

Us airways group - political legal environments

Business



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The airline industry as a whole and its profitability has always been affected by external political, economic and legal factors which are out their control. Ever since the governmental deregulation of the airline industry in 1978, the level competition and price gauging among airline competitors have brought about a level of competitiveness not seen before in the industry. The level of stiff competition coupled with increasing fuel and operational costs brought about the demise of many major airlines. The health of the global economy and the fuel oil prices are two of the external factors that most affect the operations of any airline (Plunkett Research, 2010). U. S. Airways Group faces considerable operational challenges where despite general increases in fuel oil prices between the 2009-2010 U. S. Airways and the airline industry finally bounced back in 2010 to once again achieve profitability (Yahoo, 2011). Thanks to increased economic demand and increased business and private passenger the outlook for the 2011 travel season remains positive. The industry as a whole is heavily influenced by federal regulatory oversight as well as been subject to increased scrutiny from the government regarding airport security. The political climate concerning the government's anti-terrorist legislation has spurred an array of new legislative initiatives pertaining airport operation, airline security and passenger screening. Ever since 9/11 and the enactment of the Patriot Act, government mandated modified airport security regulations and new tightened operational procedures, the airport and airline operational cost are constantly on the rise. Since U. S. Airways is a domestic based company it is subject to control and regulation from a variety of governmental agencies including the

Federal Aviation Administration the Environmental Protection Agency and the Transportation Security Administration. The FAA is the domestic agency with the authority to regulate all civilian and commercial air travel in the U. S. The FAA has the authority to issue airline operational procedure changes, aircraft maintenance directives, operational procedures that directly affect the day to day operations as well as aircraft maintenance schedules and procedures which directly affect U. S. airways profitability in the domestic as well as the international markets. In general the FAA has the function of serving as a federal regulatory oversight to ensure the safety of the commercial and civilian air travel. The Environmental Protection Agency is the federal agency in charge of maintaining and safeguarding the environment as well as human health. The EPA is responsible for the level of pollution and CO2 emissions produced by the airline industry. New legislations concerning the level of CO2 emissions as well as level of pollutants emitted by the operation of their aircraft is another factor that could negatively affect the operations of U. S. Airways as a general airline transport service. The Transportation Security Administration is in charge of airport security and has been under public scrutiny since the inception of the all the enhanced security measures. The TSA has been accused of violating passenger's civil rights all in the name of enhanced airport security, which has negatively impacted the image of the airline industry due to all the public controversy. The introduction of the full-body scanners for all boarding passengers the airline industry is once again suffering the backlash of how political and governmental regulation and intervention can have a negative impact of the industry as a whole. The airline industry has struggled but U. S. Airways Group has adapted by working towards improving their corporate operational structure with a focus

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on achieving the lowest possible operational cost structure in order to maintain profitability in a highly volatile industry. Today the airline industry is characterized by a low cost, low fare operating environment where basic services are limited and extras such as in-flight meals, or not charging an extra fee for excessive luggage or carry on bags use to be have become standard operating procedure. Airline companies have had to adapt by charging extra for many services that use to be offered for free as part of the airfare. References Plunkett Research (2010). Airline, Hotel, and Travel. Retrieved May 28, 2011 from Plunkett Research database. Yahoo. com (2011). Form 10-k for US Airways Group - Inc. Retrieved May 28, 2011 from <http://biz.yahoo.com/e/110223/lcc10-k.html>