

# [Financial statement analysis of pia](https://assignbuster.com/financial-statement-analysis-of-pia/)

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PIA to be a world class profitable air line exceeding customer expectations through dedicated employees committed to excellence. ? Offering quality customer services and innovative products.

? Participating in global alliances. ? Using state of the art technologies. Ensuring cost effective measures in procurement and operations ? Achieving adequate returns for all stake holders. ? Being an equal opportunity employer. ? Providing competitive compensation and a congenial work environment. Mission statement is an overriding statement inline with business and aspirations of stakeholder’s expectations.

Generally a mission statement covers following four areas. ? Key success factors ? Organizational value ? Organization philosophy ? Target market Mission of PIACAs a symbol of National pride, Pakistan International must strive to be an airline of choice operating profitably on modern commercial concepts, capable of competing with the best in its entire International and Domestic markets consistently exceeding customer expectations. It should be a choice employer deploying modern technology in all spheres of its activities. ? Key success factors Modernization: In airline industry modernization is the key success factor. The airline should be responsive to the changes that are taking place in the environment.

Modernization of the communication system and the fleet replacement ; and up-gradation is of massive importance in this regard. As far as PIA is concerned modernization has been the hallmark of it. From communication side PIA has recently upgraded its previous communication system REPAK by the new and state of the art SABRE system which is directly connected to Singapore. PIA also maintains very close interaction with its agents and provides them with the latest information including fare lists etc. PIA has been upgrading its fleet periodically keeping in view the changing customer needs.

Recently it has signed a contract withBoeingcompany to purchase eight Boeing 777 aircrafts, which fall in the category of wide body aircraft and will fulfill the requirements of class one passengers Organizational value Customer responsiveness: PIA is very responsive towards its valued customers and customer responsiveness is embedded in the organization culture. It believes on the slogan that “ Customers are the king”. It has continuously been offering special incentives and schemes for its customers like AWARD PLUS and many others. Initiation of telephonic reservation is also worth mentioning in this regard.

Moreover the customers place suggestion boxes at its domestic and international counters to obtain helpful comments and constructive criticism. ? Organization philosophyPIA believes in competition. It believes that if an organization is capable of competing with the best in the industry, nothing can hinder its growth and success. ? Target market: PIA has always kept its market broad. If we compare its domestic and international route map over the period of time will come across that it has expanded its operations drastically to meet the needs of its customers. FINANCE DEPARTMENT The major function of the finance department is the reporting of all the financial events of all departments.

All the departments in the organization give their reports to the finance department and it makes and presents the final report for the decision making purpose. The finance department gets all the documents and then compiles them in the form of a report. Collections are of different types. • Collections from PIA’s counters • Collections from Agents • Collections from Cargo counter • Collections from cargo agents Collections from excess baggage DISBURSEMENT • Refunds of tickets • Salaries • Utilities bills • Works • Others……………………. AUTOMATION The Finance section is totally computerized and linked with Head Office. The COSSAP is using through out the department.

REPORTING SYSTEM There 11 types of reports maintained by the Finance Department and in evening the whole closing must be done in order to avoid errors. R1-Passenger sales report on counter & Agents (SAR & ASR) R2-Cargo sales report R3-Cargo receipt on the behalf of the other stationR4-Miscellaneous collection except credit R5-Credit receipt reports R6-Refund to passengers R7-Except cargo other collections on the behalf of other stations R8-Invoicing R9-All sorts of collections/passenger/cargo/others R10-Sales reports from agents/receivable generation R11-Cargo sales receivables from agents CREDIT ALLOWANCE The credit sales either for the tickets or for the cargo is also recorded into computer system and relevant reports are generated and the whole record of these sales is also maintained. Pakistan International Airlines Corporation (PIAC) is a giant organization and enjoys complete monopoly at national level. Being a semi government organization, PIA is highly affected by any change in political or economic frontier. Airline industry due to heavy capital requirement poses great barrier to entry.

So PIA has no literal threat of any potential competitor. As far as core competences of PIAC are concerned, even its single activities are not less than its competences, e. g. huge infrastructure, technologically advanced operational system and a well established centre to train its workforce. Any a few linkages can be created like between technology development-operations and human resources-operations. PIA’s generic competitive strategy can be categorized as differentiation, as it provides top quality services but at comparatively higher prices.

PIA’s management style is centralized and the direction of strategy development can be viewed as market development. Its financial position has also been improved over the year due to sound management policies (cost controlling measures are the important ones). SUGGESTION & RECOMMENDATIONS FOR PAKISTAN INTERNATIONAL AIRLINES Decentralization PIA should decentralize its structure that would lead to the easy management, increased motivation, easy access to information and resolution of the conflicts (as they would be resolved by the immediate manger time span would then reduced). Since employees issues regarding their behavior would lessen, so it would ultimately lead to more satisfied employees that would result in enhanced productivity of the organization. Strategic Business Unit PIA should make its different departments into Strategic Business Unit.

Every SBU should have a defined business strategy and a manager with sales and profit responsibility. As PIA is a large organization, so it must be convert into SBUs. Different factors should be determined for the success of SBUs which as follows: ? The degree of autonomy given to each SBU manager ? The degree to which an SBU shares functional programs and facilities with other SBU’s ? The manner in which the corporation evaluates and rewards the performance of its SBU managers Employee EmpowermentPIA should make efforts towards empowering the employees that is going to lead to more employee participation in the decision making process and also result in more employee satisfaction and enhanced motivation. Apart from this, employees would feel more independent to discuss the issues explicitly without hesitation. This would also enhance team work process at PIA as quality team and cross-functional teams.

The employees will work with more commitment and dedication and every employee would work to his/her fullest due to increased motivation. However, with empowerment comes accountability, so it is suggested that while they empower their employees, there should also be a “ controlled check” on them to ensue the correct usage of power delegated to every employees within their circumscribed limits. Overhead CostsPIA should also reduce its overhead costs that are it should mange its resources: labor more effectively, so that with less input, more out put can be achieved and the saved resources can be utilized in other areas such as introducing more training courses for the employees so that the quality of the workforce could be increased. Hiring the services of expertise can improve the efficiency of their services, so by saving the overhead costs, they can utilize that money for the expertise services. So by analyzing the various segments of the organization and making the right corrections, it can substantially improve the standards of Organizational behavior.

Two-Way CommunicationThe suggestions of the employees can prove to be very effective in improving the operations as they are the ones who manage them. Therefore, a top-down approach should be replaced with two-way communications. In this way, the employees would feel motivated and valued as they would be included in decision-making. Total Quality Management Total quality management should be catered to within the work groups and implementation of various skill enhancement programs for quality and productivity improvements such as Six Sigma should be provided to its executive employees.