



# HR TRENDS IN THE INDIAN LOGISTICS AND SUPPLY CHAIN MANAGEMENT INDUSTRY

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**Abstract:** One can easily optimize the functionality of an organization's business operations by having a good supply chain management system. There are always ever-changing customer demands thus making supply chain complex. In this regard, logistics in supply chain management plays a major role and are inseparable. Logistics involves the alignment of the complex system of production planning, purchasing, transporting, shipping, receiving, importing and exporting, warehousing, inventory management, and customer service. Logistics management helps in making sure that products are moved from point A to point B in a timely, reliable, and cost-effective manner. While the pandemic is starting to weaken and the global markets are finally beginning to stabilize, the demands in the logistics industry are still intense, especially when it comes to hiring skilled workers. For example, in the United States alone, there is an anticipated demand for over 600,000 new job openings in the logistics industry by 2029. As the demand to recruit logistics workers continues to climb, it's crucial for employers to stay up to date on the latest HR and strategies. These insights can help employers develop hiring practices that drive results, which in turn, will enable them to remain competitive in today's growing market. A qualified transport specialist is a great asset of the company. Theoretical aspects of human resources are discussed in the paper. On the basis of diverse works of the authors, the paper analyses and discusses management processes, human resource competencies in transport sector, issues and perspectives, as well as provides the results of the research.

**Key Words:** Logistics Management, Supply chain Surplus, HR Competencies, and Optimization.

## 1. INTRODUCTION:

The primary goal of each organization is to maximize the profits, take the larger share of the market or to provide the best service possible. In order to implement this goal, organizations must have unique resources, i.e. – human resources. Effective management of human resources is an important factor in achieving the goals and benefits of an organization, individual and society. No less important is the acquired qualifications and competencies of the employees.

There are cases when the lack of competencies encourages the employers to seek for certain alternatives: either exchange young specialists into experienced ones or invest in them time and money. Additional investments are expensive for the companies, especially in the areas where quick orientation in the current situation is required (eg. Transport sector).

Human resource management is one of the most important processes in each organization. None of the existing organization could achieve its goals without appropriate and qualified specialists. Thus, it must be acknowledged that human resource management is one of the major research objects in the management theory and practice. A new



approach towards an organization is being formed in a constantly changing environment, where employees, i.e. human resources become an important and active part of the system determining the efficiency of the organization's activities.

Effective management of human resources is an important factor in achieving the goals and benefits of an organization, individual and society. In scientific literature, theoretical provisions on human resource management confirm this functional management impact on the overall results of the organization. Fierce competition in current market determines rapid and multifaceted organization development associated with implementation of human resource management objectives. It is essential for organizations operating in a global market to efficiently manage existing or potentially accessible labour resources.

**The relevance and novelty of the paper:** On the basis of scientific literature, the paper reveals the value of human resources – as the most important competitive advantage in strategic management of the organization. The paper presents human resource management as scientific problem analysis, defining concepts, importance and the essence of theoretical modelling and other methodological aspects.

**The Research problem:** The current practice in state institutions suggests ineffective human resource management system, which in turn conditions a number of negative phenomena, including failure to meet the goals and objectives. Despite the fact, that the importance of human resource management is constantly emphasized in scientific literature and in developed countries, this issue is perceived as strategic possibility to involve people in diverse problem solving, departments of human resources in institutional structure of our organizations is still perceived as secondary. Additionally, human resources and their competencies are not always in line with the position being held or functional roles.

## 2. OBJECTIVES:

- 1) Investigate human resources and their competencies in transport sector and foresee perspectives. The tasks of the Paper
- 2) To analyze the role of human resources in the organization
- 3) To analyze the benefits of investment in human capital and synergies of acquired competencies
- 4) To carry out the research on human resource competencies in transport sector.

## 3. METHODOLOGY:

- 1) Analysis of scientific literature
- 2) Collection, grouping and synthesis of statistical data
- 3) Drawing conclusions and Suggestions for future reference

**The role of human resources in the logistics and Supply chain management industry based on literature review:** The intensive examination of human resource concept and management starts at fifth and sixth decades of the 20th century. Such scientists as B. Skinner, P. Drucker, W. Ouchy were particularly distinguished. Human resources are people in the company having moral values, short-term and future expectations (Jančauskas 2006).

Human resources – are employees who have an opportunity to constantly improve their skills, adapt to ongoing technological, administrative and other changes. According to E. E. Jančauskas, currently “human resources” are also referred to as “human capital”. Thus, apart from the concept human resources, scientific literature often cites the concept “human capital”. The concept “human capital” is more often used by the economists, while ‘human resources’ is analysed from the perspective of management science. Thus, ‘human resources’ is the overall physical and mental power of people (Parkin 2009).

The general human capital in organizations is formed in educational institutions (schools, vocational schools, higher education institutions, universities) and organizations provide credits to cover the expenses, usually entitled as organizational grant. By investing into development of general human capital and awarding the grants, organizations expect to attract young specialists and acquire competitive advantage and innovations. (Bagdanavičius 2009).

Specific human capital is formed by the means of practical employee training in organizations, as well as theoretical training, which is carried out in external educational organizations. J. Bagdavičius (2005) adds that organization's



innovations and competitive advantage in the market is not only influenced by its human resources, but simultaneously impacts the development of human capital. Thus, human resources are particularly important as it transform and manage material, financial and other capitals in organizations and create new value. It is possible to conclude, that direction towards information-based economy altered the role and value of human, financial and physical capitals.

The organizations' quality increase is directly linked to human resources, human capital value. Human resources as economic institute become the main mechanism in organizations' economic growth and distribution in a competitive labor market. The concept of human capital was formed by conquering traditional views to capital. This is evidenced by approach originated from the ideas of American economist J. Fisher. According to J. Fisher, any revenue is the product of some sort of capital. Therefore, human skills, capacities, knowledge should be treated as the special form of the capital (Bagdanavičius 2009).

All of this is acquired during the period of studies and direct contact with the market. Even though human capital is an intangible production factor, however, it is considered as capital for several reasons: it is inseparable, personal asset of each individual assuring the better income in the future; societal finances are required to form the capital; it is accumulative and can be treated as particular form of storage.

### **3.1 HR SERVICES FOR THE TRANSPORT SECTOR AND LOGISTICS SECTOR:**

- 1) Human Resource Management (HRM) in Supply Chain is the process of effectively managing the human resources involved in the supply chain management function.
- 2) It involves the recruitment, selection, training, development, and retention of employees who are responsible for the planning, sourcing, manufacturing, delivery, and customer service aspects of the supply chain.
- 3) HRM in supply chain is crucial because the success of supply chain management depends on the people who are involved in it.
- 4) HRM in supply chain involves managing the relationships between suppliers, vendors, manufacturers, and customers.
- 5) Ensuring that the suppliers are reliable and deliver goods and services on time, managing the logistics and transportation processes, and providing excellent customer service.
- 6) Effective HRM in supply chain involves identifying the right talent, providing training and development opportunities to enhance their skills and knowledge, creating a positive work culture, and ensuring that the employees are engaged and motivated to perform at their best.
- 7) It helps organisations to achieve their supply chain objectives such as increasing efficiency, reducing costs, improving quality, and enhancing customer satisfaction.

### **3.2 CHALLENGES:**

**Talent Shortage:** One of the biggest challenges organisations face is the shortage of skilled and experienced professionals in the supply chain industry. This shortage has been exacerbated by the retirement of baby boomers and the lack of interest among younger generations to pursue a career in supply chain.

**Global Workforce:** Supply chain operations often involve a global workforce with different cultural backgrounds, languages, and work styles. Managing such a diverse workforce can be challenging and requires special skills and expertise.

**Lack of Training and Development:** Many organisations do not provide adequate training and development opportunities to their supply chain staff, leading to skill gaps and lower productivity.

**Turnover:** High turnover rates can negatively impact supply chain operations, resulting in lower productivity, increased costs, and reduced customer satisfaction.

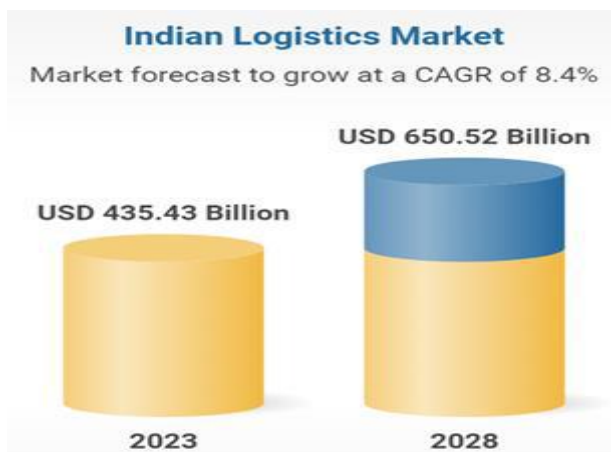
#### **Logistics industry growth:**

Logistics is of critical importance for both businesses and the economy. A robust and efficient logistics sector of a country indicates an efficient forward and reverse of goods and services, which ultimately translates to a fast-paced growth in economy. According to a recent EY report, "India@100: realizing the potential of a US\$ 26t economy", India is projected to grow to US\$26t by FY48. India's transportation and logistics sector can act as the backbone to support this fast-paced growth, which the country is poised to achieve in the next 25 years. India's freight movement is heavily skewed toward road transportation, which moves 66% of cargo (in ton-km). This is followed by rail (31%), shipping



(3%) and air (1%). The sector continues to witness unevenness in freight transportation by mode and is working toward solving this impediment.

The ports, shipping and logistics industry in India is shifting to align with the evolving business landscape. Improved infrastructure, increased emphasis on digitalization, and a heightened focus on sustainable logistics are driving this shift as the country sets its eyes on unleashing the potential of becoming a US\$26 trillion economy by FY48 (with US\$6 trillion by FY30).



India's Logistics Market is estimated to be USD 435.43 Bn in 2023 and is expected to reach USD 650.52 Bn by 2028, growing at a CAGR of 8.36%.

<b>Forecast Period</b>	<b>2023 - 2028</b>
<b>Estimated Market Value ( USD ) in 2023</b>	<b>\$ 435.43 Billion</b>
<b>Forecasted Market Value ( USD ) by 2028</b>	<b>\$ 650.52 Billion</b>
<b>Compound Annual Growth Rate</b>	<b>8.3%</b>
<b>Regions Covered</b>	<b>India</b>

According to the Economic Survey 2021, the logistics industry employs over 22 million people in the country, making it one of the largest employers in India. The industry provides employment opportunities in various areas such as transportation, warehousing, packaging, and courier services, among others.

### Salaries Offered By Top Companies For Supply Chain Management Jobs

Industry	Company Name	Avg. Base Pay (INR)	Lower Limit (INR)	Higher Limit (INR)
FMCG	P&G	32.96	24	48
Manufacturing	Maruti Suzuki	22.36	10	54
E-Commerce	Snapdeal	17.86	15	23
FMCG	ITC	17.12	13	26
Manufacturing	Larsen & Toubro	15.74	6	50
E-Commerce	Amazon	15.63	4	44
Manufacturing	Tata Steel	12.88	7	19
E-Commerce	Flipkart	12.06	6	18
Consulting	Accenture	9.13	5	19
E-Commerce	Reliance Industries	6.19	4	17

All salary figures are in lakhs per annum (INR)

Table: InsideIIM / AltUni; Data: LinkedIn & Glassdoor

P&G, Maruti Suzuki, Snapdeal, ITC, and L&T top the list of high-paying recruiters for Supply Chain Management professionals, paying the highest average base pay of up to Rs. 33 lakhs per annum.



### Industry Split For Salaries Offered In Supply Chain Management

Industry	Avg. Base Pay (INR)	Lower Limit (INR)	Higher Limit (INR)
E-Commerce	14.00	2	22
FMCG	13.60	5	29
Healthcare	11.00	3	24
Manufacturing	10.40	4	22

*All salary figures are in lakhs per annum Table: InsidellM / AltUni; Data: Linkedln*

The table clearly indicates that E-Commerce, FMCG, Healthcare, and Manufacturing are some of the top industries that recruit Supply Chain professionals with salaries as high as Rs. 29 lakhs per annum and the highest average annual base pay of Rs. 14 lakhs per annum.

### 3.3 SOLUTIONS FOR EFFECTICE HRM IN LOGISTICS INDUSTRY:

- 1) **Attracting and Retaining Talent:** Organisations need to develop and implement effective strategies to attract and retain talent in the supply chain industry. These strategies could include competitive compensation packages, career development opportunities, and a positive work culture.
- 2) **Cross-Cultural Training:** Organisations should provide cross-cultural training to their supply chain staff to help them understand and appreciate different cultures and work styles. This will improve communication, collaboration, and teamwork.
- 3) **Training and Development:** Providing regular training and development opportunities to supply chain staff will enhance their skills and knowledge and enable them to perform their roles more effectively. This could include on-the-job training, online courses, and mentorship programs.
- 4) **Employee Engagement:** Organisations need to create a positive work culture and engage their supply chain staff in decision-making processes. This will help to improve employee morale and reduce turnover rates.
- 5) **Performance Management:** Effective performance management processes can help organisations identify and address performance issues, recognize top performers, and provide feedback for improvement.

### 4. CONCLUSION:

Managing human resources in supply chain management can be challenging, but organisations can overcome these challenges by implementing effective strategies to attract and retain talent, providing cross-cultural training, offering regular training and development opportunities, creating a positive work culture, and implementing effective performance management processes. By doing this organisations can improve their supply chain operations, increase productivity, and enhance customer satisfaction. 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.

Human capital is the most valuable resource of the modern country. It is even more important than natural resources or material assets, since human and satisfaction of his/her demands is the main factor of economic and social progress. Human resources and its Management in an organization become particularly important in creating the value of an organization. Employees are understood not in terms of the working hands, but as valuable human capital with an accumulative knowledge, mastery and skills acquired during formal education and working experience. Human resource management and acquired competencies reflect a connection between human resource management and organization's achievements. Human resource management solutions enable to formulate the competencies of organization. Research has shown that employees in transport sector do comprehend the value of competencies and the benefits it provides for professional improvement and organization.

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