



Effective use of Human Resource Management in Supply Chain Management for the Organisational Development

Dr. Kulbhushan D. Meghe

Associate Professor

Department of Commerce

Dhanwate National College

Nagpur

Abstract :

Human Resource Management (HRM or HR) is the strategic approach to the effective management of people in organization such that they can help in their business and maximizing the competitive advantage. It is designed to maximize employee performance in service of an employer's strategic objectives including supply chain management. HRM and SCM are the most important management functions which can helps in maximization of organizational profit.

Keywords : HRM, SCM, development

Introduction :

Human resource (HR) is not just a people-facing function. It's has a lot in it to be considered as a core-competency in any business. But for some reason, majority of businesses are yet to realize the full potential of the HR function. Very often HR fails to get the due recognition or empowerment necessary for it as the business is not clear as to what should be expected of it. Because of this lack of clarity, HR is entrusted with unrealistic and unaccountable goals at times and hence, HR seems to be at the receiving end of all the blames and troubles.

Moreover, the quality of talent in HR functions is also not up-to-the-mark. This is expected as they have been brought up on apparently unclear norms and expectations. As a result, they have not been able to elucidate their position or articulate their contribution to the business.



The HR functions in a supply chain industry face a similar providence as well. Here we will discuss how crucial role the HR function can play when it comes to the supply chain processes-

1. **Supply of raw materials** – We know that it is the duty of the SCM function to take care of the sourcing of and bringing in raw materials. In a similar way, it is the duty of the HR function to bring the best available talents required to operate the business appropriately. HR will partner other departments to ensure that all the important processes are in proper order before the final assessment and selection are made by the functional department. HR perform the critical task to ensure that a standard and well-developed capability is followed across the organization and talents are hired through a consistent assessment process. Also, HR needs to ensure that the actual cost of hiring is strictly within the established benchmarks.

Conversion from raw materials to finished goods – SCM does the work of bringing in the goods and forwarding or making them ready for the subsequent process. Similarly, it is the job of an effective company management to make sure that every employee receives the inputs in a proper way so that he can perform to the best of his ability. Consequently, he can contribute to the organizational growth as well as grow himself, in conformity to the culture and values of the organization. This role of the management is overseen by the HR function as it performs the role of the manager to each and every employee. HR keeps an eye that a well-defined and clear process prevails in the organization and every manager is skilled and competent enough to understand this. HR does this by preparing periodic MIS on the health/performance of the talents in the organization and that of the organizational processes as well.

2. **Conscience keeper** -HR plays another vital role in keeping the conscience in an organization. It keeps a proper check on whether the operations of a business are steadily conforming to its values or not. It has to stamp its authority and raise alarms if the culture is not supporting to the strategy or there is a deviation from the mission & vision of the



organization. In this role, HR necessities to work in close collaboration with the top management (CEO and other leadership teams) and must tell the truth in an unflinching and ‘no-nonsense’ manner.

Quality assurance and quality check – In a supply chain business, it is in the scope of the SCM to ensure a proper quality assurance and quality check before the goods are forwarded to the next step. In a similar manner, the HR team needs to establish if the entire system of processing the input to output is conforming to the prescribed designs and expectations or not. HR needs to wear the ‘hat ‘of a quality checker at some critical points in the business processes. Also, in collaboration with the managers, it needs to play an important role in quality assurance as well, in order to raise the level of capability of each individual.

3. **Taking care of the transactional metrics** – Just like every function in an organization is responsible for some core activities assigned to them, the HR team is also accountable for some unique activities. It is their responsibility to keep the compensation benchmarks in an organization up-to-date as per industry standards and ensuring seamless implementation of transparent and consistent policies across the organization are just a few of them. Their functions are multi-dimensional and are not limited by the boundaries of their core competencies.

Human Resource Management

Human resource management (HRM) is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them. As a field, HRM has undergone many changes over the last twenty years, giving it an even more important role in today’s organizations. In the past, HRM meant processing payroll, sending birthday gifts to employees, arranging company outings, and making sure forms were filled out correctly—in other words, more of an administrative role rather than a strategic role crucial to the success of the organization. Jack Welch, former CEO of General Electric and management guru, sums up the new role of HRM: “Get out of the parties and



birthdays and enrollment forms... Remember, HR is important in good times, HR is defined in hard times” (Frasch, et. al., 2010).

It’s necessary to point out here, at the very beginning of this text, that every manager has some role relating to human resource management. Just because we do not have the title of HR manager doesn’t mean we won’t perform all or at least some of the HRM tasks. For example, most managers deal with compensation, motivation, and retention of employees—making these aspects not only part of HRM but also part of management. As a result, this book is equally important to someone who wants to be an HR manager and to someone who will manage a business.

Supply Chain Management

Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to product development to the information systems needed to direct these undertakings.

The SCM can benefit by smearing the HRM practices in it

From the above discussion, it is clear that there is a definite similarity between the SCM and HRM functionality. In fact, the SCM can apply HRM best-practices to effectively manage their activities.

1. Use of HRM practices can combine the supply chain



Various factors such as the globalization of the supply markets, product proliferation, shorter product life-cycles etc have made business environments extremely complex. HRM practices can unify supply chain partners to progress inter-farm relationships and create valuable knowledge-sharing routines. In this way, they can have a more streamlined and coordinated supply chain and gets that much-needed competitive advantage.

2. **Better use of ‘people’**

The supply chain is a complex network of service providers, raw material suppliers, distributors etc and the success of this network depends heavily on the achievements of people involved in every step herein.

The HR practitioners have put in place effective processes and practices that can improve the performances of the ‘people’ and the firm as a whole. These can be implemented in a supply chain to attain its ultimate objective- to improve the performance in every step.

3. **Availing benefits of HR strategies**

A traditional HR strategy refers to developing flexible systems involving HR practices to promote the business strategies of the organization. Application of these strategies in a supply chain provides broader benefits such as better management of SCM partners, better prediction of labor demand/supply across the supply chain and many more.

Usually, the supply chain contains two components explained below:

The supply chain handles the services and goods management, product, flow, and information related to these services and goods. This includes handling work-in progress, raw material, and finished goods that traverse from the distributor or supplier to multiple manufacturing units. The process also involves tolling, contract manufacturing, logistical services, and co-packing.



The supply chain professionals or managers have several responsibilities such as long-term planning, inventory program execution, supply quality, work-in-progress, delivery, replenishment, finished goods, etc. Following are the key performance indicators:

- Efficiency of the inventory (inventory aging, days inventory, measured inventory turns, etc.).
- Customer service (revenue upside, deliveries, stock outs, etc.).
- Quality of inventory and finished goods.
- Productivity of the team.

The other area is related to buyers, commodity management, and direct procurement. This also comprises contracting and sourcing of raw materials and related services such as co-packaging, contract manufacturing, tolling, logistics, etc.

Here, the supply chain manager is likely to analyze whether to build the components or utilize a supplier for the same. Following are the key performance indicators:

- Cycle time.
- Materials cost.
- Supplier quantity.
- Team productivity.
- Supplier risk.

Role of HRM in Supply Chain Management

It is becoming impossible to remove or ignore sources of commotion and volatility in markets. Hence, supply chain managers must admit uncertainty, but they still need to develop a strategy that enables them to match supply and demand at an acceptable cost. Global supply chains are developing into dynamic process networks in which companies connect in novel combinations based on the context and requirements of individual projects. This dynamic environment needs effective communication, team management, and constant lifecycle



innovation. Human factors insights in these areas are critical for the effective growth of global process networks. Successful organisations are those that consider their human capital as their most important asset. Facts and figures are the quantitative factors of successful management, yet the qualitative, i.e. the cognitive aspects, are those that really make or break an organization. Assuming that the employees of an organization in certain supply chain are individuals with own mental maps and perceptions, own goals and own personalities and as such they cannot be perceived as a whole, HRM holds that the organization should be able to employ both individual and group psychology in order to promise employees to the achievement of organizational goals. This paper presents an overview of the structure of global supply chain networks and the human factors dimensions that impacts their success.

There are strong interdependencies amongst supply chain management and Human Resource (HR) management and thus it is difficult to identify precise boundaries. Also, these boundaries are continuously moving to quarter an integration of supply chain and HR activities. The problem that the logistics professional faces is that managing organisational HR policies to effect coordinated change is often outside his or her management scope. This eliminates the greatest point of leverage in accomplishing cross-functional integration for those who have such responsibility without commensurate authority. Moreover, it is tremendously difficult to tailor coordinated HR policies that span functional departments; many logistics professionals' absence knowledge and experience in this complex area.

The economic power of cross-functional coordination is becoming extensively recognized, and the first capability is now increasingly in evidence in our profession. Unfortunately, however, the second is all too unusual. This is a root cause of the classic logistics quandary, and it is preventing many companies from achieving their objectives. Because efficient, receptive product flow is essential to strategic success in most companies, focused HRM must become a core element in the logistics professional's portfolio. It is recommended that logistics is a sub-function of the supply chain. While logistics may be complicated to some extent in an increasing number of supply chain activities, it will never include the complete supply chain spectrum. For example, functions such as sourcing, manufacturing, customer service and retailing include logistics in their planning and scheduling in order to optimize



the end-to-end supply chain, but their core operation is be contingent upon the functioning of HR. The ability to manage customer relationships, both internal to the organization and external, and supplier relationships is essential to success in supply chain management.

What HR Should aware of Supply Chain Management?

The supply chain is evolving continuously but the only aspect which is pulling it back is the shortage of qualified professionals who can manage the end-to-end working of the supply chain. Hence, the human resources department may be called upon to find people who can access and utilize technology in this field.

Consider the fact that a decade back, the technology that was utilized for supply chain management was excel sheets or a structure somewhat similar to it. However, today, we are living in a different world and supply chain is managed through advanced tools using sophisticated technology such as algorithms or machine learning. These algorithms help the supply chain manager to comprehend the requirements based on product lines, access regions, suppliers, factories, market patterns, etc.

Here, it is also important to understand that the method of collaboration has also changed. Earlier, most of the communication was approved over the call such as asking if the supplier wants to commit to a particular forecast. Now, there are automated tools such as AI, machine learning, cloud technologies, XML, web services, etc.

Hence, looking at the demand for supply chain management, human resources need to include people who know how to manage and handle this structure with minimal supervision. It is not possible to hire someone, train them for three months, and then start the actual working. Of course, many organizations do that but only when they don't require a supply chain manager immediately.



Conclusion

Supply chain management may be a different department of the business but it falls under the human resource department. In fact, every sector of the business is the concern of the HR team. This is because the HR team has to hire these professionals and look after their training, development, and satisfaction. So, in that sense, HR is deeply involved in supply chain decisions.

A new set of strategic necessities is transforming corporate logistics management. The focus of logistics executives must move from managing assets and direct reports to creating a new vision of coordinated product flow, and realizing it by influencing the actions of others. Logistics professionals must learn to harness the power of human resources management to effect far-reaching programs of change, not only in their own companies but in other organisations in their supply and distribution channels as well.

Farsighted top managers will see the vast strategic and financial gains of coordinated product flow and will give their logistics executive's new paths of influence commensurate with their crucial responsibility. Perceptive logistics executives will realize that fashioning company-wide HR policies is much more difficult than it might seem, and they will focus on acquiring this talent. Ultimately, the vision and shrewdness with which logistics professionals tailor companywide HR policies that drive coordinated product current will go far to determine both their own effectiveness and their companies' long-run success.

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