

The Imperceptible and commendable role of Human Resources in Supply Chain Management functions in the Success Contemplation of Indian Aircraft Industries

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Abstract - Despite the realization that managing the Supply Chain effectively can provide a crucial competitive advantage, there appears to be insufficient realization that this aspect rests on human capital performance in the supply chain. Strategically managing human resources in the supply chain requires Human Resource configurations and modernised Human Resource development that adapts to the broader organizational strategy. Supply Chains are Made-up of Human Capital and managed by Human Resources. Global supply chains are evolving into dynamic process networks in which companies connect in novel combinations based on the context and requirements of individual projects. This dynamic environment requires effective communication, team management, and constant lifecycle innovation.

In this paper, with the expertise of the writer both in Industry and Academia along with his colleague, a specialist of HR studied the total systems in IAI and its success in SCM and HRM concatenation and brought in the systematic approach in dealing with these major functions. IAI as a successful organization considers their human capital as their most important asset. IAI's Logistics professionals learnt to harness the power of human resources management to effect sweeping programs of change, not only in IAI but in their supply chains as well.

Keywords: *Supply Chain Management, Human Resource Management, Professional Development, Market Driven HR, Supply Chain HRM Contemplation, Human Resources and HRM Linkages,*

Prologue - Supply Chain Management is the progression of enlargement, development, executing, and monitoring the processes of the supply chain professionally by using Technology and Information in its stride. Supply Chain Management extends to all activities starting from raw material procurement, storage, work-in-process inventory, and finished goods i.e., from point-of-origin to point-of-consumption and ensuring profitability for the organisation and meeting the needs of the customer and delighting the customer. The supply chain function in organizations has evolved significantly in recent decades and today it is recognized as one of the most important strategic functions in the implementation of companies' business strategy, especially in Indian Aircraft Industry.

At the same time, as a corollary of increased competition, globalization, liberalization, privatization, commoditization and technological changes supply chains themselves have become very complex. Despite the realization that managing the Supply Chain effectively can provide a crucial competitive advantage, there appears to be insufficient realization that this aspect rests on human capital performance in the supply chain.

Effective and Strategic Management of Human Resources can provide an equally strong foundation of competitive advantage and very little of this realization has been applied to managing people and training and development of people in the supply chain. Strategically managing human resources in the supply chain requires Human Resource configurations and modernised Human Resource development that adapts to the broader organizational strategy.

Global supply chains are evolving into dynamic process networks in which companies connect in novel combinations based on the context and requirements of individual projects. This dynamic environment requires effective communication, team management, and constant lifecycle innovation. Human factors insights in these areas are critical for the effective development of global process networks. The importance of human resources has increased significantly due to new areas and the role of men in all the components of Supply Chain. It is the rational, human capital, which runs all the activities, and whose results depend on the abilities, knowledge, motivation and skills. While research in both supply chain management (SCM) and Human Resource Management (HRM) have independently focused on improving competitive advantage of organizations, they have hardly instigate to collaborate on strengthening their mutually interdependent and functional bases for the broader organizational objective. The purpose of the paper is to call attention to the importance of human factors in the total activity of each enterprise and the necessity of creating the structure of enterprises and caring for organizational culture in line with available human resources. This paper also presents an overview of the

structure of global supply chain networks and the human factors dimensions that affect their success.

A review of research reveals that little has been done on the specific understanding of the relation between Human Resource Management (HRM) and Supply Chain Management (SCM). To begin to fill this gap in research, Vlerick Professor Ann Vereecke and colleagues – Sandra Fisher and Mary Graham (of Clarkson University) and Stephan Vachon (HEC Montreal) – have explored the HRM-SCM relationship. Their findings make a strong case for applying Human Resource Development & Human Resource Management practices to Supply Chains in order to help organizations better manage their supply chains to the point of creating competitive advantage. In Indian industrial scenario such effort is not seen and the present research is the step towards highlighting such issues with the participation of Industry and Educational institutions for the common goal, by a Professional in Supply Chain Management with industrial experience and another

doctorate in Human Resources Management working with educational institutions to meet the ends.

Major Functions of HRM

Human Resource Management (HRM) is all about balancing the organization's people and processes to achieve the goals and the strategies of the organization, as well as the goals and the needs of employees in most effective way. The main role an HR manager has to fulfill is integrating business operations and strategies across a wide array of culture, products, and ideas, while effectively delegating work among human resource specialists and line management towards achieving organizations accomplishment. The final objective is thus in-line with Supply Chain Management at every stage. Apart from being concerned with local issues of employees, HR must also consider the five basic functions and effects of workforce diversity, legal restriction, performance management, training and professional development of the organization.

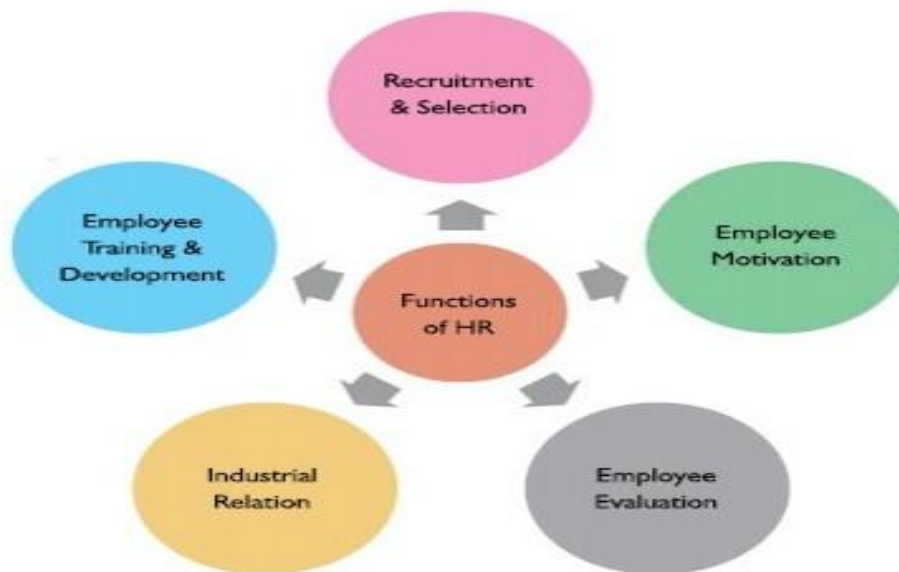


Figure 1: Five Major Functions of Human Resource Management

1. Recruitment & Selection

A great deal of attention and resources is required to attract, hire and retain an experienced, committed and well-motivated workforce. There are several elements to this task such as developing a job description, advertising the job postings, screening applicants, conducting interviews, making offers and negotiating salaries and benefits. As the right set of talented employees can raise the companies profile and also help it achieve profitability to keep it running effectively and successfully.

2. Employee Training and Development

The HR department is responsible for providing on-the-job as well as refresher training for all employees. Lack of training opportunities increases frustration levels among employees. So, training systems must be streamlined across all locations in order to make communication and sharing of

resources a convenient task. Measurement and monitoring is another vital aspect of training in order to foster adoption of their new skills.

3. Employee Performance Evaluation

Performance evaluation or performance appraisal is the process of assessing an employee's job performance and productivity. The assessment is conducted based on specific pre-established criteria that align with the goals of the organization.

The management of performance with proper evaluation of Human Resources plays a vital role to the success or failure of the organization. Effective use of performance evaluation system including the selection of best evaluation methods is very crucial to the success of an organization.

4. Employee Motivation - Benefits and Compensation

The pay-packet, monetary benefits and non-traditional benefits are the real motivators even today and are the means that can attract and retain new skilled employees.

- Flexible working hours and workdays,
- Extended vacation time,
- Paternity leave and childcare
- Medical insurance,
- Corporate gym membership & discount coupons.
- Continuing education/skills development
- Award & recognition programs

Apart from these, Effective HR departments allow and encourage the employees with opportunities for growth, leadership training and education, which in turn contribute to the success of the company. Sponsoring for career advancement seminars, training, corporate social responsibilities and trade shows will make employees feel important and cared for by the team and organization.

5. Industrial Relations & Ensuring Legal Compliance

Maintaining good employee and employer relationships, morale in the organization ensuring better industrial relations is the key of Organizational Success. Compliance with Industrial, labor, tax and employment laws is a vital part of safeguarding the organization's continued existence. HR need to concentrate on the Government's mandate, laws and policies regarding employment practices, working conditions, tax allowances, required working hours, overtime, break times, minimum wage, and discrimination policies as noncompliance can affect productivity and

ultimately, profitability of the company. Companies are looking for a unique competitive edge or ways to respond to the industrial needs and legalities.

Market Driven HR

The Operational focus on Brand India, with collective performance with global mindset and professional autonomy gets into the system with the SCM and HRM concatenation. The intellectual sphere, socio cultural sphere, emotional sphere and Managerial sphere helps in reaching the organizational objectives with the specified five functions integration with the components of SCM.

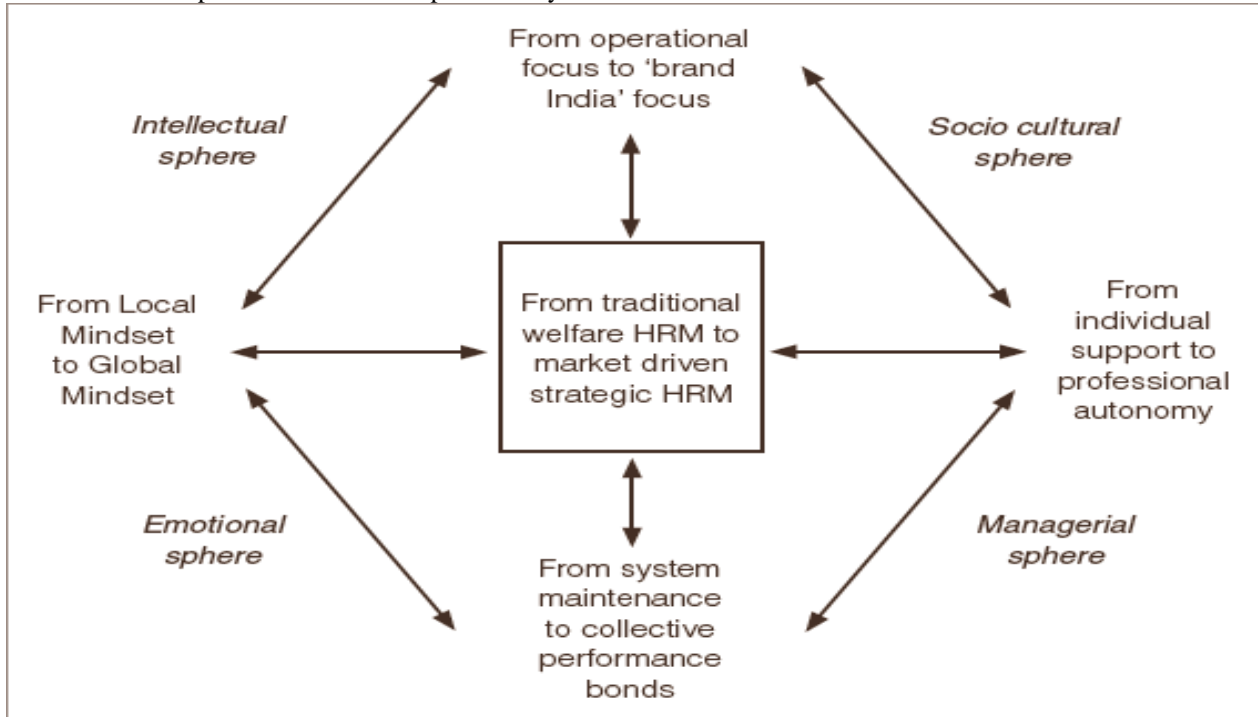


Figure 2: Market Driven HR

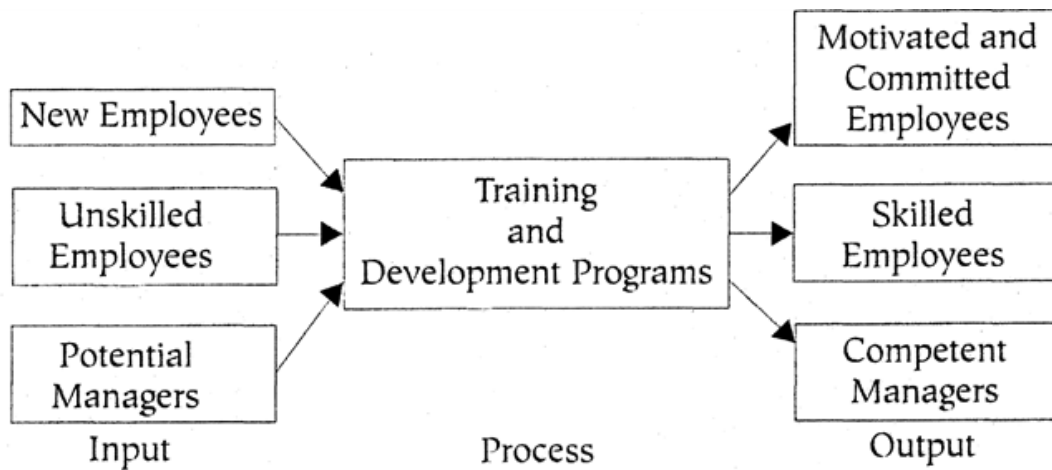


Figure 3: HRM – Training & Development



Figure 4: HRM Functions Directing Solutions to industrial challenges

Supply Chain Management

Supply chain is a term “now commonly used internationally – to encompass every effort involved in producing and delivering a final product or service, from the supplier’s supplier to the customer’s customer”. As the name implies, the primary focus in supply chains is on the costs and efficiencies of supply, and the flow of materials from their various sources to their final destinations.

Supply chains encompass the companies and the business activities needed to design, make, deliver, and use a product or service. Businesses depend on their supply chains to provide them with what they need to survive and thrive. Every business fits into one or more supply chains and has a role to play in each of them.

The pace of change and the uncertainty about how markets will evolve has made it increasingly important for companies to be aware of the supply chains they participate in and to understand the roles that they play.

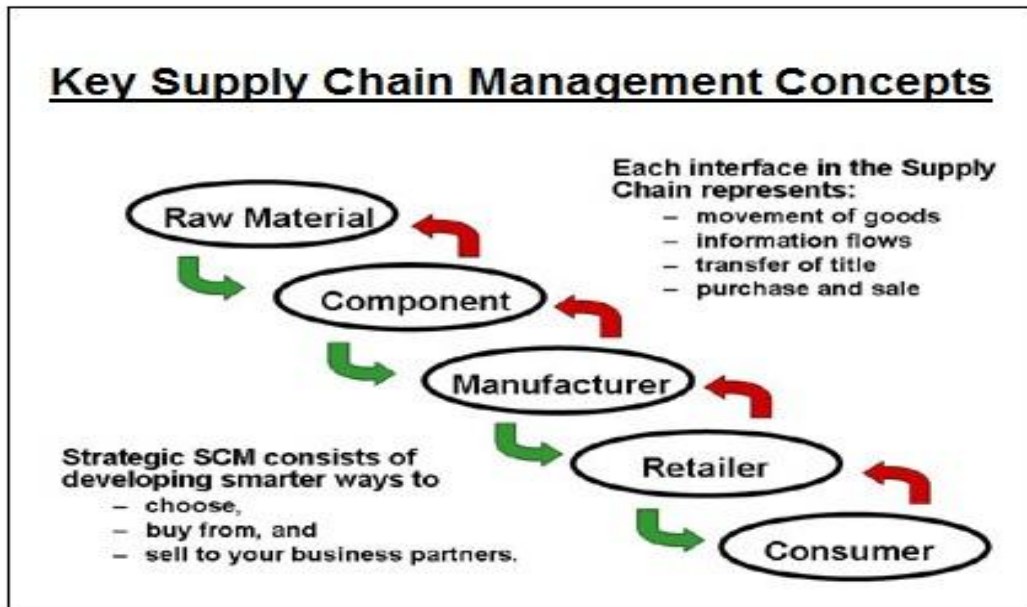


Figure 5: Key Supply Chain Management Concepts.

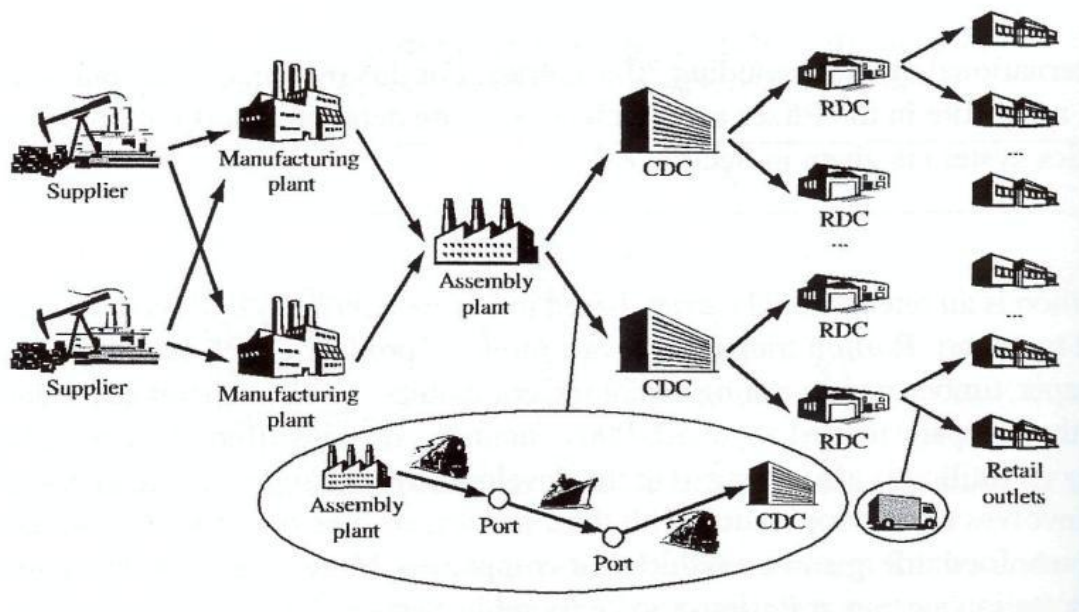


Figure 6: Supply Chain Management – Supplier to Retail Outlets

Those companies that learn how to build and participate in strong supply chains will have a substantial competitive advantage in their markets. Figure 5 & 6 shows a typical supply chain in which the production and the distribution system are composed of two phases. In the production system, the raw materials and semi-products are produced in two plants, whereas final products are assembled in the third factory.

The distribution system consists of two central distribution centers which are supplied directly from the factory, and in turn each of them supplies two regional distribution centers. From these regional distribution centers the final products are distributed to retail shops, i.e. to the end users. Of course, depending on the product and the demand the supply

chain can be differently designed, and may contain more or fewer elements.

Traditional logistics focuses its attention on activities such as procurement, distribution, maintenance, and inventory management. Supply chain management acknowledges all of traditional logistics and also includes activities such as marketing, new product development, finance, and customer service. In the wider view of supply chain thinking, these additional activities are now seen as part of the work needed to fulfill customer requests.

Supply chain management views the supply chain and the organizations in it as a single entity. It brings a systems approach to understanding and managing the different

activities needed to coordinate the flow of products and services to best serve the ultimate customer. This systems approach provides the framework in which to best respond to business requirements that otherwise would seem to be in conflict with each other.

Taken individually, different supply chain requirements often have conflicting needs. For instance, the requirement of maintaining high levels of customer service calls for maintaining high levels of inventory, but then the requirement to operate efficiently calls for reducing inventory levels. It is only when these requirements are seen together as parts of a larger picture that ways can be found to effectively balance their different demands. Effective supply chain management requires simultaneous improvements in both customer service levels and the internal operating efficiencies of the companies in the supply chain. Customer service at its most basic level means consistently high order fill rates, high on-time delivery rates,

and a very low rate of products returned by customers for whatever reason.

Internal efficiency for organizations in a supply chain means that these organizations get an attractive rate of return on their investments in inventory and other assets and they find ways to lower their operating and sales expenses. The participants in a supply chain are continuously making decisions that affect how they manage the supply chain drivers. Each organization tries to maximize its performance in dealing with these drivers through a combination of outsourcing, partnering, and in-house expertise. Increasing worldwide competition for physical and human resources also suggests that the more innovative approaches to supply chain management will acquire a greater proportion of global trade. So every component needs to be looked through its human resources and capabilities in the total supply chain.

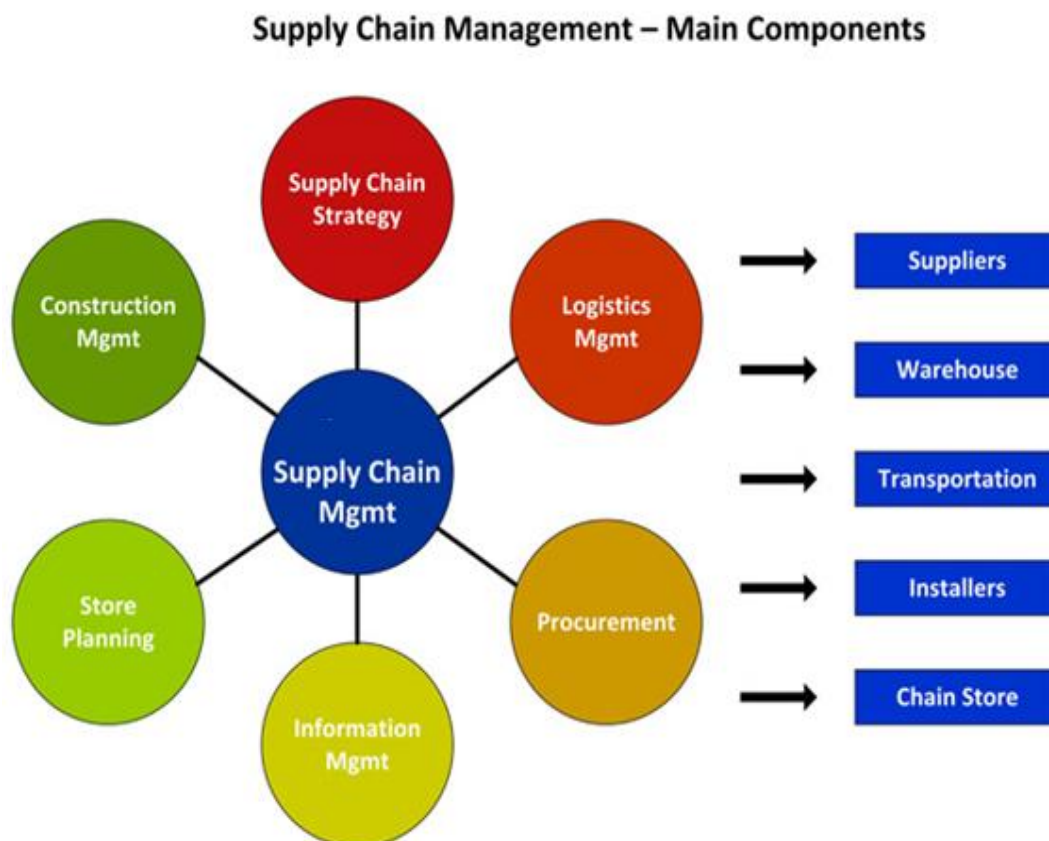


Figure 7: Main Components of Supply Chain Management

Supply Chains Are Made of People

A supply chain is a set of organizations that work together in the upstream and downstream flows of products and services to provide finished products to customers. The 'set' of organizations can be as simple as a single firm, within which supplies are delivered and a product is produced, or it can be a complex network of raw material suppliers, third-party service providers, distributors and sales outlets. The

purpose of supply chain management is to improve the long-term performance of the individual companies and of the supply chain as a whole.

Although most organizations recognize the importance of strategically managing their supply chains, they are less likely to capitalize on the fact that successful supply chain management rests on the performance of the people in the

supply chain. At the same time, human resource practitioners have established practices and processes that improve worker and firm performance – but rarely do they consider the implications of those practices for the

company's supply chain. In brief, both HRM and SCM have incomplete – but potentially promising – perspectives on managing people in supply chains.

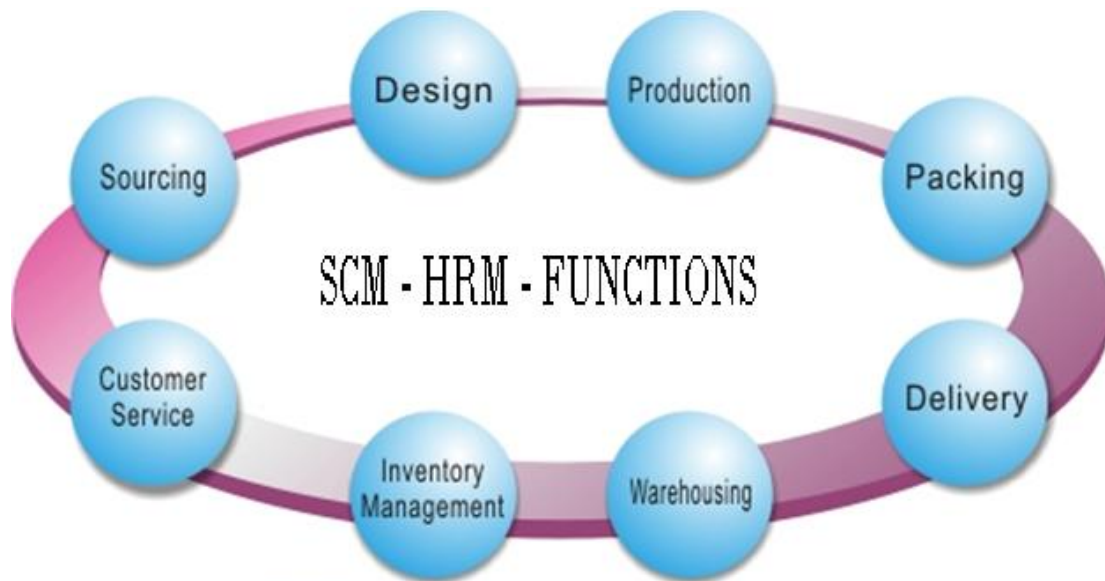


Figure 8: SCM – HRM functions concatenation

Broadening the HRM Perspective

Established HRM activities ranges from ‘developing an HR strategy and recruiting’, selecting, developing and rewarding the workforce, to change management and labour relations. Traditionally, HR strategy involves developing flexible systems of HR best practices that promote an organization's business strategies. In combination the broad areas to be widened are-

- Considering supply chain strategy, characteristics and partners when developing the HR strategy.
- Using HR systems (e.g. incentives, performance management, long-term relationships) to manage supply chain partners.
- Collaborating with the supply chain partners to develop and coordinate HR systems for the supply chain as a whole.

Applying traditional (intra-organization) HR planning and recruitment activities to the supply chain partner firms produces the following larger (inter-organization) benefits:

- Aligning recruitment practices among the supply chain firms.
- Sharing applicant pools.
- Forecasting labour demand and supply across the entire supply chain.

Broadening applications of HR training activities produces the following benefits:

- Identifying training needs and objectives specifically for supply chain positions, and designing training to meet those needs.
- Identifying the training needs of the supply chain partners, and training those partners (or vice versa).
- Joint training and cross-organizational training of workers across the supply chain.

Similarly, HR performance appraisal systems can be leveraged across the supply chain to reap greater benefits including:

- Developing performance metrics for the supply chain.
- Aligning performance appraisal dimensions across supply chain partners.
- Learning from supply-chain partner feedback on individual and group performance.

HRM Practices to Unify the Supply Chain Components

Today's increasingly complex business environments – which are characterized by shorter product life-cycles, product proliferation, ongoing outsourcing, and the globalization of the supply base and markets – magnify the challenges of human resource management in supply chain settings.

But meeting these challenges is well worth the effort. HRM practices can be used to encourage supply chain partners to develop valuable inter-firm relationships and to create knowledge-sharing routines. The result is a better

coordinated, streamlined supply chain and, ultimately, new competitive advantage.

Supply Chains are managed by People

A supply chain is managed by the people who run the supply chain. It requires specialists in each and every process. The working and the efficient running of a supply chain is very much dependent on the people who are involved in the various processes. The marketing, purchase, inventory and logistics activities, forming the backbone of supply chain will have to be handled by professional or the people working will have to be trained to achieve excellence in all the fields. In this type of atmosphere we need one more specialist to make the working smoother. This is none other than the Human resources specialists. HR plays an important role to fulfill the professional needs or a supply chain. The role of HR is both at the requirement stage as well as to increase the competencies from time to time. An attempt has been made in this article to identify the role of HR in a supply chain management.

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 with concatenation bring in new advantages, challenges and additional forces. Understanding the forces at work and intricacy of the supply chain is quite exciting and is essential for any supply chain venture.

A bulk of the supply chain management research emanates from the logistics and operations discipline, while some of it comes from information systems & technology, and marketing. Likewise, strategic human resource management literature mainly derives from work on strategy and HRM disciplines, with the strategy contribution being broad in focus.

Thus, the SCM discipline and the HRM discipline have worked in the new direction trying to develop crucial human capital and people competencies within the specific supply chain domain



Figure 9: HRM-SCM Flow Process

Fundamentals of Human Resources & SCM Linkages

Every man, bearing in mind their wishes and possibilities, selects occupation and any organization, keeping in mind the requirements of the environment and available resources will decide how to set up its organizational structure, define jobs and develop recognizable culture. Formation of certain structures of the company, except for activities with which it

deals, depends on the willingness of old employees to adapt to environment changes and the readiness of new staff to embrace the culture of the organization.

If appropriate organizational structure is established, its individual members and team activities can create a stimulating and pleasant environment, to educate, adjust and to reach their goals.



Figure 10: Major processes and functions of human resources

Human Resources Management (HRM) as a business function encompasses the duties and tasks related to the people, their acquisition, selection, training and other activities that ensure the development of employees. The goal of human resources management is to help the company reach its strategic goals.

The basic assumption of human resources management is that people are not machines and therefore we need an interdisciplinary approach for observant people in their work environment. From the manager is requested to respect the essential characteristics: trust, decentralization and distribution of information and knowledge, education, clear roles and responsibilities, freedom of action, feedback, motivation and resources necessary for action. Framework of action consists of business priorities and objectives that need to know all the employees.

Managers are bond between employee and company and exercise their functions in order to achieve the integrity of the system and achieve the satisfaction of the people and the aim of the company.

Human Resources Management includes the activities, organizational procedures and plans that affect the behaviour, attitudes, organizational culture and achievements of staff in the business system in a way that increases the productivity of workers, their flexibility and capacity for creating competitive advantages that are difficult to copy in the short term. Good practices in human resources management in this line are –

- Recruitment and promotion based on knowledge, skills and competencies
- High level of investment in training and training of employees at work

- High level of team work and team culture
- Development of multiple skills of employees
- Better communication of managers and employees and better working relations
- Commitment to quality
- Stimulation of initiatives and suggestions of employees
- Creation of organizational status symbols: organizational restaurant, coffee shop, uniform, sports facilities, club officers...

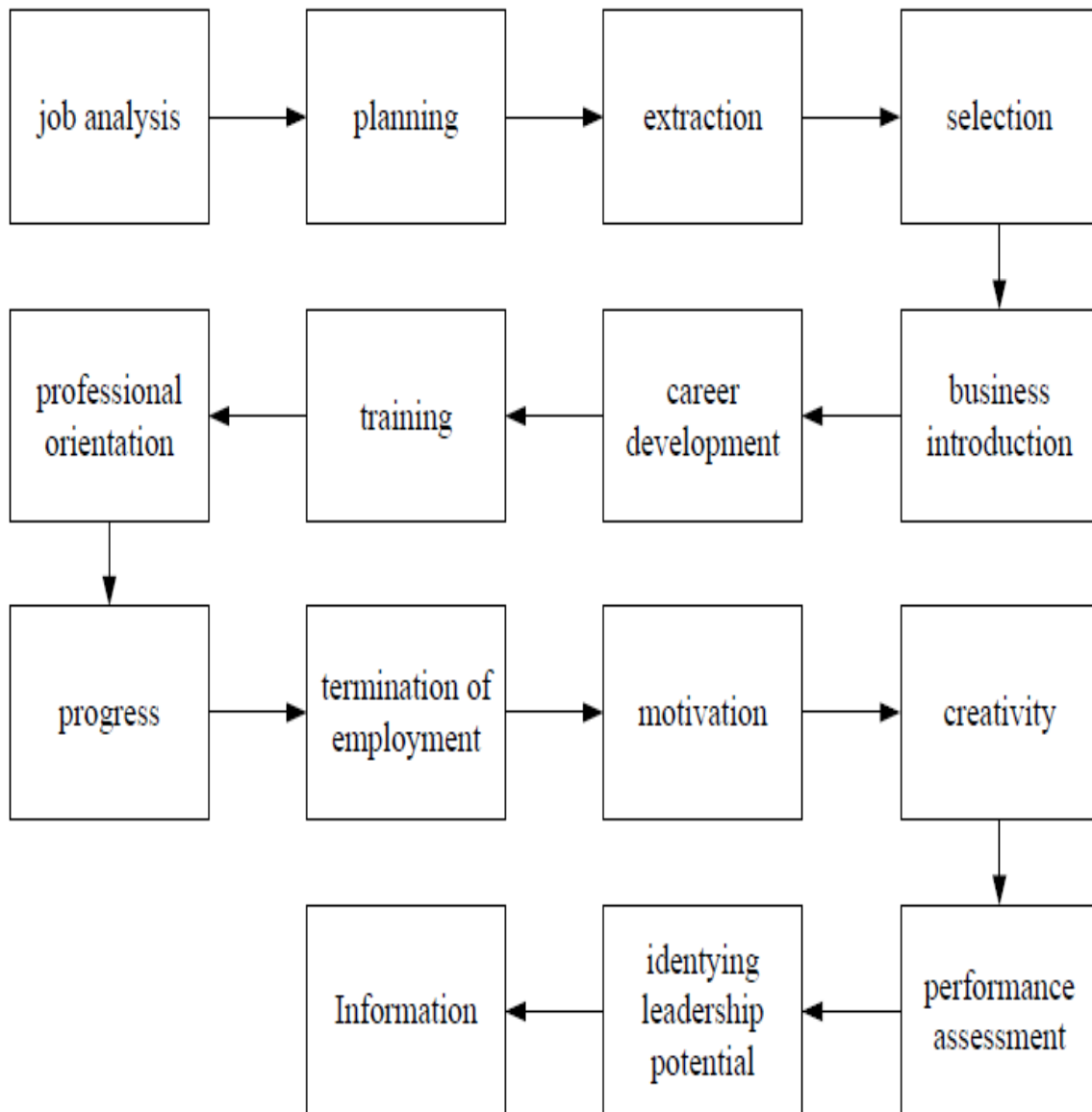


Figure 11: HRM Processes for SCM Integration

It turned out that the application of such practices result in higher employee job dedication, higher motivation, lower total cost of operations, greater productivity and better overall results of operations. Increasing worldwide competition for physical and human resources also suggests that the more innovative approaches to supply chain management will acquire a greater proportion of global trade. With greater customer sophistication, increasing network fragmentation, and fast-paced globalization, the primary role of supply chain management with the integration of Human Resources, along with the coordination of material, information and cash flows, has

become imperative. This is supported by three guiding principles: value, alignment and sustainability.

- Adopt value as a guiding principle to deliver superior managerial performance with significant business impact
- Discover tools to align core processes resulting in the achievement of operational excellence
- Understand frameworks to manage risks and opportunities for sustainable supply chain management on a global scale by taking the Human capital along with it's stride.

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. 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. The Indian Aircraft Industry in India has got specific salary structure with special benefits which are continued even after retirement.

Induction of freshers in IAI takes place in three streams as Management/Design Trainees (Executives); Technician; and Diploma Trainees (Workmen). The induction of meritorious and fresh Engineering Graduates and other Professionals as Trainees is linked to each of the programs with required background, competencies and skill sets and is the backbone of recruitment and retention system at IAI.

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. The Indian Aircraft Industry in India has gone with programmes for continuously improving people capabilities, for meeting the Company's goals. Qualification improvement and career planning were also been done along with continuous improvement in learning to meet the contemporary technological and managerial issues par with worldwide organizations.

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.

The Performance Management System of Executives and workmen have been formulated on work planning and Task with mutually agreed tasks, self-review and analysis, systematic review and performance feedback ensures that the focus be on value adding activities. Identification of Low performers and High performers enables performance differentials for compensation & career development.

Indian Aircraft Industry in India has also made Initiatives like 360 Degree Feedback for Officers, Knowledge Management etc. are put in place. Getting the best out of people is the primary thrust at IAI, with facilitation mechanisms of Competency building, Performance Management etc. The HR processes viz. Recruitment, Placement, Compensation, Career Growth, Career Planning, Succession Planning etc. are linked to the current and future projects of IAI. IAI reviews the HR Policies and SCM perspectives with total integration from time to time and fine tunes them to align with the constantly evolving Business Strategies of the Company.

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.

IAI has made initiatives to progressively achieve 7 days training target per employee per year with a budget of 2% of PBT. Knowledge Management, Coaching and Mentoring are Core Competence of Organizations for coping with changes.

Supply Chain partners and employees of IAI were provided with unique opportunity to acquire knowledge through higher qualifications by sponsoring them at Royal School of Military Survey, California University, Georgia Institute of Technology, Cranfield University IITs in India (Kanpur, Kharagpur, Madras, Bombay & Roorkee), Management Development Institute, Gurgaon, IMI Delhi etc.

Training & Development

IAI has recognized that technical development courses are essential for supply chain personnel to stay current. The most common means of employee development are on-the-job training and external courses. For the most part, employees indicate that they are satisfied with the training they have received and that it has met their needs. The most common forms of support provided to employees are tuition fee reimbursement for Higher Qualification and a special reward on receiving the specific higher qualification, time off for external courses and the provision of in-house training. Internal training tends to have been focused in IAI on technical supply chain and logistics development, interpersonal and people management skills viz., supervisory skills, team building, negotiations, leadership health and safety.

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

- There is a good stock of skilled employees.
- Employees are trained to develop skill sets to manage fast changing technologies.
- All employees have got the idea that 'entire world is the marketplace'.
- There is good awareness and understanding of the Supply Chain Management at all levels of employees.

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.

IAI while edging the HR Policies into Supply Chain management Drivers, added the objective of learning and made the members to become an integral component of individual professional development by:

- updating knowledge to avoid obsolescence
- enhancing creativity & innovation
- continuously identify potential for shouldering higher responsibilities
- enlarge market share through competitive advantage and strategic thinking to take up challenges.

At IAI People Development initiatives have taken a strategic role for driving business results in HR and SCM centers. Competency frame work has become the central theme of numerous initiatives in IAI to enhance the inter-related HR processes and SCM systems. To motivate the Officers, an accelerated Promotion Policy was introduced to promote the high fliers with Assessment Centre Score as one of the criteria for promotion to the much higher and responsible posts/positions. A Behavioral Competency Model was developed in IAI with three major groups and seven competencies in three clusters that form the basis for the Competency Frame work as shown in the figures 12 & 13.

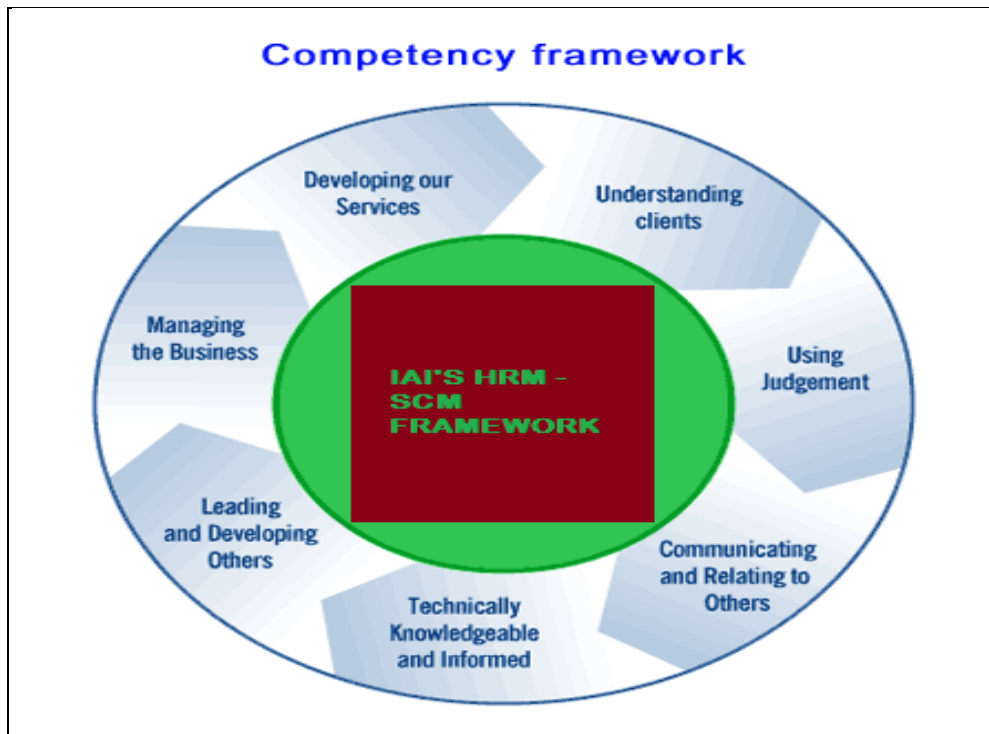


Figure 12: Competency Frame work

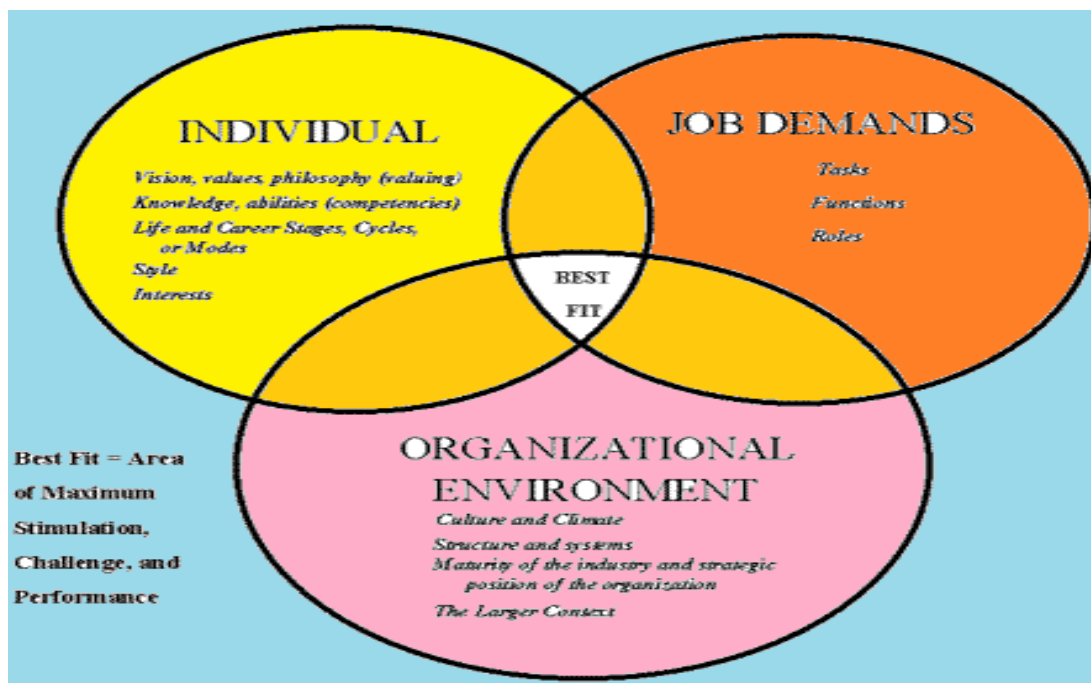


Figure 13 : Behavioral Model

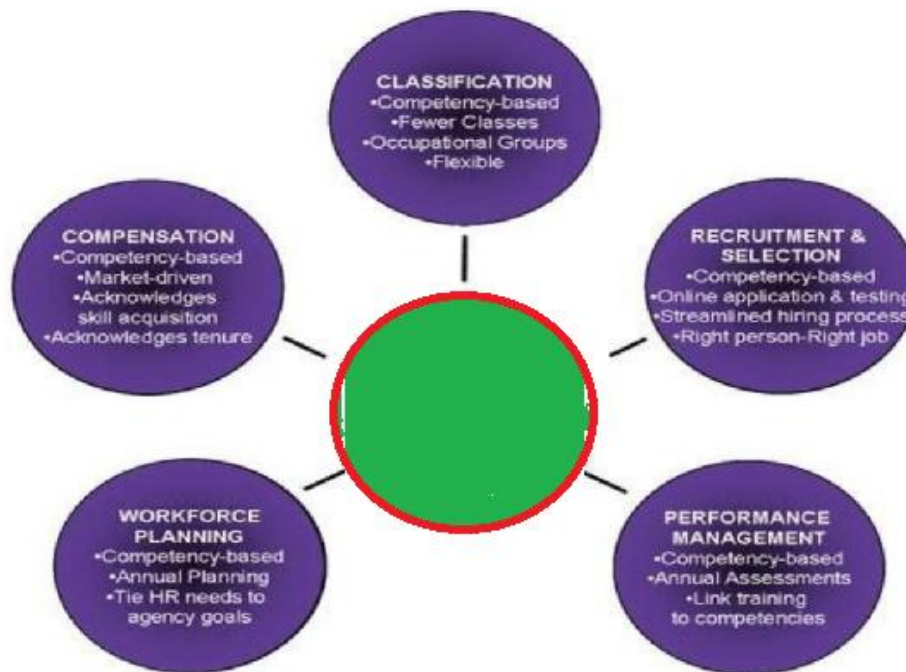


Figure14: HRM-SCM Competency Frame Work Model

Assessment Centers have also been developed at IAI along with collaboration of Supply Chain Partners in the direction of achieving organizational excellence. Competency Development Programmes are conducted at IIMs Ahmadabad, Bangalore & Calcutta for such Officers with required development needs and to make them to fit in the Organizational Development Programme with self development.

Three areas are likely already on the agenda:

- Technological advances
- New productivity levers
- Workforce dynamics

Three areas on the periphery:

- Globalization versus regionalization or localization
- New supply chain models
- Environmental changes

Based on the work in these six core areas and on insights gathered from Global Excellence in Operations in Indian Aircraft Industry has identified the driving forces.

Skills & Education:

Skill requirements do not vary significantly by company size or region, which suggests that supply-chain employees can move between regions with some degree of ease. IAI expertise recognized that communications and analytical skills are a requirement for all occupation categories across all sub-functions. Other common skill requirements include technology, interpersonal and customer service skills. Problem analysis, Discovering the right and implementable solution and timely action are more important in meeting the specified strategies in terms of skills and knowledge.

These skills and knowledge include:

- ❖ Financial planning
- ❖ Forecasting
- ❖ Cost analysis
- ❖ Knowledge of international business practices
- ❖ Knowledge of laws and regulations
- ❖ Knowledge of logistics functions and the supply chain
- ❖ Optimization of workflow
- ❖ Knowledge of transportation
- ❖ General management and business
- ❖ Languages Tactical Operational
- ❖ Contract administration and management
- ❖ Regulatory knowledge and Negotiation skills
- ❖ Vendor relations/ management
- ❖ Performance measurement and quality management
- ❖ Knowledge of currency markets and business implications
- ❖ Emerging emphasis on process and change management skills
- ❖ Employee Engagement

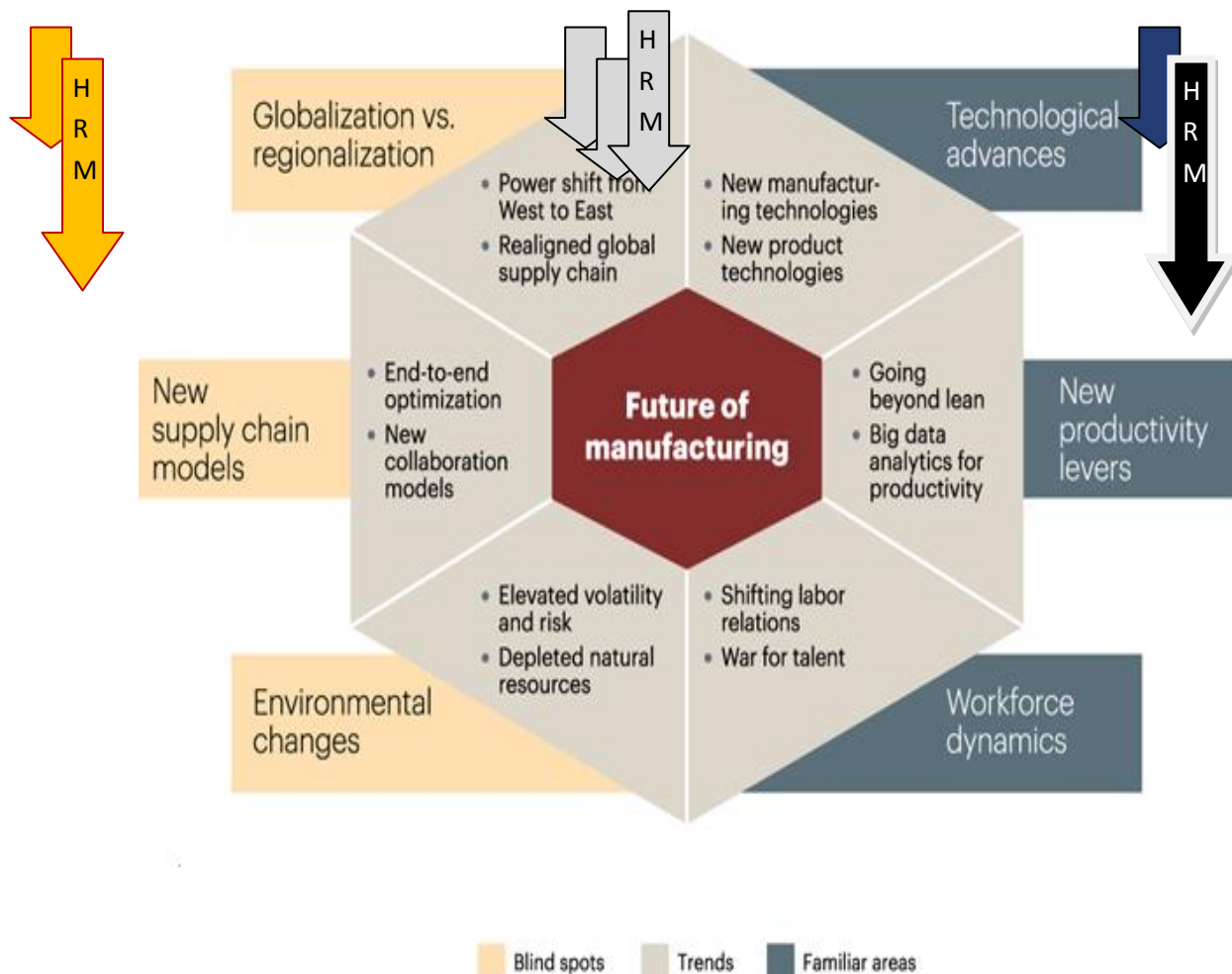


Figure 15: Future of Manufacture with SCM-HRM Integration

Trends & Tendencies

IAI's activities are in line with global business. 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 identified presently in IAI influencing supply chain operations include:

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

In IAI, 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 and are depends on HRM Policies.

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.

Employee Commitment

Although satisfied, employees do not have an idyllic commitment to the profession of Supply Chain Management. The survey of IAI 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 in the long supply chains with tier-3 and below 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.

IAI has devised a method of absorbing the officials and work-force from the best performers in tier-2, tier-3 companies having the specific skills as per their performance in the present work-place in terms of confidential Reports with a page given to the employee to sketch his own performance in terms of -

- Absolute integrity and dedication
- Total customer satisfaction
- Honesty and transparency
- Courtesy and promptness
- Fairness
- Total quality
- Innovation and creativity
- Trust and team spirit
- Respect for the individual
- Humility

• Compassion

New defined role of human resources in supply chains
 There are strong interdependencies between supply chain management and Human Resource (HR) management and thus it is difficult to identify precise boundaries. Furthermore, these boundaries are continuously moving to accommodate an integration of supply chain and HR activities, which is well recognised by IAI in India.

The problem that the IAI professional faces is that managing companywide HR policies to effect *coordinated* change is often outside their management scope. This removes the greatest point of leverage in accomplishing cross-functional integration for those who have such responsibility without commensurate authority. Moreover, it is extremely difficult to tailor coordinated

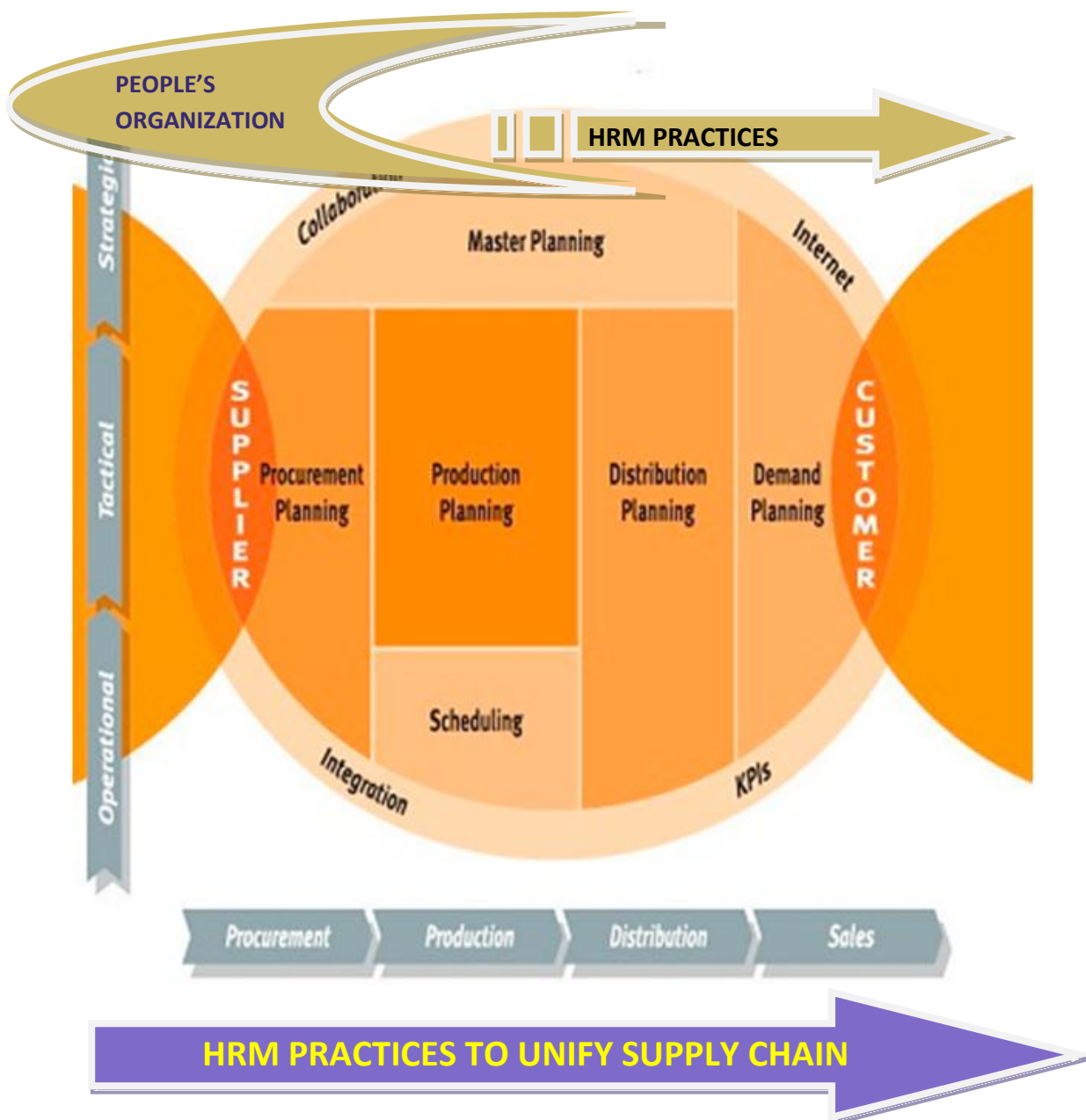


Figure 17: HRM Practices to unify Supply Chain

HR policies that span functional departments; many logistics professionals lack knowledge and experience in this complex area. To reduce this gap IAI has followed the two systematic strategies-

1. *Integrative vision* - the vision to craft integrative, cross-functional, and cross-company programs that enable product to flow rapidly and responsively through the company and the channel.
2. *Human resources ability* - the ability to harness the power of HR policies to ensure that the programs are implemented effectively throughout the company.

To meet these ends, IAI has developed and embodied the following into their HR-SCM success building strategies-

- Competence Building
- Commitment
- Motivation
- Employee Relations

The economic power of cross-functional coordination is becoming widely recognized, and the first capability is now increasingly in evidence in the organization, however, the second is all too uncommon. This is a root cause of the classic logistics dilemma, and it is preventing the organization from achieving the objectives. Because efficient, responsive product flow is essential to strategic success in Aircraft Industries, IAI has focused on these four success building strategies of HR in the logistics portfolio. IAI has recognized that logistics is not only a sub-function of the supply chain but also an inter dependent function of Human Resources.

For example, functions such as sourcing, manufacturing, customer service and retailing involve logistics in their planning and scheduling in order to optimize the end-to-end supply chain, but their core operation is depend upon the functioning of HRM. The ability to manage customer relationships, both internal to the organization and external supplier relationships, HRM is the fundamental requirement to the success of supply chain management. For this IAI has viewed and provided solutions in the following way-

- Ensuring availability of Total Quality People to meet the Organizational Goals and Objectives.
- Facilitating continuous improvement in Knowledge, Skills and Competence (Managerial, Behavioral and Technical).
- Promoting a Culture of Learning, Innovation and Achievement with emphasis on Integrity, Credibility and Quality.
- Motivating workforce through empowerment of Individuals and Team- building.
- Playing a pivotal role directly and significantly to enhance Productivity, Profitability and the Quality of Work Life by all the officials in the divisions and departments.

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.

- Total alignment with Corporate Strategy.
- Tone up Human Resources at optimum level to meet the objectives & goals of the Company.
- Identify, Build, Analyze & Upgrade the Knowledge & Skills through Training, Re-training, Multi-skilling etc.
- Cultivate Leadership with Shared Vision at various levels in the Organization.
- Focus on Development of Core Competence in High-Tech areas.
- Build Cross-functional Teams.
- Promote Vision, Mission and Values throughout the Company.
- Encourage performance culture that Rewards, Recognizes & Motivates.

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 are going to widen 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.

It is becoming impossible to remove or ignore sources of turbulence and volatility in markets. Hence, supply chain managers must accept 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 evolving into dynamic process networks in which companies connect in novel combinations based on the context and requirements of individual projects. This dynamic environment requires effective communication, team management, and constant lifecycle innovation. Human factors insights in these areas are critical for the effective development of global process networks.

IAI as a successful organization considers their human capital as their most important asset. Facts and figures are the quantitative elements of successful management, yet the qualitative, i.e. the cognitive aspects, are those that actually make or break an organization. Assuming that the employees of an organization in some 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 get committed employees to the achievement of organizational goals.

IAI's Logistics professionals learnt to harness the power of human resources management to effect sweeping programs of change, not only in their own companies but in other companies in their supply and distribution channels to the level of tier-2 and tier-3 companies as well. Farsighted top managers in IAI are looking after the huge strategic and

financial gains of coordinated product flow and will give their logistics executive's new avenues of influence commensurate with their crucial responsibility. Perceptive logistics executives had realized that crafting company-wide HR policies is much more Important than it might seem, and they will focus on acquiring this proficiency. Ultimately, the vision and savvy with which logistics professionals tailor companywide HR policies that drive coordinated product flow will go far to determine both their own effectiveness and their companies' long-run success in IAI.

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