

# Railway industry plays a key role management essay



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The Railway industry plays a key role in the Britain's economy and its infrastructure. The Britain services mostly rely on the rail networks for the travel of passengers and also for the transport of goods and services. Today the number of people travelling in the trains has gradually increased compared to 1920s. Coming to the Britain's history it has driven in the technological and social paths of railway industry for more than 200 years. Initially the independent companies started and constructed the first railway network and in December 1947 the Britain government has owned and managed to control and run the British railway networks. The history says that in the year 1994 the industry was changed from governmental to private control or ownership and its services was authorized to train the companies that are under operation like virgin and first group etc. Finally in the year 2002, the government has reassigned all the assets and business services of railway industry to a huge company which called " Network Rail". The rail network not only contains the trains, it includes numerous bridges, tunnels, embankments, cuttings etc. When people think of travelling in rail they only think about the trains but not about the things that are included in the network. The Network Rail is the business organization that takes care of all the tunnels, bridges, rail tracks etc. and is responsible for everything in the British rail networks. The works of Network Rail also involves the rail signals and level crossings of the rail communications. At present the responsibility of Network Rail has lengthened to the tracks over 20, 000 miles and to the bridges and tunnels over 40, 000. The Network Rail is running 18 major stations in the Britain from Edinburgh Waverley to London King's cross. The duty of Network Rail is to maintain all the rail services effectively by providing the safer environment to the passengers. Around all

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over Britain the Network Rail carries 3 million passengers and thousands of goods and services every day. Now-a-days people think that rail is the safer and eco-friendly method of transport rather than using the car. So, it is not a matter of surprise that the number of passengers travelling in the rail has gradually increased by 40% in the past 10-15 years and is expecting the number would get doubled by the year 2034. The main task and aim of Network Rail is “ to provide a safe, reliable and effective railway fit for the 21st century” (The Times 100). After its formation the Network Rail has made many developments and improvised the railway industry of UK. Large amount of money has been invested for the works done by the Network Rail. The best example to say for this is the replacement and repairs of rail done by the organization for over 7000 miles. We know that every sector and every industry faces many challenges and risks at their initial stages. In the similar way Network rail has also faced enormous challenges and number of problems in its early stage like late arrivals of trains (train timings), higher costs etc. At the same time there also occurred the deficiency of workers and equipment. From that time the Network Rail has completely concentrated on a continuous and uninterrupted programme to get down the costs and also considered the new methods and approaches of working in the industry. This has reduced the higher costs by almost 28% and increased the scale and growth of economy. Soon after solving all the problems and clearing all the challenges the Network Rail has regained its fame and confidence in the public by managing the rail tracks well and renovating them regularly. Because of their works and services the punctuality level of Network Rail has raised to 90% in the public opinion. In mean time it has received the major projects and also they have been delivered to the clients on or before the <https://assignbuster.com/railway-industry-plays-a-key-role-management-essay/>

deadline with in the budget. Once after the organization settled in the best position it has changed its concentration to “ predict and prevent” to a certain extent than the past motto “ find and fix”. The new motto helped them to maintain the efficiency and also proved as cost effective method. It also kept the railway industry away from the delays and interruptions in the passenger journeys. In between the years 2009 and 2014 the Network rail will have spend almost £12 billion in the railway network. Today Britain is having one of the high-speed developing rail networks in the Europe. This paper clearly explains the impact of transportation sector on the Network Rail Company in different ways and the organization’s strategies of resource managements.

## **IMPACT OF TRANSPORTATION SECTOR ON NETWORK RAIL**

The Network Rail organization belongs to the railway industry and is working under the sector of transportation. It is providing its services in the business environment of transport. The outer environment is the framework in which the company operates. This involves various factors along with the laws and standards of transportation sector for its functional operation. Each factor that is involved surely has an impact on the company either a positive impact or a negative one. But the company surely make and take up some strategic plans and steps to predict these consequences. If the organization does not tend to plan for making up the external business environment or if it ignores them, then it may definitely miss the growing prospects than the competitors in the sector. The following analysis of two issues explains the

impact of the business environment that is present on the Network Rail. They are:

## **2. 1 A Contextual Analysis Based On PESTEL Framework**

The PESTEL structure is the common and standardised way of environmental scanning. It assemblage all the aspects together which the managers have got to be attentive of and can sketch the plans for the business. The context of PESTEL analysis evaluates the peripheral weights affecting a company.

The PESTEL stands for:

Political - the political pressures that are influencing on the Network Rail

Economic - the impact that is shown by the local, nationwide and global economy

Social - the impact of changes that occur in the society on the Network Rail Company

Technological - the impact of modern and budding technology

Environmental - the impact of countrywide and global environmental issues

Legal Factors - the impact of booming legislation in both the UK and also other countries

The overall view and analysis of the outer environment is very much needed for the successful managers to make the decisions. In case of Network Rail there are so many external factors that influence on the business. So, the organization uses the context of PESTEL analysis to illustrate the

consideration to all outer environmental key aspects. This process gradually makes the managers of the organization to get aware of the aspects and to figure out the links and the inter-dependent factors that are present between them. The PESTEL analysis is likely to carry and underline both the opportunities and threats the business environment of Network Rail.

Although the Network Rail is a monopoly company that owns all the rail tracks and rail networks in UK, it should be aware of its competitors in the travel market. Because it is a biggest opportunity and asset to the Network Rail business that most of the people think that rail journey is safer and also cheaper when compared to car journey and high petrol prices, whereas some other travel types like bus, planes, cars may become a threat to the Network Rail.

## **Political**

From the past olden days onwards the industry of railways has constantly been a political issue in all the countries and as well as UK. In the past there were no many cars for the people and so they used to use rail network for travelling long distances. In 1960s the sales and ownerships of cars were increased and thereby the usage of railways was diminished and gradually number of rail lines was closed. Government money has kept as the components for the operations of the rail networks. Advance reductions in the rail services at that time would save lot of investments but it may increase social adversity and effect the environment by running more cars on the roads. Every government know that the investment that is made on the railway industry would never get wasted because it always benefits in the social and environmental sectors. Safety of passengers and goods &

services is also come under political issues. Serious rail crashes that were happened in 1999 and 2000 in Paddington and Hatfield have increased the alarm over appropriate financial support of maintenance and protection. This was happened before the formation of Network Rail (2002) and the government faced lot of financial problems because of these accidents. From the year 2002 Network Rail is taking care of all the rail tracks and networks and safeguarding them.

## **Economic**

In terms of economy, the Network Rail has two main resources of income which it receive from. They are:

The money paid for the admittance of railway track by the rail operating companies.

The financial amounts obtained from the government as division of its five year programme.

The Network Rail functions and run its services with the similar financial regulation and in the same way as every huge company operates. Network Rail has some common business pressures that always try to enhance the income rates and to trim down the costs of services. It does not ever pay the surplus amounts but always aspire to formulate more profits to the company. These obtained profits are generally used particularly to condense the debts and to invest more on the railway infrastructures to develop them. Network has a clear set of instructions from the transport department to develop and maintain the rail network operations efficiently. The company has reduced the costs and train delays enormously. The best example is since 2002, it <https://assignbuster.com/railway-industry-plays-a-key-role-management-essay/>

has diminished the replacing and repair cost of one mile of rail track by 22% in which the objective is 30%. It also reduced the train delays by 28% and today over 86% of passenger carrying trains run on time without any delay in which the target is 90%. The economy plays a key role in railway industry. The growth of economy causes a massive claim for the rail journey and as well as better career jobs, the expansions of business, increasing incomes, vacation journeys etc. If there is sink in the economy all these issues would overturn. However in the past 10 years UK received 40% rise in its GDP by railways and also Network enjoyed great profits and invested more on major projects to reduce costs and delays.

## **Social**

We know that rail network spread most places of the country and because of this the Network Rail maintains a susceptible association with the public.

Around the country almost 5 million people live near to the railway tracks, so the Network Rail takes care of noise control methods to maintain the same good relationship with public and also to gain positive representation.

Network Rail employs almost 32, 000 staff in their company and it recruits more engineers than other companies. It is also running a massive training programme for engineers in UK. Network Rails takes care of safety issues and very careful in case of accidents. It plays a vital role in educating the public particularly children about the dangerous things and safety matters of railway industry.

## **Technological**

Networks Rail has invested most of its profits on major projects to reduce the higher costs and to improvise the efficiency of its performance in the <https://assignbuster.com/railway-industry-plays-a-key-role-management-essay/>



industry. For the success of those projects the company approached with highly developed technological methods and achieved its goals like running rails on time, maintaining safety levels etc. At present the cost of such investments is over £3 million per year. All these investments help Network Rail to take care of tracks, signals and to take safety measures. From past there had been an investment gap in the history of British railways in terms of technology. Network Rail is now concluding the gap and aiming for higher achievements to satisfy its customers.

## **Environmental**

Network Rail takes the responsibility of environment solemnly and it is a big non-financial advantage of Network Rail. Rail travel is far better than car journey because research has shown that a car journey pollutes the environment six times more than the rail. Railways always follows its demands that to release less CO<sub>2</sub> in the air. Networks also uses the materials for example wood from the proper forests that are renewable. They also maintain the sides of track with good safety and eco-friendly methods. It brings them a good image in the public and more financial support from government.

## **Legal**

Network rail works and provides its services on many legal demands like health and safety demands. It holds the largest ownership of rail properties and deals with many firms and households all around UK. It also provides necessary facilities for physically challenged and disabled people in rails as per the legal act of Disability Act (DDA) of 1995. Network is the monopoly

company in UK which holds and controls all the rail networks and maintains all measures as per the legal acts and legislations in 21st century.

## **2. 2 A Competitive Analysis Based On 5-forces Model**

The 5-forces model is a tool which can be used to assist tactical perceptive that where the power of business organization lies. This tool clearly figures out the current position and as well as the future position of power in the organization. The 5-forces model mainly concentrates on the business anxieties than the public procedures and also highlights comprehensive opposition of the company. Many business organizations and schools have found the usage of this tool is very effortless and approved it in their organizations. If a company have a apparent idea about the present position of power in their company then it can be able to obtain benefit of its position or else a chance to improvise its weakness. The five forces of this model are clearly explained as follows. The following are the 5-forces for Network Rail.