

The Importance of Training in Supply Chain Management on Personnel Differentiation and Business Performance

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Abstract : An effective training has been increasingly recognized as critical factors in enhancing the skills and knowledge of employee or personnel in the organization. More and more manufacturing companies in Malaysia are increasingly incorporating training as an important element in supply chain management (SCM) to improve their employee skills and knowledge and ultimately organizational performances. In order to understand the connection of training in SCM and the performance of an organization, this paper considers of many arguments from various research papers. This paper presents the findings of a research which examines the relationship between training in SCM, personnel differentiation and business performance of manufacturing companies in Malaysia. The study measures perception of senior management regarding the incorporation of training in SCM and the level of personnel differentiation and business performance measurements in their companies. The associations between training in SCM, personnel differentiation and business performance dimensions are analyzed through methods such as Pearson's correlations and Smart partial least squares (smart PLS) using 126 respondents' data. The correlation results demonstrate that training in SCM has significant correlations with personnel differentiation determinants (comprises of variables namely employee differentiation and service differentiation). The findings also suggest that training in SCM has significant correlations with business performance determinants (comprises of indicators, namely market share, profitability, ROA and ROS). Specifically, both personnel differentiation and business performance have high correlations with training in SCM, namely 'Employee training on production skills', 'On the job production employee training' and 'Management training on supply chain effectiveness' and 'Employee training on supply chain technologies'. The smart PLS result also reveals that training in SCM exhibits significant impact on both personnel differentiation (directly) and business performance (indirectly mediated by personnel differentiation). The findings of the study provide a demonstration of the importance of training in SCM in enhancing competitive performances in Malaysian manufacturing companies.

Keywords : training in SCM, personnel differentiation, business performance, Pearson's correlation, Smart PLS

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