

The future of the u.s. commercial airline industry

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



The airline provides air transport service for its passengers or freight that are generally recognized to have an operating certificate or license . They vary from those with single airplanes that carry mail or cargo, through the ones that offer full service international lines that are operated by the many hundreds of airplanes. The airline services are categorized into intercontinental, intracontinental or domestic and they may be operated as per the scheduled services or charters. The United States Commercial Airline Industry was established in the year 1914 by Tony Jannus.

The airlines were supposed to serve the following routes, the Saint Petersburg routes, Braniff Airways, American Airlines, Delta Airlines, United Airlines, Tran world Airlines, North West Airlines and the Eastern Airlines the airlines in early 1920s were meant to carry bags of mail however in 1925 the Ford Motor Company bought the Stout Aircraft Company and they built all Ford Trimotor that became the most successful American airliner in the United States. The company developed an airliner that had a 12-passenger capacity and it was used to supplement the rail service in the American transportation network.

The Pan America World Airways was later developed by Juan Trippe so as to create air network that would link America to the rest of the world so as to enhance the business activities between this countries to be carried out effectively. The airways was used to cover the fleet that would link Los Angeles to London and Boston and then to London City (Benson, Bruce L. 1994).

The United States Airline Industry was profitable in the 1930s and also in the beginning of the World War II; this was as a result of the introduction of the Boeing 247 and the Douglas DC-3.

The United States and other government set up standards so as to regulate the way the airlines were to be operated so that they would improve on the performance of the industry. After the World War II the airlines in the Allied countries were flushed with lease contracts to the military and they foresaw the future explosive demand for the civil air transport for both the passengers and the cargo thus they increased the regulations that would be followed so that regulation the airline sector.

The companies invested in emerging flagships of the air travel as the Boeing stratocruiser, Lockheed Constellation and the Douglas DC-6 since they were based on the American bombers as the B-29 which had spearheaded into the research of new technologies as pressurization and they offered efficiency of both the added speed and the greater payload and also they had a bigger passenger capacity and range (Frederick C.

D. and Joyce S. M. 1990). In the 1970s the United States airline industry introduced deregulation since it lowered the barriers that hindered new airlines from starting their operations.

In this period the new start ups entered during the downturns in the normal 8 - 10 years' business cycle.

At the time they trained new employees, recruited laid off staff from the other airlines and then they financed the airline companies and they

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conducted hangar and maintenance services so as to enable the operations of the airlines to be carried out effectively (Bennett, Randall W. and Boyer, Kenneth D. 1990). The major airlines that dominated the air network routes conducted aggressive pricing and additional capacity offerings and they also swamped new start ups so as to be in a position to generate revenue to their companies.

The America West Airlines was the only airline that survived to exist in the market, as most of the airlines were not in a position to continue with their operations since they did not have the appropriate mechanisms to compete effectively in the world market.

The United States Airline experienced growth since the other airlines made fewer businesses as compared with the United States Airline since they had good strategies that facilitated the improvement of the company's performance.

The United States Airline's performance improved as a result of joining frequent flyer loyalty programs and it also offered free flight services and other benefits for using the flying services to their customers. The new services and higher frequencies lead to the customers to fly in any other city, do business and return at the same day for almost any point in the country. The airline industry today operates over 10, 000 daily departures worldwide.

The America Airline industry had been affected by escalating fuel prices that had led to most of the airline companies' closure and the federal bankruptcy had been experiencing high rates of cases of airline companies that have

been closed due to the mismanagement of the companies' resources (Frederick C. D. and Joyce S. M.

1990). The airline industry in United States in the year 2005 lost over \$32 billion during this time period and an additional loss of \$9 – \$10 billion was predicted this loss was attributed to the economic slowdown, declining business travel, increased competition from the low cost carriers and the rising fuel prices.

The instability of the industry had also been attributed to the highly cyclical demand for air travel as well as the structure of the industry that has very high fixed costs and few barriers to entry. According to some experts they stated that the industries' problems were as a result of over capacity and bankruptcies of the airline (Appelbau, S. H. and Fewster B.

M). The Human Resource Management faces a number of problems such as the crisis of trust and a loss of legitimacy in the eyes of its major stockholders.

The future of the United States airline industry in the future is that it would experience rapid growth in the regional airline passenger traffic that would double over the next decade to over 71 million passengers and an increase in the integration of the regional airlines with the major and national airlines. The industry had been facing adverse economic conditions that had plagued the aviation industry over the past three years thus in order for the companies to overcome these problems, the airlines have upgraded their

fleet at a rapid pace and the fleet would be expected to introduce more fast, large aircrafts during the next decade.

The nations' major airlines have been experiencing delays of the aircraft delivery schedules and the cancelled purchase options from the aircraft manufacturers that lead to the announcement of steep cuts that lead to low returns for the industry. The human capital refers to the productive capabilities of people in an organization.

The skills, experience and knowledge of people enable them to have economic value to the organizations since they enable them to be productive and adaptable to the situations in an organization.

As the United States corporation expand their operations they are faced with legal concerns for example, the European countries are obliged to set aside specific sums of money for the formal training and development of their employees in their organization so that they can be in a position to adapt to the changing situations that are occurring in the economy and also to be in a position to compete effectively in the world market (Michael, A. C. And Paul, R. K. (Eds) 1991).

The mergers airline bankruptcies, aircraft safety and the maintenance concerns, the extensive flight delays and cancellations, \$100 – plus – per barrel oil prices and the other issues are some of the factors that affect the United States airline. During the year 2005 the airline industry lost their businesses since most of their customers feared to use the aircraft as means

of transport since the accident that occurred at that time caused fear on the part of the customers and this reduced the returns of the industry.

The industry employees also lost their pensions due to the accident and this contributed to the low returns for the industry during that period. . (Anthony, W D.

1996). The United States Airline industry can use two competitive advantages so as to overcome the problems that the industry faces these are cost advantage and the differentiation advantage. . According to the differentiation strategy the management of organization can only survive in the industry by using this type of airline that is able to adapt to various conditions that are in a country.

The United States airline industry can be successful in its operations by implementing the following policies in their organization. These are attracting customers, managing people, managing its fleet and by managing its finances.

The factors that can be used to attract customers into the industry are by having attractive airline services and having the airlines being attractive in their promotional expenditures.

The most attractive factor that would be used to attract the customer would be to use infrastructure convenience and the scope of service, the use of relative price of tickets and also to the lower relative prices would be more attractive for most of the travellers and as this would contribute to the high returns of the organization (Anthony, W D. 1996). The factor of managing the

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fleet involves the way the management of the airplanes utilize their airplanes in terms of how many hours are spent per day and it also involves how well the companies' major assets are used in a group.

The load factor that is relative to the industry average it indicates how well the individual airplane is used and the load factor refers to the proportion of an airplane's seats that are sold and filled at the departure so as to increase the returns of an organization. Managing People The airline capacity per employee involves measuring how the employees work together so as to provide the physical service of getting the passengers from one place to another.

The morale of the employees can be measured by determining how well the employees in an organization are committed to providing good service to the airline's customers. The productivity of the industry can be measured by taking into account the available seat miles per the employee. The morale of the employees can also be measured by using proxies since the original morale model is complex and it requires the use of information that is not currently available to the airlines.

The activities that result from lost bags or poor enough treatment of the passengers are some of the factors that are used to measure the morale of the workers. The labour management relations such as the strikes and the threatened strikes can also be used by the management of the organization to see how well the employees are satisfied with their jobs, so that they can implement good strategies that can enhance their performance in the duties and responsibilities that have been assigned to them.