

Human resource analysis of air national

[Business](#), [Industries](#)



Introduction

Air National, Europe's largest airline company, dominated other carriers in the 1980s onward onto the late 1990s aided by a highly regulated civil aviation market in which competition was managed through harmonious inter-airline, competitor, and government relationships, which enabled the domination of markets by national carriers including AN. The mid 1980s however saw a change in AN's fortunes with its privatization in 1986 amidst prolonged economic recession and deregulation of the civil aviation industry in Europe and North America. These changes reduced the old corporation's potential political influence, and necessitated a restructuring to make the company attractive to sceptical investors which entailed downsizing of assets and workforce, an endeavour which required the planning and implementation of a new set of business and human resource management strategies. This paper investigates AN's competitive and HR strategy basing its analysis on relevant theories.

Human resource management is an approach to the management of an organization's employees both individually and collectively (its workforce), as valued assets contributing to the attainment of its objectives (Purcell 2003). Its main responsibilities are the selection, training, assessment and rewarding of employees and oversight on the organization's leadership and culture. The primary focus of the human resource theories and practice is the aligning of people and organizations better for their mutual benefit (Purcell 2005).

Issues affecting AN's business strategy shift

The issues that necessitated a change in AN's competitive strategy and the re-engineering of the company include external factors such as the prolonged recession, deregulation in the civil aviation industry, the heightening of the industry-wide price wars with the emergence of discount airlines and a costly battle for market share, and the effect of terrorism which has had a huge adverse effect on international air travel; as well as, internal factors such as its privatization, huge debts, labour costs, and resultant losses. These factors affected AN's business and it therefore had to find new ways to better its competitive advantage so as to sustain itself and maintain its market share in both domestic and international passenger traffic.

AN's initial transformation strategy seeking to adopt a low-cost competitive structure failed forcing a change to the differentiation ("added-value") strategy which entails the prioritization of high quality customer service and the reorganization of management structure with greater focus on operational issues, and the launch of its discount airline operated as a separate company, to cover market demand for discount airlines.

The improvement of HR policies at Air National to better manage its staff contributing to its improved performance can be applied to John Storey's distinguishing features relating to people management (Storey 1989), broadly categorized into four outlines distinguishing the various elements. Among these outlines is the beliefs and assumptions which characterize AN's HR policies which are focused on business need with values placed on the objectives of the company rather than on customs, procedures and norms, characteristic of personnel management and industrial relations (Storey

1989). AN's restructuring features a heightened focus on the "customer-first" programme which prompted reviews of their employee management and customer interface to enhance this focus. This new strategy entails renewed emphasis on empowerment of employees and their commitment, with the foundation being its recognition that being a service industry, its people are its most important asset on which its survival depends upon.

Conflicts within the company are de-emphasized with managers required to give up control adopting shared power, a consensus approach to decision making which seeks to enhance employee participation and thereby improve their performance. This restructuring also entailed the removal of demarcations between craft groups with consequent reorganization into integrated workgroups and multi-skilled teams with harmonized functions enhancing focus on operational issues and key tasks rather than on rules, customs and management direction inherent in its earlier structure.

In the strategic aspects outline (Storey 1989), key relations within AN are integrated to focus on the "customer-first" strategy, AN's central corporate plan, with the scrapping of hitherto detached piecemeal initiatives characterizing its old structure. The application of the line management outline with regard to managerial role applies to the management of AN transformed through its new visionary leaders focused on the new strategic shift, which differs from its initial form of management which was mainly transactional and focused on demarcations of duties and responsibilities (Storey 1989).

Management was re-focused on route divisions each led by a general manager with authority over business development and particularly, marketing. A prized management skill (Storey 1989) in the new structure was facilitation of employees towards the realization of overall objectives, with the company investing on training programs for senior management based on the importance of trust, motivation and visionary leadership.

Looking at the key levers outline in John Storey's distinguishing features (Storey 1989), AN initiated a profit-related pay system in its transformed strategy so as to motivate its staff better, enhance their performance, job engagement and commitment, ensuring that employees are rewarded for their input, skill levels and competence (Purcell 2005). This pay strategy was reached at through comprehensive consultations with the union to which senior management has developed an open relationship and strategic partnerships, characterized by team briefings and regular formal consultation meetings with its representatives.

Communication in AN's new structure is increased with the encouragement of consensus building and joint decision making which further enhances performance. Training and development is enhanced with investment and the institution of training series for staff and senior management on key business development issues.

The company's conflict handling is also improved with wide ranging foci of attention through the engagement of unions and active involvement of management. Disputes in this new arrangement are quickly resolved through AN's management reminding its employees of the company's

commitment to job security, their training and development. It is however not an entire success as much of it is left at short term truce with management often throwing money at the problem to kill the conflict, in essence postponing the issues.

Key human resource planning issues

Human resource management overall is intended to enable an organization achieve its success through people, prime assets who give it its distinct character through a combination of intelligence, skills and expertise, the source of its capabilities essential for its long term survival (Purcell et al, 2005). Research has shown that human resource practices can significantly impact performance of a firm and therefore, AN's HRM strategies should aim to support programs that improve its organizational effectiveness through the development of deliberate policies that would characterize clear vision and integrated values (Fombrun et al, 1984). The company should also focus on its human capital management in its human resource planning as the company's success is depended upon employee input.

AN's HRM strategy should seek to ensure that the company obtains and retains a skilled, committed and motivated workforce through the assessment of the company's people need for selection, the development of the people's capabilities through nurturing, continuous training and development overall linking them to the needs of the business (Boxall 1992). Other key issues that should be incorporated in AN's human resource planning to enhance workforce empowerment, commitment and overall company efficiency include knowledge management to enhance

performance, reward management to express value for people's contribution and competence, creation of harmonious relationships to reduce negative conflict and its effect on performance and efficiency, meeting of the diverse needs of the workforce, and bridging gaps between such plans and translated action to bring these policies to life (Sisson 1995).

Models of human resource management that best fit AN's approaches

AN's approach best fits the matching model of HRM, a concept of the Michigan school (Fombrun et al, 1984) which holds that, as its name suggests, an organization's HR systems and structure should be managed in congruence with its strategy through four generic processes or functions including; selection which entails the matching of human resources to jobs; appraisal which entails performance management; rewards which are motivation schemes developed for the workforce; and, development inherent in the enhancement of the quality of employees.

Also fitting is the Harvard framework model founded by the Harvard school (the fathers of HRM), which has its basis on the demand for a broad, comprehensive and strategic perspectives, laying central importance on line managers in ensuring alignment of competitive strategy with HR policies, and the importance of set policies governing workforce activities (Boxall 1992). This model recognizes a range of stakeholders and the importance of interest trade-offs, as well as, widening HRM context adding on the influence of employees among other influences.

Conclusion

Transformation through its re-engineering brought AN back to profitability in the first quarter of 1998 from its depth of debt in the late 1980s which is a clear testimony to the importance of strategic integration of human resource management which was the main strategy for its transformation to which this success can be attributed. AN, however, later suffered a loss in the last quarter of 2001 and first quarter of 2002 but the company endeavours is to manage the 21st century realities concerning air travel and to maintain its market share in passenger traffic both domestic and international.

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