Critical human resources management functions for efficient logistics and supply chain management

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Abstract
The purpose of this paper is to present the critical parameters for an effective Human Resources Management policy and potential practical steps for improvements in logistics and supply chain management (SCM). Effective Human resource management (HRM) is a critical element of successful organizational operations. Thriving companies exhibit innovation, efficiency, flexible structure and require new skills in their organizations and in their human resources. An organization's effective HRM policy includes several functions which can influence the final outcome of personnel effectiveness and organizational performance of companies. Effective HRM policy is particularly important in logistics and supply chain industry. Effective operation of logistics, for example, requires internal and external synchronization, data sharing and communication within and between companies and departments. An effective HRM policy should encourage innovation with recognition and reward of managers, teams and individuals. Data collection is a critical element of HRM functions and internal performance measures can be used in personnel rewarding and recognising for achieving outcomes in accordance to strategic goals and objectives. Several other HRM policy parameters also constitute a significant element of the potential improvements of logistics and supply chain management.

Περίληψη
Σκοπός της εργασίας είναι να παρουσιάσει τις κρίσιμες παραμέτρους για μια αποτελεσματική πολιτική της Διαχείρισης Ανθρωπίνων Πόρων στη διαχείριση των logistics και της εφοδιαστικής αλυσίδας. Καταξιωμένες επιχειρήσεις επενδύουν στην καινοτομία, την αποτελεσματικότητα, την ευέλικτη οργανωσιακή δομή και απαιτούν νέες δεξιότητες όσον αφορά το ανθρώπινο δυναμικό τους. Η πολιτική διαχείρισης των ανθρώπινων πόρων περιλαμβάνει διάφορες λειτουργίες που μπορούν να επηρεάσουν την αποτελεσματικότητα και αποδοτικότητα των επιχειρήσεων. Η αποτελεσματική πολιτική διαχείρισης των ανθρώπινων πόρων είναι ιδιαίτερα σημαντική στα logistics και στον κλάδο της εφοδιαστικής αλυσίδας. Η αποτελεσματική λειτουργία της εφοδιαστικής, για παράδειγμα, απαιτεί εσωτερικό και εξωτερικό συγχρονισμό, κοινή χρήση δεδομένων και επικοινωνίας εντός και μεταξύ των επιχειρήσεων και των υπηρεσιών τους. Μια αποτελεσματική πολιτική διαχείρισης των ανθρώπινων πόρων θα πρέπει να ενθαρρύνει την καινοτομία, την αναγνώριση και επιβράβευση των στελεχών και γενικότερα όλου του ανθρώπινου δυναμικού ενός οργανισμού. Η συλλογή δεδομένων είναι ένα κρίσιμο στοιχείο της Διαχείρισης Ανθρώπινου Δυναμικού και μπορεί να χρησιμοποιηθεί για την αναγνώριση και επιβράβευση του προσωπικού και την επίτευξη των στρατηγικών στόχων και σκοπών ενός οργανισμού.

Keywords: Human resources management, business communication, logistics, supply chain management.
1. Introduction

1.1. The role of Human Resources Management in the organization

The purpose of this paper is to draw attention to the importance of human factors in the activities of organizations and present the critical parameters for an effective Human Resources Management (HRM) policy and potential practical steps for improvements in the logistics and Supply Chain Management (SCM) services.

Effective Human Resources Management is a critical element for the success of organizational goals. At an international level it has been emphasized the key role of the effective human resources management as a key element of competitive advantage (Boxal and Purcell, 2003; Schuler and Jackson, 2005; Gooderham et al, 2008). Relevant studies internationally, have pointed out the positive relationship between HRM practices and organizational and market performance (Harel and Tzafrir, 1999; Islam and Siengthai, 2010).

Thriving companies exhibit innovation, efficiency, flexible structure and require new skills in their organizations and their human resources.

Human Resources Management recognizes the vital role of the human factor at work and its importance for the success of an organization (Noe et al, 2004; Bush and Middlewood, 2006; Torrington et al, 2008).

The management of an organization’s human resources is an integral part of its administration and encompasses important personnel activities and functions, in order to ensure the effective and efficient contribution of the organization’s human talent to the creation and achievement of the corporate vision, strategy and objectives (Mathis and Jackson, 2000; Jackson and Schuler, 2003).

An organization’s effective HRM policy includes several functions which can influence the final outcome of personnel effectiveness and organizational performance of companies.

Its main functions (Millward et al, 2000; Huselid et al, 2004; Dessler, 2008) include:

- work and organizational design,
- resource planning,
- staffing; selection and recruitment,
- training and development,
- motivation,
- evaluation,
- compensation, incentive systems and benefits
- labor relations,
- health and safety at work,
- managing change and culture,
- communication.
1.2. The importance of communication within an organization

*Communication* is a human experience, a social activity, a process vital for the development of human relations both in interpersonal and working level (Verderber and Verderber, 2004). Basically, it is the exchange or flow of information and ideas between one person and another.

*Communication* is a key element of human resources management in an organization. It is the medium through which an organisation accomplishes its goals. It is a necessary prerequisite for the existence of an organization and a key factor in the development and success of the organization’s targets (Katz and Kahn, 1978; Huselid, 1995; Mayrhofer *et al.*, 2002; Mullins, 2007; Torrington *et al.*, 2008).

It has been estimated that people in organizations spend more than 75 percent of their time communicating in interpersonal and organizational situations (Taylor, 2005).

Effective communication is an essential factor of organizational success whether it is at an interpersonal, intergroup, intragroup, organizational or external level (Csapo and Featheringham, 2005).

The main *purposes* (Stearns, 1981; Mullins, 2007) served by the process of communication in an organization are to:

(i) *transfer* and *exchange* information, ideas, opinions, feelings and commands with the ultimate aim of improving interpersonal communication and human relations, avoid misunderstandings and confusion. It gets people involved with the organization and enables the enterprise to convey to its manpower its goals and philosophy,

(ii) help leaders understand how they should *manage and reduce* the resistance to *change*,

(iii) *improve* organizational *communication* and effective coordination of managerial functions and activities (such as selection and training),

(iv) *delegate* power and responsibilities to its manpower,

(v) *motivate*, evaluate, reward and satisfy its human resources,

(vi) *improve* interpersonal relationships, create a positive work environment and a climate of trust and understanding.

Dysfunctional communication within an organization can create problems such as:

- poor interpersonal relationships,
- confusion about the organizational objectives,
- uncertainty and friction among employees,
- work stress,
- absenteeism,
- poor organizational climate,
- difficulty in taking the right decisions,
- reduction of work efficiency (Ray, 1983; Tourish and Hargie, 2004).

*Effective communication* is critical to the success of any organization because nowadays:
- market conditions are forcing for greater efficiency and quality at minimum cost,
- human resources have much higher expectations from their work, personal satisfaction and motivation from what they do,
- organisations are becoming ever more complex both in structure and technology. Information needs to flow quickly between individuals, teams, departments, enterprises (Mullins, 2007; Torrington et al, 2008).

It is evident that efficient communication within an organization is essential for the effective coordination of individual and group activities and efforts and the achievement of organizational objectives.

2. Human Resources Management, Logistics and Supply Chain Management

Globally the logistics industry has emerged as a significant growth sector in most countries (Bowersox et al, 2002; Kam et al, 2010).

The purpose of logistics is the supply of service/product to the demander / demanding unit at the right time, with the right quantity, in the right quality, with the right cost and at the right place (Bowersox and Closs, 1996; Lin and Hui, 2009). It deals with strategy and coordination between marketing and production as well as factors relating to demand management and forecasting. At its essence, logistics deals with satisfying the customer needs (Lin and Hui, 2009).

Although effective Human Resources Management policies have been emphasized internationally as a key element for the success of an organization’s goals, its importance has been frequently undermined even in thriving logistics and supply chain service markets.

China for example, is among the nations where although demand for logistics and supply chain services have been growing monumentally (Bolton and Wei, 2003), modern HRM aspects have been introduced in a rather slow pace mainly due to the Chinese firms’ concentration on systemic – structural aspects (Kam et al, 2010) and their general view of their employees as “a cheap, expendable resource” (Glover and Siu, 2000, p.867).

In this respect, modern human resources management practices must not be left aside but instead must be proactively applied to a firm’s supply chain (Wellins and Rioux, 2000).

The term Supply Chain Management (SCM) was first used in the early 1980s to describe an emerging management discipline (Oliver and Webber, 1992). SCM has been acknowledged as one of the most effective tools for companies to improve their competitive advantage and firm performance and an effective management tool for maintaining business stability, growth and prosperity (Harrison and New, 2002; Li et al, 2006; Ou et al, 2010).

We can define supply chain as the “network” of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services - in the hands of the ultimate consumer - to recycling used products (Christopher, 1992; Cooper et al, 1997; Harrison and Van Hoek, 2005).
The notion of “network” is very important taking into account that modern supply chains are not simply linear chains but rather complex networks (Cristophor and Peck, 2004). In this sense, products and information flows travel in a variety of “networks” (Harland et al, 2001) that link organisations, industries and economies.

What is vital in SCM is that the entire process must be viewed as one system i.e) the performance of each member of the supply chain (suppliers, warehouses, customers, etc) affects the overall performance of the supply chain (Duclos et al, 2003).

The success of an effective implementation of SCM relies on key factors (Sousa and Voss, 2002; Kaynak, 2003; Othman and Ghani, 2008) such as the ability to:

- develop a flexible organization,
- implement built-to-order manufacturing,
- be customer focus,
- reduce inventory and cost,
- seek total supply chain coordination,
- develop a trusting relationship with the suppliers,
- gather quality data and reporting,
- establish a management leadership strategy,
- develop an overall human resources management policy,
- enhance communication to reduce uncertainty and inventory levels.

Poor communication has been cited internationally as one of the reasons for supply chain dysfunction (Shub and Stonebraker, 2009).

To be able to achieve the above, companies require human resources who have a broad level of skills (team-building, problem solving, leadership), are flexible and adoptable in their roles, innovative and adaptable to reorganization (Shadur and Bamber, 1994; Gower and Tallon, 2002).

In an international level, companies that are effective in their SCM practices have pointed out that they put a lot of emphasis on developing their human resources by adopting HRM practices such as: training and retraining their staff and providing them with adaptability that will help them to fulfill their role in a supply chain (Gower and Tallon, 2002; Othman and Ghani, 2008).

Furthermore, in order for a SCM program to be successful a vital requirement is the human resources’ understanding of the philosophy and principles behind SCM as well as the collaboration and coordination between firm human resources (Ou et al, 2010).

In addition, the organization’s human resources management must ensure that the workforce possesses the necessary skills for the effective utilization of quality data (incoming materials and parts, etc) and reporting process (Ahire and Dreyfus, 2000), enabling the staff to get vital information and knowledge on issues such as occurring problems in production processes (Ahire and O’Shaughnessy, 2000).

Internationally, the rapidly changing business environment makes it vital for the companies to adopt to changes in data processing requirement and information needs (Duclos et al, 2003).

Relevant studies have shown that logistics companies can increase their performance by employing new technologies. Many enterprises have improved their operation efficiency by continuous implementation of
information/automation technologies according to their business characteristics (Mason-Jones and Towill, 1999; Sauvage, 2003). Inter-firm business synchronization requires inter-firm data sharing and communication.

In this context, the role of effective business communication is an essential factor of success whether it is at an interpersonal, intergroup, intragroup, organizational or external levels.

3. Conclusion and final remarks

Internationally, successful companies have been those that consider their human capital as their most important asset (Jurcevic et al, 2010). Effective HRM practices have been pointed out internationally as an important element of service quality and customer satisfaction (Li et al, 2008).

Effective HRM practices are equally important in the supply chain management. The importance of HRM in developing employees' necessary skills and maximize staff performance for supply chain success has been widely acknowledged at international level (Hunter et al, 1996; Scarbrough, 2000).

Effective operation of supply chain, requires internal and external synchronization, flexibility, data sharing and communication within and between companies and departments.

The contemporary form of competition is said to be not among single enterprises but among supply chains (Cuchiella and Gastaldi, 2006; Shub and Stonebraker, 2009).

Supply Chain Management has over the last decades become a basis for competitive advantage in many industries internationally. That means that ultimately, “..the best-managed supply chain will win” (Shub and Stonebraker, 2009, p.38).

HRM practices such as: training, work motivation, employee commitment, adaptability, empowerment, leadership and shared values can positively contribute to supply chain success (Shub and Stonebraker, 2009; Read, 2009).

An effective HRM policy should encourage innovation with recognition and reward of managers, teams and individuals. Several other HRM policy parameters also constitute a significant element of the potential improvements of logistics and supply chain management.

Human Resources Management is a key element for the success of organizational goals.

In this respect, modern human resources management practices must not be left aside but instead must be proactively applied to a firm’s supply chain (Wellins and Rioux, 2000).
References


