

Management of human resources in sia



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Behind most of today's successful service organizations stands a firm commitment to effective management of human resources, including recruitment, selection, training, motivation and retention of employees.

Leading service firms are often characterized by a distinctive culture, strong service leadership and role modeling by top management. It is probably harder for competitors to duplicate high-performance human assets than any other corporate resource. In addition, service staff can be crucially important for a firm's competitive positioning because of the characteristics of the front line:

- It is a core part of the product.

As soon as front-line staffs are involved in a service process, they tend to be the most visible element of the service, as they are the people delivering the service and hence significantly determining service quality. In the case of SIA, their front-line staffs – the Singapore Girls – have become synonymous with SIA and the personification of quality service. They are one of the airline industry's most instantly recognizable figures, giving SIA a key competitive advantage as no other airline has managed to 'brand' and promote its cabin crew as successfully.

- It is the service firm.

Front-line staff represents the service firm and, from a customer's perspective, is the firm. Front-line staff at SIA are empowered to make appropriate decisions to customize service delivery and take corrective actions instantaneously during service recovery.

- It is the brand.

Front-line staff and service are often a core part of the brand. It is the staff who determines whether the brand promise gets delivered or not.

Understanding that, SIA places heavy emphasis on all aspects of the selection, training and motivation of its staff in general, and its front line in particular.

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In this chapter, we will focus on the people side of SIA's sustained service excellence. Specifically, we will discuss the following:

- The five key elements behind SIA's effective human resource management strategy and how each of the five elements reinforces SIA's service excellence strategy.

- The problems posed by strained industrial relations in SIA and the challenges it faces in restoring relations. The challenges mostly result from recent crises in the aviation industry (the 11 September terror attacks and SARS) and the recent entry of a number of budget carriers into Asia.

The Five Key Elements of SIA's Human Resource

Management Strategy

From the interviews with SIA's senior management, we deduce that there are five interrelated and mutually supportive elements behind SIA's effective <https://assignbuster.com/management-of-human-resources-in-sia/>

human resource management strategy. Together with the leadership and role modelling of its top management, these five elements are an important part of the explanation of how SIA has managed to consistently deliver cost-effective service excellence for over three decades through the effective and strategic management of one of its greatest assets – which is its human resources.

As shown in Figure 5-1, these five elements are stringent selection and recruitment of people, extensive training and retraining of employees, formation of successful service delivery teams, empowerment of front-line staff, and motivation of employees. These elements are emphasized in successful human

resource management, especially in the field of strategic human resource management, and they have been shown to lead to higher company performance. ³ However, many service firms have not been able to implement them successfully. Now let us

take a closer look at how the five elements work and complement each other at SIA.

The five elements behind SIA's effective human resource management strategy

1, Motivating staff through rewards and recognition

2, Empowerment of front-line staff to control quality

3, Successful service delivery teams

4, Stringent selection and recruitment processes

5, Extensive investment in training and retraining

Stringent selection and recruitment processes

As Jim Collins said, “ The old adage ‘ People are the most important asset’ is wrong. The right people are your most

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important asset.” We would like to add to this: “... and the wrong people are a liability.” Getting it right starts with hiring the right people. To support its service excellence strategy, SIA adopts a rigorous system and process for staff selection and

recruitment. Cabin crew applicants, who must be under 26 years of age, are initially assessed on both academic qualifications and physical attributes. If they meet the baseline requirements for these qualities, they then go through an extensive recruitment process that involves three rounds of interviews, a uniform check, a water confidence test, a psychometric test and a tea party. Out of 16, 000 applications received annually, around 500 to 600 new cabin crew members are hired to cover turnover rates of around 10%, which include both voluntary and directed attrition. When new cabin crew staff start flying, they are carefully monitored for the first six months through a monthly report by the in flight supervisor. At the end of the probationary period, around 75% of them are confirmed for an initial five-year contract, around 20% have their probation extended, and around 5% leave. Because of the special social status and glamour associated with SIA’s cabin crew (see Figure 5-2), many educated young women and men from all

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over Asia apply every year to join the ranks of SIA. And because of SIA's reputation as a service leader in the airline industry and as a company that develops its staff in an extensive and holistic manner, it can have its pick of talented young people. Many job seekers in Asia, especially school leavers and university graduates, see SIA as a desirable company to work for, often opening the door to more lucrative jobs in other companies.

What does SIA look for in applicants? According to ChooPoh Leong, Senior Manager (Crew Services), SIA looks for cabincrew applicants “ who have that empathy with people. We try to see whether the person is cheerful, friendly, humble, because we

The Singapore Girl, the leading figure of SIA's international marketing and advertising campaigns since the airline's establishment in 1972

Courtesy of Singapore Airlines.

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don't want the person to fly and then take on a passenger and give him or her a bad time on board the plane.” Shortlisted applicants go through various rounds of interviews. The first one is a group interview where the interviewers assess the applicants' overall looks and personality and their command of English. Typically, applicants are asked to introduce themselves and talk about themselves, and then to read a passage for the interviewers to assess their standard of English. This interview is not in-depth. If successful in the initial round, the applicant moves on to a one-on-one interview during which the interviewer will ask in-depth questions to assess whether the applicant has the core values and competencies SIA desires in

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its cabin crew. Successful applicants from this second round, then go through a psychometric test, which is conducted to confirm the results of the earlier interviews. Following that, the applicants proceed to what SIA calls a uniform check, when they will put on the sarong kebaya, SIA's uniform for female cabin crew. At this stage, the mostly female interviewers will assess how an applicant looks in the sarong kebaya in terms of posture, gait and general looks. Successful candidates will then go through a water confidence test at SIA's training pool in its flight safety wing. Applicants, wearing a life jacket, are required to jump from a height of three meters into the pool. Because successful applicants will later, as part of their training, have to learn how to help passengers during an emergency evacuation on water, they cannot have a fear of water or heights. The next interview is what SIA calls the management round. Here, the senior vice president (Cabin Crew) and one of the senior staff of cabin crew services interview all the applicants who have been short listed after the earlier rounds. This two-on-one interview is again in-depth in order to ensure that the right applicants are picked. After this round, the final assessment is made. The last step after this assessment is a tea party for the successful applicants. According to Mr. Choo, " We mix with them, we talk to them, to reconfirm for us. In case in the two-to-one round we have certain doubts about you, we'd like to see you in a different setting; or we may have made certain judgment on you, we'd like to reconfirm in that management tea party round. So once you get through that, then you are selected."

This rigorous selection process ensures with reasonable certainty that SIA hires the cabin crew it desires and eliminates less suitable candidates. The result is that only some 3% to 4% of the applicants are hired.

Extensive investment in training and retraining

When a firm has good people in the first place, investment in training and retraining can then yield outstanding results. Service champions show a strong commitment to training in terms of resources and action. As Schneider and Bowen put it, “ The combination of attracting a diverse and competent applicant pool, utilizing effective techniques for hiring the most appropriate people from that pool, and then training the heck out of them would be gangbusters in any market.” Our interviews with SIA’s senior management clearly reveal that the airline places considerable emphasis on training, so much so that training is one of its focal points in its human resource and service excellence strategy. According to Ms Lam Seet Mui, Senior Manager for Human Resource Development, “ SIA invests huge amounts of money in infrastructure and technology, but, ultimately, you need people to drive it. At SIA, we believe that people actually do make a difference, so the company has in place a very comprehensive and holistic approach to developing our human resources. Essentially, we do two types of training, namely functional training and general management-type training.” Although training is regularly highlighted as a key

component in the cycle of success for service firms, 5 no other airline appears to put as much emphasis as SIA on the training of its front-line staff. For example, a newly recruited batch of cabin crew are required to go through an intensive four-month training course which is considered to be

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the longest and most comprehensive in the airline industry. 6 In addition, flight crew are also required to go through 29 months of comprehensive 'on-line training' before being promoted to first officer⁷ (Figure 5-3). The aim of SIA's training is to provide gracious service reflecting warmth and friendliness while maintaining an image of authority and confidence in the passengers' minds. Each month, thousands of prospective cabin crew employees apply for the airline's rigorous and holistic course that encompasses not only safety and functional training but also beauty tips, gourmet food and fine wine appreciation, and the art of conversation. 8 According to Mr Choo, " During the four months' training, they go through various courses. Typically, they have to go through modules like the SIA Way, where they are taught what is expected from them in SIA, passenger handling skills, food and beverage skills, service attributes and grooming. We pay a lot of attention to grooming and deportment. They also attend various safety training courses, which are conducted by our flight safety department. They cover first aid, safety equipment and procedures, evacuation procedures, and handling of unruly passengers. So it's quite a comprehensive training course. When they pass the course, then they can fly. They are put on probation for six months. But training doesn't stop after Courtesy of Singapore Airlines.

Figure 5-3

SIA pilots are required to complete 29 months of comprehensive training before they are allowed to take off and land a plane

that; there's continuous training. So even crew members who are flying have to come back for further training." Because of its reputation for service excellence, SIA's customers tend to have very high expectations and can be very demanding, which can put considerable pressure on its frontline staff. According to Ms Lim Suu Kuan, Commercial Training . Manager, the motto of SIA is this: If SIA can't do it for you, no other airline can. The challenge is to help the staff deal with difficult situations and take the brickbats. The company helpsits staff deal with the emotional turmoil of having to satisfy andeven please very demanding customers without feeling that they are being taken advantage of.

According to former CEO Dr Cheong Choong Kong, " To the company, training is forever and no one is too young to be trained, nor too old." Yap Kim Wah, Senior Vice President (Product and Service) adds, " We believe that there is no moment, regardless of how senior a staff is, when you cannot lear something. So all of us, senior vice presidents included, are sent for training regularly. We all have a training path. You can always pick up something. If you have completed quite a number of programmes, then you go for sabbatical. You go and learn a language, do something new and refresh yourself." Such continuous training and retraining has been vital to SIA in sustaining service excellence; it helps staff to have an open mindset, to accept change and development, and to deliver the new services

that SIA introduces regularly (Figure 5-4). There are seven training schools in the SIA Group dedicated to delivering training in each of the seven core functional areas: cabin crew, flight operations, commercial training, information

Delivering warm, friendly and competent service: The result of extensive training that equips front-line staff with the required skills and attitude

Courtesy of Singapore Airlines. technology, security, airport services training, and engineering. General management training is offered by the SIA Management Development Centre (MDC), which is under the purview of the human resources division. It provides executive and leadership programmes for staff from all sections of the company with the aim of generating effective administrators as well as visionary managers. This training is centralized so that the engineers get to meet the computer experts and the marketing people and so on. This purposeful mixing of its staff enhances mutual understanding and inculcates a more integrated and holistic view (and way of management) by all divisions. MDC's programmes are divided into three broad areas: (1) management development programmes focusing on the changing priorities and skills required at various levels of the managerial hierarchy; (2) management skills development programmes which are functional or skills related, ranging from the art of negotiation to the learning of other cultures; (3) self-development programmes in areas such as social etiquette. SIA trains about 9,000 people a year and is well known for its dynamic and committed approach to training. According to Ms Lam, " About 70% of SIA's courses are done in-house, and one of SIA's

recent service excellence initiative, called Transforming Customer Service (TCS), involves staff in five key operational areas: cabin crew, engineering, ground services, flight operations, and sales support. To ensure that the TCS culture is promoted company-wide, it is also embedded into all management training. MDC has put together a two-day management training programme entitled TCS Operational Areas Strategy Implementing Synergy (OASIS). The programme also aims at building team spirit among our staff in key operational areas so that together we will make the whole journey as pleasant and seamless as possible for our passengers. One has to realize that it is not just the ticketing or reservations people and the cabin crew who come into contact with our passengers. The pilots, station managers and station engineers have a role in customer service as well, because from time to time they do come into contact with passengers. But TCS is not just about people. In TCS, there is the 40-30-30 rule, which is a holistic approach to people, processes (or procedures) and products. SIA focuses 40% of the resources on training and invigorating our people, 30% on reviewing processes and procedures, and 30% on creating new product and service ideas." The focus is thus on the totality rather than just one aspect of customer service, and this enables the airline to deliver a service that is excellent in all aspects. One of the main forces behind the success of SIA's training and retraining programmes is its leadership, as well as the relationship management builds with staff. As Timothy Chua, Project Manager (New Service Development) puts it, " I see myself first as a coach and second as a team player." Instead of positioning themselves as managers or superiors, SIA's management often view themselves as mentors and coaches, guiding and imparting knowledge and experience to new

recruits and new department members. To ensure that its management understands the big picture, SIA trains all management staff through job rotation. Managers are rotated to other departments every few years. This strategy produces a number of benefits. It allows managers to acquire an understanding of the workings of more sections of the organization than they would otherwise. It also promotes a corporate outlook, reduces interdepartmental disputes, and creates an appetite for change and innovation as people constantly bring fresh perspectives and new ideas to their new positions.

Building high-performance service delivery teams

The nature of many types of services requires people to work in teams, often across functions, in order to deliver seamless customer service. Effective teams facilitate communication and knowledge sharing among team members, thus enabling the members to understand and learn from each other. In view of the importance of teamwork in the delivery of service excellence, SIA endeavours to create esprit de corps among its cabin crew. Its approach to developing teamwork among its diverse group of cabin crew staff is the team concept, which involves dividing the 6,600 crew members into small units with a team leader in charge of about 13 people. Members of the team are rostered to fly together as much as possible. Flying together as a unit allows them to build camaraderie and get to know each other. The team leader also gets to know each member's strengths and weaknesses well and becomes their mentor and counsel, someone to whom they can turn to if they need help or advice. In addition, there are 'check trainers' who oversee 12 or 13 teams and fly with them whenever possible, not only to

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inspect their performance but also to help the teams develop. According to Sim Kay Wee, Senior Vice President (CabinCrew), “ The interaction within each of the teams is very strong. As a result, when team leaders do staff appraisal, they really know the staff. You would be amazed how meticulous and detailed each staff record is, even though there are 6, 600 of them. We can pinpoint any staff ‘ s strengths and weaknesses

easily. So, in this way, we have good control; and through this, we can ensure that the crew delivers the promise. If there are problems, we will know about them and we can send them for retraining. Those who are good will be selected for promotion.” According to Toh Giam Ming, Senior Manager (CrewPerformance), “ What is good about the team concept is that, despite the huge number of crew members, people can relate to a team and have a sense of belonging: ‘ This is my team.’ They are put together for one to two years and are rostered together for about 60% to 70% of the time, so they do fly together quite a fair bit. So, especially for the new people, I think they find that they have less problem adjusting to the flying career, no matter what their background is. Because once

you get familiar with the team, there is support and guidance on how to do things.” Mr Choo adds, “ The individual, you see, is not a digit or a staff number. If you don’t have team flying, with 6, 000-odd people it can be difficult for you to really know a particular person.” SIA also has a lot of seemingly unrelated activities in the cabin crew division. For example, there is the performing arts circle made up of talented employees with an interest in the arts. During the biennial cabin crew gala dinner in 2004, SIA employees raised over half a million dollars for charity. 10 In addition to the <https://assignbuster.com/management-of-human-resources-in-sia/>

performing arts circle, there are also a gourmet circle, language circles (such as a German and French speaking group) and even sports circles (such as football and tennis teams). The company believes that these activities encourage camaraderie and teamwork (Figure 5-5).

SIA crew members contributing to charity while fostering team spirit

Empowerment of front-line staff to control quality

Virtually all outstanding service firms have legendary stories of employees who recovered failed service transactions, walked the extra mile to make a customer's day, or averted some kind of disaster for a client. Mr Toh shares such a story: " This particular passenger was a wheelchair-bound lady in her eighties, was very ill, suffering from arthritis. She was travelling from Singapore to Brisbane. What happened was that a stewardess found her gasping for air owing to crippling pain. The stewardess used her personal hot-water bottle as a warm compress to relieve the passenger's pain and knelt to massage the lady's legs and feet for 45 minutes. By that time, the lady's feet were actually swollen.

The stewardess offered her a new pair of flight support stockings without asking her to pay for them. She basically took care of the old lady throughout the trip, seven to eight hours. When the old lady got back to Brisbane, her son called the hotel in which the crew were staying to try and trace this stewardess to thank her personally. He then followed up with a letter to us. I don't know if training contributes to it, or if it is personal. I mean, you don't find people who'd do this purely as a result of training, I think. We find the right people, give them the right support, give them the

right training, and with the right support people will do this kind of thing.”

Such thoughtful actions are part of the culture at SIA.

According to Mr Choo, the crew members “ are very proud to be part of the SIA team, very proud of the tradition and very proud that SIA is held up as a company that gives excellent care to customers. So they want to live up to that.” Employees have to feel empowered to engage in such discretionary efforts. Employees making decisions on their own have become increasingly important, especially in service firms, because front-line staff frequently have to handle customers on their own, and it tends to be difficult and also unproductive for managers to constantly monitor their actions closely. 11

However,

one of the biggest issues many service organizations face when it comes to empowerment is that there is a lot of talk about empowerment but no concrete action. According to SIA’s senior management, staff must have a clear idea of the limits of their authority, and it is the responsibility of management to articulate and make it clear what they mean by empowerment. For example, whereas the usual baggage allowance is 10 kilograms, SIA front-line staff are empowered to raise it to 25, 30 or even 50 kilograms, as long as they feel that it is a right decision. However, such a decision by a frontline staff must be recorded and justified. According to Mr Yap, as guidelines for implementing empowerment, staff should be given the authority of the people two levels up: “ If you are a clerk, you should know what your officer and your senior officer can do. If these two officers are not around, you can make decisions up to the limits of their authority.”

Empowerment of the front line is especially important during service

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recovery processes. As noted by Timothy Chua, “ We strive for instantaneous service recovery. I think that is

one of SIA’s biggest differentiators. When something goes wrong, we react quickly; and I believe we generally do it in a very fair way.”

Motivating through rewards and recognition

Once a firm has hired the right people, trained them well, empowered them and organized them in effective service delivery teams, how can it ensure that they will deliver service excellence? Staff performance is a function of ability and motivation. Reward systems are the key to motivation, and service staff must get the message that they will be recognized and rewarded for providing quality service. Motivating and rewarding strong service performers is also one of the most effective ways of retaining them. Understanding that many service businesses fail because they do not utilize the full range of available rewards effectively, SIA offers various forms of rewards, including interesting and varied job content, symbolic forms of recognition and performance-based share options. It recently introduced equitylinked incentives for staff and linked more variable components of pay to individual staff contribution as well as to the company’s financial performance. 12 Another source of motivation comes in the form of the international accolades for excellence that the airline has received over the years, which include several ‘ best airline’, ‘ best cabin crew service’ and ‘ Asia’s most admired company’ awards . Additionally, the company makes use of communication to further spur its employees to deliver quality

service. Companywide meetings and briefings are held regularly to keep staff informed of the latest developments. Corporate newsletter and circulars help promote information sharing. Interaction between staff and management is encouraged through regular staff meetings. As Ms Lim notes, “ It’s about communication. For example, if we add a new service at check-in, we will talk to the people involved before, during and after implementation. We will discuss the importance and the value of it, and make sure everyone is aware of what we are doing and why. It helps to give staff pride in what they do.” Communication is also important in recognizing service excellence. Newsletters are used to share and recognize good service. Staff who go the extra mile are recognized through the annual Deputy Chairman’s Award. Mr Sim stresses the importance of recognition, “ We know that a pat on the back, a good ceremony, photographs and write-ups in the newsletters can be more motivating than mere financial rewards, hence we put in a lot of effort to ensure that heroes and heroines are recognized for their commitment and dedication.” SIA’s performance management system is quite sophisticated and comprehensive. An outline of the cabin crew assessment system is given in the Appendix at the end of this chapter. All in all, what makes SIA cabin crew so special that other carriers try to imitate it? Mr Choo says, “ Here, there are some intangibles. I think what makes it special is a combination of many things. First, you’ve got to ensure that you find the right people for the job, and after that training matters a great deal: the way you nurture them, the way you monitor them and the way you reward them. The recognition you give need not necessarily be money. I think another very important ingredient is the overall culture of

cabin crew, the fact that you have people who really are very proud of the tradition. And I think a lot of our senior people – and it rubs off on the junior crew – take pride in the fact that they helped build up the airline; they are very proud of it and they want to ensure that it remains that way.” Mr Toh adds, “ Among other contributing factors is a deeply ingrained service culture not just among the cabin crew but also in the whole company. I think it goes back to 35 years ago when the airline was set up. A very, very strong service culture throughout the whole organization, very strong commitment from top management. We take every complaint seriously. We respond to every complaint. We try to learn from the feedback; it’s a never-ending process.”

Managing Labour Relations

The cost-cutting measures necessitated by the company’s first ever quarterly loss of S\$312 million in the quarter ending July 2003 caused mainly by the SARS outbreak, and the increased competition brought by the entry of a multitude of low-cost carriers across Asia, have created strains within SIA. On 19 June 2003, CEO Chew Choon Seng announced the retrenchment of 414 Singapore-based employees (1. 5% of the company’s staff), comprising office staff, airport workers and engineering personnel. The retrenchment exercise was initiated as a last measure in response to the difficult operating environment, following earlier moves towards stringent cost management that included deferring discretionary spending, freezing recruitment, cutting management’s pay by up to 27. 5% and introducing compulsory no-pay leave for cabin crew. 13 Mr Chew announced that, “ We have always said that we would consider retrenchment as a measure of last resort.

I am sad to say that we are now at that point. It is unfortunate, but there is no alternative if we are to ensure that the company survives this downturn and position ourselves to compete effectively in the marketplace of the future.” In addition to retrenchments, staff were asked to accept pay cuts and take unpaid leave. What followed was a public debate

of labor-management positions in the pages of the local daily Straits Times. A survey of three of the four SIA unions showed lower staff morale and a perceived change in the

family atmosphere, for which the carrier was known, to one of accountability in which workers feared losing their jobs. 14 Tension between pilots and the airline escalated after pay cuts were implemented in June 2003, and the situation worsened when the cuts were maintained after SIA posted a profit of S\$306 million in the following quarter. Leaders of three unions – the SIA Staff Union, the Singapore Airport Terminal Services Workers Union and the SIA Engineering Company Engineers and Executives Union – were asked to provide feedback on SIA’s labour-management relations. The feedback cited several areas that needed to be addressed. 15 Recognizing the tensions raised by the cost-cutting measures, the airline is trying to restore morale. Managerial and supervisory staff have been advised to be more sensitive to the needs of their staff, and top management has been receiving regular feedback to keep apprised of the situation on the ground. It will be a challenging balancing act to further raise SIA’s already high labour productivity while at the same time retaining and refining its hitherto highly successful human resource management. The recent difficult conditions caused by the outbreak of SARS, the intensifying competitive environment

for full-service carriers, and the influx of budget carriers have challenged the consistent profitability of the airline. While SIA's rapid response to the crises was impressive, the stringent cost-cutting measures that were required to cope with these challenges inevitably affected morale and have the potential to undermine the company's service-oriented culture, despite efforts to assist retrenched staff, such as training programmes and workshops that included courses on managing emotions, financial planning and career guidance. 16

Conclusion

For over three decades, SIA has managed to achieve what many others in the aviation ind