

China southern airlines company limited

[Business](#), [Company](#)



China Southern Airlines Company Limited (CSA) together with its subsidiaries is one of the largest airlines in the People's Republic of China (China). Being one of the major airlines in China, CSA operates 385 routes of which 320 are domestic, 43 are international, and 22 are Hong Kong regional routes. There is no doubt to say that CSA has the most extensive domestic flight's network among all the Chinese airlines. Indeed, CSA ranks first within the China's aviation industry in terms of the volume of passenger traffic, number of scheduled flights per week, number of hours flown, number of routes and sizes of aircraft fleet.

According to its name, there is no doubt to say that CSA's headquarter is located in the southern part of China - Guangzhou. Guangzhou is the transportation hub and the gateway cities of China where it is a developing region that is situated in Pearl River Delta. In fact, there is an average of 2907 scheduled flights per week serving almost 90 destinations. Apparently, the commercial centers and rapidly developing economic regions vastly dominate the domestic destinations, such as Beijing, Shanghai, Shenzhen, and so forth.

Furthermore, there are also regular flights to the other key international destinations, including: Amsterdam, Tokyo, Singapore, and so on. Apart from the above routes, parts of the CSA's air transportation business are operated by its subsidiaries, which include Xiamen Airlines, Zhuhai Airlines and etc. Moreover, each of the airline subsidiaries is sixty percent owned by CSA. CSA has numerous fleets of aircraft and there are two main categories: Boeing and Airbus. Predictably, most of the aircraft were held underfinanceand

operating lease, and the average age of the group's fleet was 7.48 years as at the end of 2001.

CSA main business is flight operation, which are the travelers and cargo traffics. Therefore, its operating revenue highly depends on these volumes. However, as tourism is dynamic, subject to seasonal amendments and other changes in traffic pattern. Thus, CSA must be flexible enough to adapt to the external forces. Additionally, the economic conditions in the Asian regions and China are continuously improving, and hence, CSA is trying its to increase its efficiency together with global competitiveness and one of its approach is to merge with the other organizations and restructure itself, which is an encouragement of the China Government.

In parallel to the other airlines, CSA is conditional on a high degree of financial and operating leverage. It implies that most of the company's costs are fixed. For instance, depreciation of the aircrafts and jet fuel costs are necessary for any flight operations. Besides, CSA is also greatly leveraged with considerable obligations denominated in foreign currencies and as a result, the fluctuation of exchange rates act as one of the significant factors within CSA's management.

The airline industry is always customer-oriented and since the global citizens are more price consciousness, therefore CSA is currently putting a lot of efforts to qualitative management and cost control in order to meet the customer's demands and accomplish its own goals. Despite the above concerns, the normal course of operation in CSA is expose to "fly safely" and

CSA has been renowned as a secure airline along with its top Safety Aviation Award and the Golden Roc Cup.

In relation to the China's entry into the World Trade organization, it is essential for the China's airlines to expand and explore new markets. Definitely, CSA is intimately working in these perspectives. For example, CSA successfully completed a trial flight via the North Pole and became the first Asian Airline using twin-engine aircraft carrying out a trial flight via North Pole and this success laid down a foundation for CSA to open up the North America market in the future as well as increasing its potential for developing the international routes network.

There are also other strategies in accordance with CSA's objectives. Taking delivery of two new Boeing 747-400 freighters, which is an unprecedented attempt in China, to cope with the inclined aviation logistics resulting from the growth of international trade and entered into an agreement with the Boeing Company for acquisition as well as developing a computerized management information systems as to enhance resources sharing consistent with management efficiency are also vital to CSA.

To sum up briefly, CSA's attentions are similar to the other airlines - expansion. Yet, there are more competitors and the phenomenon of oversupply, CSA is actively seeking ways to improve the recent situation and trying to strive for more benefits for its stakeholders. In short, CSA will maintain as one of the major China's airlines. In a prospective point of view, the triumph of CSA will be highly affected by its financial management.