

HR Issues in Supply Chain Management

I. S. Kang*

Abstract

The present scenario of Logistics & Supply Chain Management sector is in dire need of a vision and strategic leadership. Many human resources issues and challenges, haunting the sector, could be addressed by connecting its scattered structure and by growing awareness of supply chain occupations, and working with educational institutes at all levels and Schools of Business Management to develop supply chain programming that addresses the sector's growing needs; current and future human resources challenges. These institutions need to assess technologies, innovations and conditions that have the utmost impact on the Logistics & Supply Chain Management sector, and to develop a planned human assets action plan for industry and academia. An analysis of the Human Resources issues in the Supply Chain Management reveals that there is a limited stock of skilled employees; there is need to develop skill sets to manage evolving technologies; there is need to overcome a common lack of awareness and understanding of the Supply Chain Management. Students, new entrants and those in career shift do not enter the Supply Chain Management by choice, usually by accident, simply because they are not aware of its existence. In order to draw, cultivate and preserve the talent, in the Supply Chain Management, it must race for attention in an atmosphere where other services and industries have already, pledge awareness and recruitment campaigns to address their talent deficiency. Attraction and retention of talent, particularly knowledgeable workers, are important to Supply Chain Management ability to focus on improvements. This is of paramount importance, as supply chain performance directly influences the costs and effectiveness of industry on a national and global scale.

Key Words: Logistics & Supply Chain Management, Human Resources, supply chain performance,

Introduction

Supply Chain Management is the process of development, executing, and monitoring the processes of the supply chain as professionally as possible. Supply Chain Management extends to all activities of raw material storage, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption and ensuring profit for the organisation and delight for the customer.

A Supply Chain is driven and run by the people who operate the Supply Chain. It requires experts in process of the Chain. The efficient running of a supply chain is solely dependent on the people who are involved in several operations. The purchase, marketing, inventory and Transport/logistics actions, creating the strength of supply chain has to be controlled by experts or the people working will have to be trained to accomplish quality in all the fields.

* Dy. General Manager, First Flight Couriers Ltd. RHO, 406A, Industrial Area Phase-II, Chandigarh.
E-Mail: kangis@firstflight.net; Land Line: 0172-3017711-4. Mobile: 9316009743

To make this happen we require one more specialist to make the functioning smoother. This is none other than the Human Resources professional. HR plays a significant role to fulfil the expert needs of a Supply Chain. HR is significant both at the initial stage as well as to boost the competencies as the organisation moves further.

Supply Chain Management in India is still in its early stages of arrangements. In today's business world, a well-organized and active Supply Chain is essential for being competitive and surviving in the market. Running of supply chain is an intricate job as it comprises of and touches the entire business activities of a business and its business partners. Understanding the forces at work and intricacy of the supply chain is quite exciting and is essential for any supply chain venture.



Main Human Resources issues facing the Supply Chain Management:

- Job Attraction & Retention
- Education and Training
- Moving with technology; and
- Succession and career planning.

Job Attraction

One of the most common human resources challenges being faced, and is expected to continue as such over the next few years is Job attraction. The most common recruitment issue facing employers is finding employees with the skills required. This may be multiplied by other common challenges, which include competition for resources, and lack of awareness of/interest in the supply chain sector.

Similar challenges are faced by organizations regardless of size, with organizations identifying 'finding employees with the skills required' as the most significant challenge. Manager and supervisor positions are commonly cited as difficult roles to fill, particularly employees with general managerial skills.

There is an urgent need to attract new qualified personnel/professional, as the current growth and development approach is no longer providing a adequate pool of qualified experts.

Retention

Retention is also one of the main human resources issues in this sector, especially because employees within this sector, seems to be ready to search new opportunities within and outside of the supply chain. The supply chain employee population is predominantly between the ages of 25 and 55. The risk of losing knowledge and experience as a result of retirement is not necessarily a pressing challenge; however, schemes to develop the succeeding set of leaders and to ensure a transfer of knowledge and experience need more attention. Employers must make use of retention policies to provide a career pathway and flexible work timetables.

Succession and Career Planning

Lack of a career pathway and succession planning are the most important Human Resource challenges, and there is need for succession and career planning. In the case career progress, employers develop from within or recruit experienced and expert employees from other organizations. Most under-graduates start employment at the entry level, and graduates start at the supervisory or managerial level. The majority of positions held by employees, either with current or former employers, were in the supply chain field and, typically, operational and tactical employees hold an individual position for one to five years with their current organization. Salary and compensation is also a challenge as compared to the salary offered in other related fields. Some salary differences are witnessed between genders; they may be explained in the context of education, overall workforce structure, experience and job tenure.

Moving with Technology

Keeping track of change in technology and the related challenges of information management are common. Employees have to be adequately trained to allow them to use technology. Nonstop technological change adds to human many other human resources challenges related to job redesigning and new skill sets required.

Careers

“Supply Chain Management involves the preparation and managing of all actions taken in sourcing, procurement, conversion, and complete Logistics Management activities. Significantly, it also includes synchronisation and alliance with channel partners, which could be suppliers, intermediaries, third-party service providers, and customers. In principle, Supply Chain Management incorporates supply and demand management inside and across companies. Supply Chain Management is an assimilating function with principal responsibility for involving major business activities and business procedures within and across companies into a unified and high performing business model. It comprises all of the Logistics Management activities, manufacturing processes, and it drives synchronisation of procedures and actions within and across marketing, sales, product plan, and finance and information technology.”

An analysis of the Human Resources issues in the Supply Chain Management reveals that:

- There is a limited stock of skilled employees.
 - There is need to develop skill sets to manage fast changing technologies.
 - Entire world is marketplace.
 - There is need to overcome a common lack of awareness and understanding of the Supply Chain Management.
-

New entrants and those in career shift mode do not enter the Supply Chain Management by choice, usually by accident, simply because they are not aware of its existence.

In order to draw, cultivate and preserve the talent, in the Supply Chain Management, it must race for attention as other services and industries have already assured awareness and recruitment campaigns to take care of their talent deficiency. Attraction and retention of talent, particularly knowledgeable workers, are important to Supply Chain Management ability to focus on improvements. This is of paramount importance, as supply chain performance directly influences the costs and effectiveness of industry on a national and global scale.

An important factor of the Supply Chain Management is the rise of functional outsourcing and process outsourcing, which creates the necessity for third party logistics providers - 3PLs that are expert in providing logistics services. As a result, the Supply Chain Management comprises two main groups – logistics/supply chain users and logistics/supply chain service providers.

The important supply chain activities accomplished in-house emphasise on inventory controlling and customer service, plus processing and fulfilling orders. Whereas, the most important outsourced activities focus on transference of goods outgoing and incoming transportation, and freight forwarding, customs and, to some extent, warehousing.

Trends & Tendencies

In a progressively international market, global security, international business, international competition are all impacting the Supply Chain Management, and are expected to continue to do so over the next few years. The business drivers presently influencing supply chain operations include:

- Increasing complexity,
- Financial/cost pressures, and Growing, speed and quality, expectations.

Customers and competitors are applying huge pressure on supply chain logistics. The link between supplier efficiency, supply chain performance, and customer service has become, significantly, critical. After upgraded manufacturing competence and product quality in the past, suppliers now need to improve their association with retailers and customers in order to respect prompt delivery requirements. Growing customer expectations/demands, in terms of speed and quality, put an increased focus on customer service. Technology is an important tool in an establishment's efforts to respond to ever growing customer expectations. Since technology can be costly, small and medium-sized organizations are often unable of procuring and using the latest technologies required for remaining viable in their respective markets. Subsequently, there has been an extensive increase in the number of third-party service providers, as well as their dependence on existing information system services.

Technology and the resulting information management requirements are identified as key business drivers presently impacting the supply chain function and are expected to continue being there in the future.

Technology

Whereas manufacturing technology change has been intense, management information systems and related know-how have changed at a quicker pace and have had a more intense influence on job design and talent requirements.

Most organizations are not prepared for the level of technological integration that will be required to race successfully. Organizations lag in both investing in and implementing new technologies.

While information management is one of the most important activities of the supply chain function, technology seems to be overlooked and ignored.

Technology is usually used for inventory and warehousing management. Employers are contemplating to using technology for not only transportation but also for customer and supplier relationship management. Bigger organizations have resorted to added supply chain-related information systems as compared to smaller ones. Very few organizations confirm they presently have the requisite skills to use technology full throttle. Organizations are constantly modernizing their equipment to improve efficiency and indicate that it is a challenge to their ability to keep pace with technological change.

The nature of work for all specialised categories viz; managerial, operational and strategic, is changing with the advent of technology in terms of:

- Lesser lead time and more speed of work; and
- Better management of the inflow of information and better real-time information

Occupations

The Supply Chain Management covers multiple careers and is likely to grow, with particular emphasis on warehousing operational positions and logistics information systems tactical and operational positions.

Various Positions emerging dedicated to the Supply Chain Management:

- Instructor/Trainers;
- Sales, Marketing and Account Managers;
- Sales Representatives and Coordinators; and
- Corporate Service positions with a Supply Chain Management emphasis & knowledge viz; Finance, Human Resources and Information Technology positions.

Abilities and Education

Skill requirements in Supply Chain Management do not differ by size of company or region, which means that supply chain employees, can move between different companies and regions with ease.

Communications and analytical skills are basic requirements for all employment categories across all sub occupations. Other common skill requirements include technology, interpersonal and customer service skills. Set of skills that employees require, either now or during next few years down the line, in order to be successful in their jobs, include:

- Commercial planning
 - Projecting/Forecasting
 - Cost analysis
 - Knowledge of international business practices
 - Knowledge of laws and regulations
 - Knowledge of logistics functions and the supply chain
 - Knowledge of transportation
 - General management and business
 - Languages
-

Big companies have been largely engaged in developing required skill sets internally. However, there is a trend to secure entry-level planners, schedulers and analysts from Universities and Colleges. Fresh graduates still require on-the-job training and experience in the absence of required practical training in the curriculum offered at Colleges and Universities. It will be more meaningful if educational and technical institutes come forward and understand the skill sets required by the Logistics and Supply Chain Management companies and design their Curriculum accordingly to produce quality workforce.

Employee Commitment

Although satisfied, employees do not have an idyllic commitment to the profession of Supply Chain Management. Employees show that they are satisfied with their jobs and would recommend employment in Supply Chain Management to their own relations and others. However, the labour force does not seem to be loyal to their current employers.

Common explanations mentioned for possibly leaving the sector include:

- Promotion/Career growth;
- New opportunities, challenge or need for change;
- Job tension and pressure; and
- Compensation package.

Supply Chain Talent - Demand and Supply

Demand for specific supply chain & Logistics positions is primarily expected to go up for positions in:

- Logistics information systems tactical and operational,
- Warehousing operational,
- Customer service tactical and
- Transportation operational.



There is an increased dependence on knowledge-based positions as:

- Technical logistics knowledge,
- Information technology knowledge,
- Supply chain experts and
- Customer service positions (sales, customer service and client management).

Manager-level positions that are challenging to fill are:

- Functional managers,
- General managers,
- Project managers,

Supervisor and Experts are also a challenge to fill.



Specific jobs recognised as difficult to fill include:

- Purchasing (Procurers, contractors, buyers)
- Inventory (Inventory planners, analysts, managers)
- Logistics and supply chain specialists (Supply chain and logistics planners, analysts and engineers) and
- Warehousing and operations (Warehouse supervisors, managers, and operational personnel).

Positions are normally filled from within the existing limited pool of Logistics and Supply chain employees, either through internal progress and promotion or through the acquisition of Logistics and Supply chain employees having good experience in other organizations.

The age of the employees in Logistics and Supply Chain Management is between 25 and 50 years with only a few being over the age of 55.

Other sources of Logistics & Supply chain talent, at lower rung, include migrants constituting a big workforce and new graduates, who took up Logistics & Supply chain-related program while pursuing studies, find employment in the field after graduating.

Conclusion

HR professionals can fill the gaps in their knowledge about Supply Chain Management and can deliver better expertise, in the right quality, at the right location, and at the right time only by providing proper training and education programs. Having contemporary supply chain training for HR professionals is absolutely essential.

Apart from basics of SCM, more knowledge on the linkages between supply chain and other disciplines would be very vital & valuable. In the absence of such knowledge HR professional cannot do justice while recruiting, inducting and training people for Supply Chain Management. One needs some training, particularly if one is going to be dedicated.

Over the next few years, the changes that have widened the gap between talent demand and supply are unlikely to decline due to globalisation. It is, therefore, pertinent that Educational and Vocational Institutions lay stress on preparing curriculum for Supply Chain Management in such a way that quality professional turn out of the institutions to fill the gap and be of optimum utility to the industry. This can be made possible only when Institutes understand the requirement of Industry from practical point of view.