

# An introduction to the airline industry

Environment, Air



The airline industry is a very competitive market, in the past 2 decades the industry have expanded and still expanding its routes domestic and globally in the beginning airline industry was partly government owned but in the recent years many privatization with airline industry have taken place. D E L A G (Deutsche Luftschiffahrts-Aktiengesellschaft ) the first world's first airline which was on the 16 November 1909 this airline was started mainly with the government owned/assistance this airship manufacturers were the Zeppelin Corporation and their head quarters was in Frankfurt. The two Americans named Rufus and Marriott tried to start the America's first airline but the attempts were failed due to the airline catching fire. The five airline which was first started still exist these airlines are the oldest ones. KLM it's the Netherland's owned, Avianca airlines owned by the Columbia. Qantas is Australian's, Czech Airlines operated by the Czech Republic, Mexican Airlines by the Mexico. After the world wars there was some inventions have been made and the demand for new planes the designs and the techniques have greatly constructed and soon after the world wars the air rout throughout the Europe have been set up since the past 15 years the airline route have become a baggiest necessity of both business and common peoples that it is hard to live without the air travel the main pros for the Air travel is it reduces time and making the peoples to visit world in the affordable time.

The airline industry can be categorized into four different and main Operations

International: This service take more than 130 passengers and have them and can take anywhere in the world. In this category the business have its revenue for at least \$ 1bn.

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National: In this category it can take the passengers up to 150 and the business have its revenue for from \$100 m - \$1bn

Regional: The small companies which mainly focus on the flights with quick halts and the revenue of this business is less than \$ 100 m.

Cargo: The main focus of these airlines is to carry goods.

### **Emirates (airline) introduction and its growth:**

Emirates airline is the major airline of the UAE and it is the subsidiary of the Emirates group it is also the national airline of the UAE (Dubai) its major operations is from the Dubai International Airport. It was founded in the year 25th October 1985 The Hub of the Emirates airlines operates its services to the ninety six (96) destinations and about 56 countries and covering around 6 continents. The company also operates the world's longest flights to New York, Los Angeles and other two states in United States of America including Houston (Texas) the cargo services of this airline is operated by the Emirates Cargo services Division at present the Emirates group has more than 40,000 Employees Employed and it is the one of the top 10 world class airlines in the world.

Emirates group as a new and young company faces problems back in 1980s when the Gulf Airways cut down its flights to Dubai the rescue of help from the Dubai royal family invested \$10 million in order to begin, the head of the airlines was Sheikh Ahmad Bin Saeed Al Maktoum and he is also the present chairman since then the airlines have made its growth in the fleet and also have expanded its destinations.

## **Emirates Airlines Growth and Incorporation:**

Emirates group have made tremendous efforts to grow since 1990, research shows that Emirates is one of the fastest growing airline in the world since the Emirates group have made partnership with AA (American Airlines) in 1994 it started providing the world class service to the passengers throughout the world soon after the partnership Emirates revenue turned to \$634 M in the end of 2004, then after the airlines ordered 7 new Boeing 777 in 1996 costs about \$1 Billion. In May 1998 Emirates enter into the agreement with Sri Lankan Air Lines to manage the airlines for 10 year In the year 2008 Emirates launched its nonstop flight to New York. In the year 2010 Emirates group have launched its flights to many new destinations in UK, Paris, Bangkok, Australia, and Saudi Arabia

Do you agree with performance linked reward system? Summarize the recent trends of reward system in your organization or the organization you have chosen. Discuss its impact on productivity in your organization

## **Performance linked reward system:**

The most important way to impress employees is only by reward to share the profits and allow them incentives by paying them bonuses the theory of reward system says that this is the way the employees will share in your dream when you fulfill their dream. The mechanism of this system can make this possible. The reward system is not just paying the bonuses and letting employee's shares in the stock options. It is more likely to do with promotions, benefits and other incentives which can motivate employees unfortunately many companies do not offer this which leads to the failure of

their organization so all the employers and I should agree with the reward system to sustain in the market with the competitors. (Donna Dee prose P: 33)

The basic principle of reward system is that, “ you get what you reward “ the Employees. The main principle of management is things are done quickly if you reward the Employees, they shows positive attitude towards their works and their behavior changes if you reward them for their work. If you set a certain target for the employees and when they achieve it reward them immediately failure to do so will affect the results in the future and never hold behind the employees rewards.

Therefore the main principle of motivation is by providing rewards and every organization should agree with this system for a successful organization.

### **Benefits in working with airline industry (Emirates):**

Individuals interested in finding a job which can provide a good career prospects which will provide the option to travel the entire world and enjoying all the benefits as a part of the Emirates group then it's hard to find the better industry than airlines and specially working for the Emirates one of the world's best flight. There are number of benefits packages for the employees and career development programmers the group provides.

In the further studies about the airline industry in the Unites States Of America there are nearly 100 airlines and 500, 000 peoples are employed by them many of the positions provide excellent benefit packages, Emirates as world class airlines travels to providing services in 56 countries and expected

to be added more in 2010 creates more job opportunities than the USA and runs a great reward system.

### **Emirates Group:**

Emirates Group as a world class airline provides a very wide range generous benefits to the permanent employees who are employed globally. The group follows a detailed research and analysis on compensation and benefits policies by doing so the group can retain the top talented employees.

This case study provides the understanding of the total benefits working for the Emirates, the reward system the company includes the cash and non cash elements.

The Summary explains the basic elements of the Emirates group reward for the employees, this explanation for the compensation and reward system provides the information for the candidates working for the emirates group depending on what are their role and the unique skills and personality.

“ The Najm award scheme is the reward and recognition program me of the Emirates Group. The Najm (‘ Star’ in Arabic) recognizes, motivates and awards employees that either display exceptional behavioral competencies (‘ going the extra mile’) or identifies organizational improvements (enhanced safety, reduced cost or improved revenue)

### **Cash elements rewards in emirates group**

Competitive salary and progression through salary range

Emirates employees enjoy the competitive salary into cash; depending on the country they like E. g. The employees working in Dubai and K. S. A enjoy

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the tax free salary per month and rest all countries pays the normal tax depending on their county's legislations. Salaries are paid depending on their role and knowledge and specialization that the candidate can input into the role, the group carries a research with the relevant businesses and reviews on regular basis in order to remain competitive in providing the rewards to their employees. Employees receives the increase in salary range by the company when the responsibilities have been increased it is provided to keep employees motivates as money is a biggest motivator and used to divert route of employees to a desirable direction.

#### Allowances

The Group provides the accommodation for their employees or they give out the allowances for accommodation and it also provides the transport allowance or transport. The candidates in specific roles are only eligible for this role.

#### Profit share schemes

The company runs the profit share schemes to the employees depending on the financial statements of the group.

#### Protection in exchange rate scheme

The employees who works in the UAE their 50% of the salary is protected against adverse exchange rate towards dirham and your currency classification

#### Professional allowance

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For the employees who possess the specialization skills company runs the scheme of recognizing their talents.

## **Non Cash elements rewards in Emirates Group**

### Annual leave

The company provides 30 days of the annual leave excluding the public holidays. The annual leave will increase depending on the length of service.

### Gratuity/pension schemes

Company runs a gratuity/pension schemes depending of the labor law rules and regulations of the country they work/ live in. For example in UK, if an employee signs up for the pension's Schemes Company deducts certain amount and pays monthly pension after the retirement age. The UAE labor law the employees are provided a gratuity on the end of service.

This type of service is available to the candidates depending of the conditions like of employment and circumstances.

### Free holiday tickets

Free holidays tickets are provided to the employees and their dependants/family for the destinations of their holiday and also runs schemes that employees can buy a ticket for the families and friends on the discounted fare.

### Education allowances



Company provides financial support for their employees towards their tuition fees for the employees who are on senior positions to train them to requisite job skills besides these children's of employees are allowed to claim the education allowance for the time of entire time of service.

#### Insurance

Insurances like Medical, Dental, life and Accident are provided to the employees throughout the length of service they are with the company.

#### Provident funds

On leaving the company employees are provided the provident fund that they have been saving throughout the service company decides either to pay the Gratuity or provident fund whichever is the higher the provident fund is like the long time savings of an employee with the company employee have to contribute 5% and company inputs 12% of the basic salary.

#### Emirates card

Emirates employees enjoy the privilege of being an emirates employee they can enjoys the benefits throughout the 1000s of outlets of the emirates group in UK and around the world.

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### **Additional reward system in Emirates Group**

Recognition reward from supervisors

Employees with emirates enjoys the rewards from the supervisors when they feel the value of the candidate that they are performing consistently this the simple way to say thanks by words or by writing a thanks giving letter or by providing them an appraisal.