

Japanese airlines: strategic human resource management

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



This essay is going to discuss about the human resource management issues in Japanese airlines and also provide the way to solve the problem based on the human resource strategy that consist of various practices i. e. communication within an organization, human resource planning, recruitment and selection, learning and development, performance measurement, employee relations, and evaluation. Harvard Referencing Style is adopted for referencing in this essay.

In 1992, Japanese airlines, JAL, declared its first loss at \$100. 2 million (Shrestha, 2008). Numbers of policies and plans were initiated and executed in order to combat with the loss. The key to combat with the loss was to reduce the expenses therefore downsizing the employee and cutting off the employee remuneration were included in its plans. Furthermore, the company turned to start hiring non-Japanese employees instead due to the lower payment on their wages. Consequently, these policies and plans led to another substantial loss for the company which was a lowering in productivity of its employee and had a notably impact on customer services and also customer relations. This substantial loss was engendered by the differences between Japanese and non-Japanese employees of JAL itself and this was considered to be the human resource management issue of the firm.

According to the business strategy of Japanese airlines was to strive in the airline business and combat with its loss by the cost reduction and workforce productivity improvement (JAL, 2008). Thus, the human resource strategy had to be aligned to the business strategy in order to achieve the firm's goal.

HR strategy consists of a set of decisions and actions which involve with the management of all level of employee in the business and related to the implementation of strategy that led to creating and sustaining competitive advantage of the company (Tyson, 2006). The key HR strategy of JAL appeared to be the hiring non-Japanese employees at lower wages through the IASCO, global crew leasing company. This was possibly considered as an effective strategy to JAL as the labor costs of the firm was reduced by 40% in that period of time. However, afterwards, this strategy turned to be a loss of the firm in long run as a rift between Japanese employees who directly contracted with JAL and non-Japanese employees who contracted with JAL through IASCO was created according to the differences between them.

Differences were possibly stimulated in either difference in their personal culture of working and flawed HR policies that could not blend and treat them together equally; as a result, 'them and us' culture was developed and made a loss to the firm. Apparently, the existed HR strategy of the firm did not cover this pitfall and should be reconstructed based on HR practices and fit with the business strategy in order to resolve the problem and sustain the competitive advantage of the company. The key determinant of human resource effectiveness is the fit between the business strategy and human resource strategy (Tyson, 2006). The business strategy and HR strategy are required to be communicated through all level of employees in the company to enhance the employee understanding and motivate them to pursue the firm's goal.

Communication in organization is the basic function that cannot be overlooked. It is the key for motivation that can improve the employee morale and productivity (Martin, 2005). Without the communication, it is impossible to create the human relations and thus difficult to success in the business (Thomson, 2007). Communication in organization can be categorized into 2 main types which are written communication such as internal newsletters, e-mails and another one is the oral communication that involves presentations, employee meetings. Both types are important in different ways depend on the situation but, generally, oral communications are much more meaningful and effective than written communications (Martin, 2005). As such, the HR strategy of JAL should be conducted through the employee meeting which involves entire level of employees by include how each individual employee can contribute to the firm's goal, how employees will be supported and how the firm will be different in the future and make sure that it is a two-way communication to ensure that all employees will receive and understand the delivered messages.

However, the Japanese culture tends to be the seniority system under a formal hierarchy that reflects the subordinates to acknowledge the supervisor's commands with less comments and suggestions (Deresky, 2008). Therefore, this strict hierarchy should be mitigated in communication and replaced by the openness in order to obtain the feedback and perceive the existed and potential problems including human resource issues in the organization from all employees. It is important to gather the information of existed problems as well as potential problems in the future from the

employees as they are the real one who facing the real problem and their opinions are useful to develop the problem solving plan (Robbins, 2008). HR practices such as human resource planning, recruitment and selection, learning and development, performance measurement, employee relations, and evaluation would be more effective by development with the joint of employee's feedback.

HR planning is the process of determining what job in the firm will need to be filled, how to fill them and what skills, experience and competencies will be required (Dessler, 2008). This process is significance to the firm in term of manpower management and certainly the benefit to the firm in term of financial as well. The goal of HR planning can be defined as to get the right quantify of employee with the right knowledge, skills, experiences and competencies in the right jobs at the right time and also at the appropriate cost in order to achieve the firm's goal (Bacal, 2010). The HR planning is able to play an important role regarding the firm's cost reduction strategy because it involves with the determining current existed employees and also forecasting the future employee turnover and requirement rate to balance the total headcounts that capable to sustain the achievement on business goal.

Shortage of employee issue can make a loss in opportunities in business that leads to financial loss. Similarly, excessiveness of headcount issue can make a financial loss by the excess payment on unnecessary jobs and downsizing the employee which compensation payments are required. The downsizing does not create an impact on only employees who have been sacked but it

also creates the negative impact on morale of remaining employees (? sthus, 2010). These issues are possibly mitigated by an effective HR planning (Dessler, 2008). Under a well-developed HR planning, JAL would tend to promote their existed employees to other required positions by training and developing them instead of hiring new employees which may cause financial loss in the future due to an excessive headcount. HR planning could provide both money saving and prevention of morale impact on firm's employees. HR planning directly involves with the recruitment and selection process.

Recruitment and selection process is the process of screening and choosing the right people into the right positions at the right time (Martin, 2005). This process can be done by the firm itself so called in-house recruitment or through the employment agencies i. e. headhunters, niche recruiters (Dessler, 2008). JAL decided to recruit their non-Japanese pilots and flight engineers through the IASCO, crew leasing company which is considered as employment agencies, due to the reason of lower wages. However, the cultural differences between Japanese and non-Japanese employees created a negative impact to the firm. To combat with this issue, JAL could work out with IASCO to screen and select non-Japanese employee by take following factors into account beyond the skills, experiences and competencies that are generally required in the position. These factors are culture adaptability and ability to learn other language of the candidates through the ability test of aptitude, test of personality and group situational test in the structured interview and selection process. Adaptability is a personality to handling uncertainty situation, and dealing with the working outside traditional culture

and also geographical borders (O'Connell, 2008). With the high adaptability of non-Japanese employees, they could tend to conform to JAL culture. Consequently, the cultural differences issues could be reduced. In the same way, this recruitment practice that takes the adaptability of candidates into account could provide more effective in problem solving related to the cultural differences by applying it to the recruitment of Japanese employee by JAL itself as well. As such, both Japanese and non-Japanese with high adaptability could easily blend together and provide better work performances.

Alternatively, the JAL could save more money and, in the same time, avoid the cultural differences issues by in-house recruitment on both Japanese and non-Japanese employees with the focus on adaptability of candidates. Hiring people through the employment agencies normally cost more than in-house recruitment since the agencies get the fees (Dessler, 2008). Also, recruiting non-Japanese employees directly by JAL itself and make them to be permanent employees for the firm could prevent the negative impact on their morale and lead to maintain their productivities. Morale and employee relation problems can be created when the permanent and non-permanent employees working on the same work but not obtain the same benefits regarding their differences in permanent and non-permanent employment status (Schaefer, 2005). The productivity of employee is tended to worsen if the employee's morale is lower (Mohanty, 2009).

Recruiting and selecting the high potential employees does not assure that they will perform their work effectively. To guarantee that employees will

work effectively, they are required to know what to do and how to do their jobs through the learning, training and development programs (Dessler, 2008).

Firstly, the employees need to learn the basic background information of the firm such as company rules and policies in order to get them perform their jobs satisfactorily. Employees may perform their work performance lower than expectation of the company without knowing the basic information on things like rules and policies (Tyson, 2006).

Secondly, in order to improve the work performance of employees, they are required to learn and acquire new skills and knowledge. As such, training and development process is essential. Training and development is a learning process to provide the skills and knowledge, required for employees to perform their jobs, to both new and current employees with an aim to bettering their work performances (Dessler, 2008). The process can be done both on and off the job. Group meetings, Projects and assignments are the samples of on the job training. On the other hand, samples of off the job training are seminars and workshops. To train and develop employees effectively, firm needs to identify who needs training and what do they want to learn. After that, establishing plan and implementation of the training to serve employee needs. Finally, the evaluation to check the effectiveness of the training is required (Martin, 2005).

Regarding the JAL human resource issues, other than general training and development programs to improve the skills and knowledge of employees,

the team building training should be adopted to glue the rift between Japanese and non-Japanese employees. Team building promotes the bonding between employees within the organization (Hikichi, 2010). It can be done in a various forms even activities like games and parties (Leland, 2010). By implementing the team building program, Japanese and non-Japanese employees could tend to learn, connect and blend to other cultures from their colleagues. Team building helps break the ice between employees and better understanding on each other (Leland, 2010). As such, the conflict issues of JAL due to the culture differences could be mitigated therefore JAL could improve productivity from its employees. The productivity and workflow in a team could be intensely damaged by the conflict or confusion (Grainger, 2010).

Once the employees have been employed, trained and worked on their job for a period of time, the performance appraisal is required to measure their performances. Performance appraisal is one process of the performance management. Performance management is the way that company measures and determines how well its business and employee performs through all of the organizational processes by linked with the organization's goals and objectives (Martin, 2005). Its aim is to evaluate and develop the employees (Tyson, 2006). Under performance management, JAL is required to state the clearly defined business objectives, department objectives and individual employee objectives. Thus, those objectives have to be specific, measurable, attainable, realistic, time bound, exciting and reviewable to motivate its employee. By the clearly defined objectives, employees would know what to

do and see how their individual, teamwork performance affect and contribute to the overall objectives of the firms (Moore, 2010). Clearly defined objectives provide the directions and challenges to employees and lead to improve their motivation (Bauer, 2009).

The performance appraisal is important to the JAL in order to determine, evaluate and develop the employees based on their past performances. The performance appraisal also provides a benefit to the firm by improve the motivation of its employees. Once the employees are appraised, the feedback of their strengths and weaknesses are returned to employees. Letting they know what areas they need to improve and develop based on their strengths and weaknesses could improving the motivation of employees and also increasing the organizational performance (Martin, 2005). The appraisal can be done both internally such as the self-evaluation, evaluation by their supervisors, peers and externally by customer feedbacks, evaluations.

JAL should standardize the performance appraisal process among subsidiaries and also equally to both Japanese employees and non-Japanese employees from IASCO crews in order to prevent the unfair situation and negative impact due to the different treatment between them. Work performances of the employees tend to be poorer if they are experienced injustice in workplace (ScienceDaily, 2009). By standardization of appraisal on both Japanese and non-Japanese employees, the non-Japanese employees could be stimulated to improve their work performances and also distrust attitude of Japanese employees could be reduced as both of them are

required to work hard and perform the well-performance to improve their bottom line profits.

The employees who performed above and beyond the expected level of output regarding their job description and accomplished firm, department and individual objectives should be rewarded. Recognizing and respecting for employees contribution at work is the biggest motivator (Harrison, 2010).

Plenty benefits would be returned to JAL by an adoption of appropriate reward system regarding employee's performance such as improvement on employee productivity, increasing in retention of quality employee and lowering absenteeism. Awarding the desired work performance of employee increases the repetition of desired work performance therefore more productivity is created (Harrison, 2010).

Employee relations is the another process that JAL could adopt in order to improve its employee's motivation and productivity. Employee relations is the process that concerned with sustaining the relationship between the employer and employee that contribute to satisfactory morale, motivation and productivity (Dessler, 2008). Improving the relationships at work leads to an improvement on overall productivity and thus increasing the profit to the firm (Polman, 2010). To improve the relationship among employer and employee, the conflicts between them have to be prevented. JAL could have to state clearly, effectively and reasonably policies and rules such as disciplinary rules and procedures to prevent the conflicts within an organization. Rules and policies in workplace are mainly set to specify expectations for behavior, secure safety and health of employees, promote

and protect employee rights, and promote harmony and reduce the conflicts in workplace (Cuma, 2010).

JAL could also help non-Japanese employees, IASCO crews, to get the membership of labor union in order to enhance the employee relations. One of the ways to improve the employer-employee relationship is to dealing well of labor union (Van der Waldt, 2007). As such, non-Japanese employees could gain more benefit, consequently be motivated and perform more productivity of their works. Union members receive more payment, holidays, insurance plan benefit, and various other benefits than nonunion employees (Dessler, 2008). Moreover, the union member also can ask for a help from the union to guarantee that worker's rights are put in place (James, 2009). In addition, this action could also provide the bargaining power back to the Japanese employees who have been being members of the union.

Furthermore, the job security of non-Japanese employees has to be guaranteed in order to prevent the lowering in productivity according to employee's morale. Lack of job security makes the employees feel stressful (MacLeod, 2010). If employees are at unhealthy stress level, there are high possibilities that employee's work performances will be poorer and that will cause negative impact to the firm (Pearson, 2009).

Last step to solve the JAL human resource issues effectively is to continually evaluate the effectiveness of all previously presented HR activities. The continual evaluation process is important in order to determine how successful HR activities are and how can firm develop and improve them to

be more effective. Evaluation process is used to ensure that the plans and implementations are having an effect per expectation (Douglas, 2010). If there are any loopholes in the plans and activities, the evaluation process will show early signals therefore the plans and activities can be timely adjusted to improve the effectiveness (Douglas, 2010).

This essay is attempted to solve the human resource issues in Japanese airlines through the HR areas. Hopefully, the problems can be solved by the presented strategic HR plans and activities with an aim to improve the productivity and motivation of the workforce, at the same time, enhance cost saving in various ways through the HR processes which are communication within an organization, human resource planning, recruitment and selection, learning and development, performance measurement, employee relations, and evaluation.