

Strategic analysis of korean airline

Environment, Air



Excellence in Flight, which is their mission to serve operational excellence, service excellence, and innovative excellence. So far, this is the slogan of Korean Air and their main business is air transportation that deals with passenger, cargo, and aircraft maintenance service with cabin crews training service (1969).

Firstly, have confidence and affection of customer and offer best service. Secondly, Create wealthy life value and desirable social value as doing moral management. Last, motto is Support creativity of employees and help growth of abilities (2013). As Global Airline, which got the Three Best which are Best Service, Best Reliability, Best Management, Korean Air concentrates its capabilities on internationalization, Knowledge, and E-business by devoting all energies to safety and innovative operation as well as improving its image to strengthen the phase (2013). Although by looking in an internal business aspect from Korean Airline, is currently focusing on the performance of human resource management or system and which had been settled down deeply through Korean Airline organization's culture.

The company is focusing on the trust between capital and labor, which brings them to help and rely on each other as family members. The familiar community idea does not only help them to overcome the difficulties but it also gives them the motive of power. Another Human Resource system's based on philosophy is to bring up or level up human resources to lead the era of change. To do so, Korea Air concentrates on educating employees by improving employees' capabilities and implanting attachment and devotion to the organization (2010). It is Korean Air's main purpose to make Korean

Air become one of the world's best airlines by these educated employees providing better services.

However, this management demands employees sacrifice too much that squeezes the employees without an exception. This may work for a short period of time, but when it works for a long term, the employees would feel tired and have complaints. Adding more information, most Asian countries business structure or the business systems are still maintaining with owner's strong belief on the performance, as squeeze management and it's the key for the success (2010). It is because the organization only thinks about itself without considering the employees, and there is no time to recharge the employees' energies and has no system that lets them express their opinions or thoughts. This proves how the communication is not working well. Since there is no sharing between capital and labor, there have been some problems occurring.

Concernment with internal aspect from the current Korean Air's Business Structure, Vertical Structure, has the lack of inadequate Human Resource Management (HRM) system (2013). This kind of businesses structure might occur the misconnection between the each department and misunderstanding one from the others. Specifically this also can be connected to the main fact, which is the lack of communication with Korean Air employees union.

Like other companies, Korean Air has their labor union, too. Almost every company in the world has a labor union, which claims employee's rights as well as protecting employee's opinions. But now this problem has come with

a very serious issue in Korean Air. The employees call for their labor union goes against democracy is the procedure how they select a representative. In order to be elected as a union president, the candidate should make a good relationship with not individual employees but other representatives on the board. From the research the representative gains a lot of money during the 3years of representative's time (2013). Therefore, this can be seen as a very appealing job for many people whom having a black heart.

Consequently, this can cause a direct affect by having a disconnection between the company and employees because of not equal elections. With by fortune, there has been changing breeze through this matter of undemocratic elections referred to the Korean Airline Workers' Union news. What I would like to say at this point is that the number of unions and the form of a certain labor union is nothing more important than their relationship as they can come up with beneficial agreements without any dispute from mutual understandings.

To suggest the solutions in details; Firstly, making solid relationships between labor and capital is the main role in order for Korean Air to take a NO. 1 market share forward airline companies in their industry field. What I'm suggesting for this issue is that new perspective in handling Labor Unions is required to solve this problem. What they need is the middle manager who treats the conflicts between workers and the company to help staff feel being respected.

For instance, Southwest Airline, the most successful business case in the airline industry has a certain middle manager that manages less than10

underlings. Their role in the perspective of HRM is a bridge which means the middle managers deliver the complaints to the top manager and provide the inferior workers with counseling. To offer these kinds of services to their internal customers, middle managers are required to take the leadership training once in a year (2010).

On other hand, In the case of IBM, they have a firm company culture that the complaints are directly sent to executives and then the executives give back the message including what the reaction will be to the original person of the complaints. Furthermore, making the formal and informal organizations practical is useful. For example, holding a round-table conference between labor and management and a joint labor-management is necessary to understand what another party wants. When these functions are working very well, both parties can derive the responsibility and ownership (2013).

Therefore, the performance of management will cause a growing the reputation and popularity of Korean Air. Furthermore, this strategy management made me has an enormous expectation from Korean Air and I also expect in the near future their slogan might include “ Excellence in Management”.

Korean Airline SWOT Analysis

(S)trengths

The Strength of Korean Airline has built up global relationship which calls Sky team. It has alliance with international airlines such as Russian Airlines, Aero Mexico, Air France, KLM, Alitalia, Continental airlines, Czech Airlines, and Delta. Having different types of aircraft can be benefits to provide variety of

services for passengers in flight. Korean Airlines has 180 Aircrafts in 2013. In addition, Korean Airlines represent First Place in Cargo part from 2004 until now. As increasing of reputation, more and more people became to use service in Korean Airlines (2008).

(W)eaknesses

Due to disaster from Guam accident in 1997, Korean Air has negative image as an accident airline. Some people still are afraid the flight with Korean Air. Asiana Airline, which is competitor airline in Korea, has similar flight routes with Korean Air. As a result, it can bring low revenue and income for Korean Air to operate their business. For any big airline, it always has shortage of time and complexity system (2008).

(O)pportunities

As increasing of globalization, Korean Air has possibilities to expand their business from local to global. The one of outstanding Incheon International Airport, which is ranking number one in the world, in Korea, Korean Air can use as a marketing system to improve its business through this airport (2013). From this, it also has opportunity to grow its more reputation through brand power. They can also still provide more variety of services by using different types of aircraft with Sky team.

(T)hreats

Korean does not have fuel resource. As changing of economic situation, Korean Air may need to pay more fuel price that can affect business operating. In addition, Labor union can be obstacle when it has different idea with employees (2013). Especially, Pilot union can be representative

example. If they decide not to work, Korean will not able to keep their business.