partners integrate to form a different culture altogether. Every organisation's culture is a summation of various geographical, social, economic, technical, legal and other factors. These factors can be listed as : nature & size of the organisation, development stage of the business, sector in which the firm is operating,

organisational structure, authority and responsibility relationships, leadership style, organisational policies & practices, influence of global markets, competitive industries influence, working conditions, organisation's ability to take risk and innovate, leaders's vision & values and this list is endless.

CONCLUSION

Most of the Managements are ignoring the human element and are believing in importance of the information technology alone, hence they are investing in technology presuming that information technology is the answer to all the problems faced by supply chain managers, while research studies prove it vice-versa. No technology is independent of people, because the success of technology solely depends upon the human ability to use and apply it. However, advanced the technology may be it can never be independent of the people; it will always need people to operate and facilitate the technology.

Human resources always act as the key performance drivers; however, their workability and victory depends upon the systematic and strategic planning of the Supply Chain Management Practices. Many organisations are yet to work on their People Strategy, which is the key element in accomplishment of organisation's ultimate Goal. People issues should be considered to create and sustain supply chain networks, proper education and training along with imbibing of right culture ensures the supply chain success. Impulsive markets, influence of global scenario, dynamism in the industry is compelling the organisations understand the importance of Human Resources, on par with other resources. Supply chain managers though slowly, but are accepting the fact that there is a need to develop effective strategies to improve communication networks, team style of management, visionary leadership, and innovation.

Modern Supply Chain Managers has understood the interdependencies between Supply Chain Management & Human Resource Management and are trying to integrate them. This cross-functional coordination is been widely recognised and is proving to be profitable. Management Professionals are learning connect



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the power of these two functions and making them a single twine, which will result in far fledged results over a period.

As Peter Senge notes, “We know how to invest in technology and machinery, but we’re at a loss when it comes to investing in people”.

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