

Human resource management at british airways:

[Environment](#), [Air](#)



British Airways, one of the successful airline industries in the world, has been an attraction to the thousands of passengers since 1974 when it was established. The Company has experienced a lot of disappointing business circumstances over the decades. After the nineties, when BA assumed that any strategy like 'cost control' or 'improved operational efficiency' were started to replicate by means of latest information technology, the company looked upon a new competitive strategy-'customer service through resource planning' which was aligned to the company's corporate objectives. However, the company's HRM department had started with heart and soul to achieve the company's corporate objectives. Two training programmes were designed to train up the staff and managers where the first training programme 'putting people first' helped the staff to understand how the image of helpfulness satisfy the customers and the second training programme 'Managing People First' evoked the managers to breakdown the regimented approach and strict behavioural boundaries. A significant cultural change was observed in the organisation on successful implementation of these training programmes. Furthermore, the company had undergone typical development programme such as 'individual learning', 'individual employee development' by which it achieved a pool of competence. The company's HR department had emerged on its performance development for instance, 'appraisal scheme', 'improved reward system' that finally directed to the company's business performance. Thus the company had adopted a much more strategic access to HRM. In the final part of this report two propositions have been suggested that could have made to improve BA's business performance.

Introduction

British Airways was established by a merger between BOAC and BEA in 1974. Since then the company has become the world's largest international passenger airline, operating from one of the world's busiest airports, at Heathrow. Though it has also become one of the world's most successful airlines businesses, company performances were often disappointing. For example, in the seventies, BA had serious difficulties retaining customers in a competitive airline industry; in 1980 BA had recorded significant losses; also the nineties was considered a difficult period in the history of BA. Since then the company has undertaken a programme of radical changes by which its business performance started to increase gradually. The company also experienced that 'cost control' was not the only method to improve the business performance. Any business strategy like cost control, fascinating physical environment or any other strategy related to operational efficiency, all had been failure as these were duplicated by other competitors. After a lot of ups and downs, the company finally realised that being a service industry it would need to focus its competitive strategy upon customer service that would not be easily replicated by other competitors. Thus BA's corporate objective had been developed which was stated simply 'to be the best and most successful airline in the world'. To achieve this goal, the company had planned to invest on organization's Human Resources which were considered the appropriate bridge between the employees and company success.

As an HR practitioner, I have been commissioned by the company, British Airways, to evaluate the team's performance by measuring their key HRM activities, HR planning and development methods used and at the final part of this report I suggest two further innovative changes that British Airways could have made to improve its business performance.

Discussion Outcome: 1

The HR department of BA had started to launch a range of innovative and interesting ideas to achieve the company's goal. The HR management had split up the company's corporate objective to a set of key objectives to achieve that goal and the HRM had started their activities to achieve this each objective. The three main objectives and how these objectives were achieved by the effective management of HR can be discussed as follows:

Activity 1: Training and Development:

A strategy of innovation implies change that will have to be managed, and requirements for new skills as new products, services or processes are developed. All of these call for skills training. Training in new skills and multi-skilling can also contribute to the sense of security. Employees develop a higher level of employability through the acquisition of a wider range of skills, and so feel more secure about their future employment prospects. BA's HRM department has undertaken a range of training programme for the improvement of employees by which they can show their potentiality on customer service. The training programmes that have been set by the HRM department at BA:

- > Extensive research were conducted in order to identify the most appropriate form of 'helpfulness'
- > A two day training programme 'Putting People First' was aimed at almost 20, 000 staff who had significant customer contact.
- > A one week training programme, 'Managing People First' was conducted
- > A research programme was commissioned on the basis of 'Managing People First' programme.
- > Providing individual learning through a programme which was based upon principles of open learning leads to MBA awarded by University of Bath.
- > The 'Top Flight' programme was conducted to provide a series of 'Academies' to the learner lead to an executive position.

Objective1

- 1a) to improve the organisation's image of 'helpfulness'
- 1b) restructuring the organisation's behaviour.
- 1c) to establish a pool of competence within the company.

Activity 2: Assessing performance of employees

One of the most crucial activities of HRM is to assess the performance of the selected employees so that the company can assume its organisational progress. The HRM within any organisation need to assess and monitor the employee's performance whether they have been in an alignment to achieve

the company's goal or not. Likewise, BA's HRM has taken a scheme to assess the performance of the employees, for example,

> Introduction of company wide performance appraisal scheme.

Objective2: To improve the relationship between the reward and performance.

Activity 3: Payment and reward of employees

Reward is frequently used nowadays to refer to payment systems, especially since many payment systems try to motivate people to work harder and then reward them for their extra effort. The word 'reward' is useful in this sense, and could apply to either monetary or non-monetary award, but it also implies that something special is being rewarded. Payment is the most straightforward of the four terms: compensation, reward, remuneration and payment. It can include monetary or non-monetary payment. [Margaret Foot and Caroline Hook, *Introducing Human Resource Management*, (Prentice Hall), Fourth edition, P-301]

The HRM department is responsible to establish appropriate payment employees and reward systems for all employees in order to contribute to the organisation's strategic plan. Likewise, British Airways has undertaken some reward scheme that will eventually align with company goal.

> Performance related bonus scheme paid to all employees.

Objective3: To develop the pay structures and system which are equitable, fair and transparent.

How these objectives were achieved by the effective management of HRM at BA

Now I am going to discuss in details how these objectives were achieved over the period by the effective management of Human Resources at British Air Ways and how these activities can be linked to different types of HRM models.

To achieve the first objective (1a), BA had conducted extensive research which had performed effectively by the HRM department. From the research findings it was clear that customer-satisfaction occurred by positive staff contact (friendly and caring manner) whereas negative staff contacts (unfriendly, rude and uncaring manner) led to customer dissatisfaction. After that, the HRM had focused on a two day training programme 'Putting People first' especially for the staff who were exposed to customer contact. The programme helped those staffs to change their attitudes and behaviour to the customers.

It is very crucial point to note down that a dramatic change was observed after achieving the second objective (1b) stated above. The HRM of BA had commenced a one week programme 'Managing People First' to break down the organisational bureaucracy such as 'rule bound', 'strict behavioural boundaries' etc. The regimented approached managers had become more effective carer for customers through this training. Finally a significant cultural change had been achieved at all levels of organisation which is supposed to be the great achievement of HRM of British Airways.

In order to satisfy the third objective (1c), the HRM had encouraged individual learning through accessing two major learning programme-'Principle of open learning' and 'Top Flight'. By completion of these two major programmes, most of the employees had become more skilled to tackle or to respond to any unexpected business circumstances.

To improve the relationship between the reward and performance (objective 2), BA has introduced a scheme 'Performance appraisal scheme' by which the HRM department will be able to measure and evaluate the employees' performance. On successful commencing of this scheme, the company's reward system in terms of employee performance, has been improved. The evaluation of this scheme can be summarised as follows:

- > Achieving a significant change in organisational culture.
- > Identifying the strongest and weakest employees in the organisation
- > Contributing to achieve the organisational goals.

The following figure will show that how this scheme is aligned to the company's corporate objective:

Performance appraisal Scheme

Performance

Feedback

BA's

HRM Department

Organisational objective

Employee

Development

Figure 8: How performance appraisal has been aligned to organisational objectives at British Airways.

To achieve the third objective, the company has reviewed and restructured the reward system. The HRM of BA believes that the organisation should examine its pay levels and the attractiveness of its benefits packages and terms and conditions compared with those of competitors; action plans should also address the issue of linking rewards properly to the achievement of corporate goal. Likewise, BA has introduced some novel scheme, for instance, performance related bonus, offering free and discounted shares and also offering the tax free shares.

Therefore, integrating all the achievements of these objectives, the effective HRM of BA, ultimately had lead the company to achieve its corporate objective over the period.

How BA's HRM activities can be linked to HRM Model:

Within the HRM view, two approaches have been identified. Storey (1989) labelled these two approaches Hard HRM (Michigan Model) and Soft HRM (Harvard Model). The 'hard' approach, rooted in manpower planning, is concerned with aligning human resource strategy with business strategy,

while the 'soft' approach is rooted in the human relations school, has concern for workers' outcomes and encourages commitment to the organisation by focusing on workers' concerns.[Wendy Bloisi, An Introduction to Human Resource Management, (McGraw Hall Education), p-14]

Harvard models - A soft model of HRM to encourage employee commitment through employee influence, HR flow, reward and work systems. [Wendy Bloisi, An Introduction to Human Resource Management, (McGraw Hall Education), p-14]

Beer et al. (1984) proposed the Harvard model as a means of improving managers' methods of managing people. Walton (1985) argued that the role of HRM was to develop strategies to gain employees' commitment, not to be a means of controlling them. The issues proposed by Beer et al (1984) argue that managers need to take responsibility for employee influence, human resource flow, reward systems and work systems regardless of the size of the organisation. This can be simply pictured as follows:

Employee influence

Work system

Rewards

flow

HR Flow

flow

Figure 1: The Human Resource stem

- > Employee influence refers to how managers disperse their power and authority through out the organisation while ensuring that the organisational goals are met.
- > The Human Resource Flow must ensure that the right people are in the right place at the right time.
- > Reward Systems are concerned with how employees are rewarded for their work.
- > Work System refers to the organisation of work to ensure that it is efficient and productive, and can meet the organisation's goals. Work systems need to ensure that the communication channels work and the correct technology is in place at the various levels of the organisation. [Wendy Bloisi, An Introduction to Human Resource Management,(McGraw Hall Education), p-16-17]

Now the activities performed by the HRM of BA to achieve its corporate objective can easily be linked to Harvard model and for this purposes we need to look at the following diagram where we can see that the BA's work system were efficient and productive through extensive

Work system

Employee influence

Bonus scheme, tax-free shares, free and discounted shares

Breakdown the bureaucracy

Research and training programme

BA's HRM

Cultural change of organisation

HARVARD MODEL

HR Flow

Rewards

Figure: 2 How BA's HRM system supports the Harvard model

research and training programme. The human resource flow was controlled by breakdown the organisational bureaucracy such as 'rule bound' or 'strict behavioural boundaries'. The BA's HRM included reward system such as bonus scheme, tax-free shares, free and discounted shares. The cultural change had been achieved at BA by the employee influence in all levels of organisation.

Michigan model - the model that develops hard HRM as a means of using people as an organisational resource to achieve organisational goal

Political forceFombrun et al. (1984) argue that organisations exist to accomplish a mission or achieve objectives, and strategic management takes into account three interconnected issues of mission and strategy, organisation structure and human resource systems which can be pictured as follows:

Firm

Economic forces

Cultural forces

Mission and strategy

Organisation structure

HR management

Figure 3: Strategic management and environmental pressure

> Mission is the fundamental purpose of an organisation that defines the nature of its business and provides strategic direction unifying human and other resources.

> Organisation structure refers to the requirements and tasks needed to achieve the organisation's goals. These include accounting system and communication network.

> HR management system establish the need for people to be recruited and developed, which in turn will enable them to achieve the organisational goals and maintain performance. [Wendy Bloisi, An Introduction to Human Resource Management, (McGraw Hall Education), p-24]

The following diagram will help us to understand that how the Michigan model refers to British Airways HRM activities.

" To be the best and most successful airline in the world"

Figure 4: How BA's HRM activities refer to Michigan model

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- > Development through extensive training programme
- > Innovative management style has commenced
- > Increased managerial discretion

Each department is in close liaison with line management that refers to a strong communication network in the organisation

Organisation structure

HR management

British Airways

Mission and strategy

According to the model, the mission, strategy, organisational structure and human resource management can not operate in isolation. They also need to respond to the external forces of politics, economics and culture. The case study of BA has shown that a new department 'Department of Human Resource strategy and Planning' has been established to research changes in social, legal, economic and political systems both within the UK and abroad. So the final part of the model referring to BA's HRM will look like as follows:

Economic forces

Cultural forces

Political forces

Figure 5: How BA's HRM has been prepared to tackle the Michigan's external factors.

A new department 'Human Resource Strategy and Planning' has been established to operate the issues like social, legal, economic and political systems both within UK and abroad.

British Airway's HRM

Michigan model

(External factors)

Outcome: 2 (Identifying and evaluate three HR Planning and Development methods))))Method)

Human Resource planning

" Human Resource Planning is the process for identifying an organisation's current and future human resource requirements, developing and implementing plans to meet these requirements and monitoring their overall effectiveness." [Ian Beardwell, Human Resource Management: A Contemporary approach, (Harlow, England: Prentice Hall, 2004), Fourth Edition, p- 159]

Planning process at British Airways:

Strategic plan

Tactical plan

Operational plan

Figure 6: Typical organisational plan

> Strategic plans: General plans outlining priorities and actions needed to improve the strategic goals of an organisation. For an instance the BA had set up a strategic plan which is assumed to achieve the long term customer loyalty through customer satisfaction providing excellent customer service.

> Tactical plans: Tactical plans aimed at achieving tactical goals and implementing parts of strategic plan. BA had planned a set of training programmes to train up their staffs.

> Operational plans: Plans that focus on implementing the tactical plans in day to day procedures in the organisation. Each and every training programme at BA was dealt step by step successfully.

> Forecasting: The HRM at BA anticipated the training requirements for future corporate needs. It also forecast about a number of business developments considering some crucial factors such as Brand management, International competition, Joint ventures issues and so on.

Though BA had implemented all of its plans successfully, the contingency plan, ratio analysis and trend analysis- nothing of these were taken into consideration during the HR planning which indicates BA's HR planning limitation.

Human Resource Development:

" Human resource development encompasses activities and processes which are intended to have impact on organisational and individual learning. The

term assumes that organisations can be constructively conceived of as learning entities, and that the learning processes of both organisations and individuals are capable of influence and direction through deliberate and planned interventions. Thus, HRD is constituted by planned interventions in organisational and individual process." (Steward and McGoldrick, 1996)

[Ian Beardwell, Human Resource Management: A Contemporary approach, (Harlow, England: Prentice Hall, 2004), Fourth Edition, p- 263-264]

When BA realized that as a service industry diversified customer service would be the best approach to achieve its goal, different development methods were emerged by the HRM department of the company. These development methods can be illustrated as follows:

Training:

The Manpower Service Commission set up by the 1973 Employment and Training Act but replaced in 1988, defined training as:

" A planned process to modify attitude, knowledge or skill behaviour through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future needs of the organisation" (Manpower Service Commission, 1981a)

[Ian Beardwell, Human Resource Management: A Contemporary approach, (Harlow, England: Prentice Hall, 2004), Fourth Edition, p- 313]

> **The need for training at BA**

- > To change in values and attitudes for staffs
- > To break down the regimented approach of managers
- > To support and coach subordinates and to encourage trusting relationships
- > To accept and delegate responsibility
- > To monitor individual performance to provide feedback
- > To address parochialism and to discourage departmental rivalry and secretiveness
- > To operate under clear defined objectives at all levels of operation
- > To think in a businesslike way and to calculate risk
- > To build positive leadership and motivation.

> **Outcomes of the training at BA**

Training programme

Evaluation

Comments

" Putting People First"

Evaluation of staffs' own existing value towards their passenger and a degree of 'helpfulness' attitude was achieved among the staffs who had significant customer contact during the training.

The objective of this training had achieved which has been aligned to the company's corporate strategy.

" Managing People First"

The old 'rule bound' system of management designed by the managers has been broken down.

A significant cultural change has achieved which is aligned with the company's corporate objective.

Considering the beliefs of BA's HRM department and evaluation table of the training programmes, it is assumed that a significant cultural change has been achieved at all levels of organisation on completion of these training programmes. This cultural change has made a significant contribution to the steady improvement in business performance. So, this development method designed by the HR department of the company has shown an effectiveness to meet the company's corporate objective.

Individual Employee Development at BA

One definition of employee development is:

"... the skilful provision and organisation of learning experiences in the workplace..... [so that] performance can be improved... work goals can be achieved and that, through enhancing the skills, knowledge, learning ability and enthusiasm at every level, there can be continuous organisational as well as individual growth. Employee development must, therefore, be part of

a wider strategy for the business, aligned with the organisation's corporate mission and goals." (Harrison, 1992: 4)

[Ian Beardwell, Human Resource Management: A Contemporary approach, (Harlow, England: Prentice Hall, 2004), Fourth Edition, p- 293]

The HR department of British Airways had focused its employee on individual learning to establish a pool of competence within the company so that they can withstand in an unforeseen business circumstances. This development method aimed two learning programme -'principle of open learning' and 'Top flight'. The outcomes and evaluation of these two programmes can be summarised as follows:

> Outcomes of the learning programmes at BA

Learning Programme

Evaluation

Comments

Principles of open learning

The employees have achieved an MBA degree by completing each stage of learning programme and the individuals have become more complex and differentiated through the interaction of internal and external factors.

The employees are now confident to tackle the unforeseen business circumstances and to make the complex but define strategy for the organisation.

Top flight

Individuals have been progressed to an executive position by completing a series of 'Academies'.

The employees have achieved vast knowledge on business administration that has helped them to become critical thinkers.

It is crystal clear that if any organisation has a strategic manager or a strategic executive, it is easy to planning, implementing or organising any strategic objectives of that organisation. British Airways has made some talents through 'individual employee development method' by which the organisation has not only achieved a new cultural image but also has contributed to achieve the company's goal.

The Learning Organisation:

Senge (1990) states that the basic meaning of the learning organisation is:

" an organisation that is continually expanding its capacity to create its future. For such an organisation it is not enough to merely survive ... for a learning organisation 'adaptive learning' must be joined by 'generative learning', learning that enhances our capacity to create."

The concept has gained popularity in recent years because of the turbulent and increasingly competitive business environment. The impact of new technology and changing organisational forms that cater for customer needs mean dealing with continual change. The ability to respond swiftly to product and market development is crucial. There has also been an increasing

recognition of the importance of utilizing not just the physical abilities of employees but also their mental powers. Senior managers are becoming aware that if their people are their greatest resource they are also the source of any longer-term competitive advantage. This realisation has led to increased competition for skilled, flexible, adaptable staff, and to the development of organisational programmes that attempt to fully utilize the talents and knowledge of the workforce. (Ian Beardwell, Human Resource Management: A Contemporary approach, (Harlow, England: Prentice Hall, 2004), Fourth Edition, p-330]

Likewise, BA's HRM department now has become concerned and taken the initiative to minimise the barriers that may hamper learning and development. For instance, BA has undertaken some training programme to breakdown the previous managers' regimented approach to the management. Moreover, the company has become committed to sustain when the unforeseen business climate comes around and that's why they are going to make some talents and suitable leader through the organisational learning where all the training and development programmes regarding this, have been directly aligned to the company's strategic goal.

Outcomes 3: Suggesting two further changes for British Airways

After passing massive business difficulties in the nineties, British Airways had taken a competitive strategy upon customer service that would be unique and could not be easily replicated. The HRM department of the organisation had become more strategic to achieve the company's goal. For this purposes, the HR department had conducted and monitored two major

training programmes, 'Putting People first' and 'Managing People first' by which a significant cultural change was achieved at the all levels of organisation. The HR department also emphasized different types of learning programmes designed for the employees for employee development. Further programmes such as 'appraisal scheme', 'reward system' were successfully commenced and implemented by the effective HR department of the company. The responsibility for the line managers had been increased by giving the greater discretion to determine their own approach to the implementation of company policy. Thus, all of the changes through organisation had been aligned with the company's corporate objective.

I want to suggest further two changes that the company could have made to improve its business performance.

> A new approach of learning for customer service

Being a service industry, the airlines company have become more concerned on its customer satisfaction. In this competitive airlines market, any strategy like cost control, improved operational efficiency and so on can easily be replicated in this era of information technology. For this reason, the service sectors are now too keen to be innovative to serve their customer as customers are assumed to be the heart of any service sector. In my new approach of learning, all the employees who would have a frequent contact with the customers are supposed to learn three identical arts-

>> Diversify yourself:

To learn how to diversify yourself not only with your thinking but also with your psychological behaviour. I want to opine that the 'Social Cognitive

Theory' will help the employees to be diversified on their way of thinking, motivating, and adapting to their work place. Social cognitive theory rejects a duality between human agency and social structure. People create social system, and these systems, in turn, organize and influence people's lives.

The theory is designed for the following purposes:

- > To understand and predict individual and group behaviour
- > To identify methods in which behaviour can be modified or changed.
- > Frequently used in interventions aimed at personality development, behaviour pathology, and health promotion

The SCT (social cognitive theory) defines human behaviour as a triadic, dynamic, and reciprocal interaction of personal factors, behaviour, and the environment (Bandura, 1977a; 1986; 1989). According to this theory, an individual's behaviour is uniquely determined by each of these three factors. While the SCT upholds the behaviourist notion that response consequences mediate behaviour, it contends that behaviour is largely regulated antecedently through cognitive processes. Therefore, response consequences of behaviour are used to form expectations of behavioural outcomes. It is the ability to form these expectations that give humans the capability to predict the outcomes of their behaviour, before the behaviour is performed. In addition, the SCT posits that most behaviour is learned vicariously. (<http://www.infosihat.gov.my/artikelHP/bahanrujukan/HETheory/Social%20Cognitive%20Theory.pdf>)

>> Decorate yourself:

'The beauty is truth, truth beauty'...No one can escape this beauty. The beauty and attractiveness of the employees is the another aspect taking into consideration in a service industry like BA. The employees especially who are involved in customer service assistance at BA, they must learn about the current 'fashion and style' over the world so that they can decorate themselves within their own style that would be unique and specific. All the employees should be smart in their specific role. To do it the HRM department can introduce a two days programme on 'Current fashion and style in employment' which can be conducted by some renowned artist and the programme can be run twice a year.

>> Distinguish yourself:

The each and every employee of BA can distinguish himself or herself on their way of service at workplace from other organisations if a classical learning approaches (The Lancaster cycle of learning) is introduced to them. The explanation of this theory is as follows:

A cyclical model said to represent 'all forms of learning including cognitive, skill development and affective, by any process'(Binsted, 1980: 22) is the Lancaster model. This identifies three different forms of learning: receipt of input/generation of output, discovery and reflection. As figure 9 shows, th