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Abstract

Interest in Human Resource Management (HRM) has been grown in the last five years. Especially, in the airline industry, as there are no production lines, people are the most important part of effectiveness and safety of the flights. Therefore, managers have to care about how the employees live and function, not just focusing on their work and production. However, some airlines in response to competitive conditions have adopted a short-term, cost rotational approach to HRM, where priority is profit over employee health and safety. Interpersonal skills not just technical and professional competencies, they are gradually becoming the main success factors for the productive and safe work of pilots and crews. It can be concluded that aviation industry is not only experienced pilots, but also high-quality staff. The problem is described and calculated in the Airline Business article as follows: "Like other service companies, it becomes increasingly difficult for airlines to attract, retain and afford high-quality personnel. The supply of quality services to people is reduced as a result of the end of the 'baby boom", there is a reduction in young professionals. At the same time, the demand for them is constantly growing as the services sector grows with an increase in the share in the global economy".

Key words: Aviation, Human Resources Management, Shortage of qualified specialists, Staff turnover, High cost of HR practices.

Абстракт

Интерес к управлению человеческими ресурсами вырос за последние пять лет. В частности, в авиационной отрасли, поскольку отсутствуют производственные линии, люди являются наиболее важной частью эффективности и безопасности полетов. Поэтому менеджеры должны заботиться о том, как живут и функционируют сотрудники, а не просто сосредотачиваться на своей работе и производстве. Тем не менее, некоторые авиакомпании в ответ на конкурентные условия приняли краткосрочный, чередующийся с затратами подход к управлению человеческими ресурсами, где приоритет - прибыль, а не здоровье и безопасность сотрудников. Навыки межличностного общения - не просто технические и профессиональные компетенции, они постепенно становятся основными факторами успеха для продуктивной и безопасной работы пилотов и экипажей. Можно сделать вывод, что авиационная отрасль - это не только опытные пилоты, но и качественный персонал. Эта проблема описывается и рассчитывается в статье «Авиационный бизнес» следующим образом: «Как и другим сервисным компаниям, авиакомпаниям становится все труднее привлекать, удерживать и предоставлять высококачественный персонал. В результате «бэби-бума» снижается предложение качественных услуг населению, сокращается количество молодых специалистов. В то же время спрос на них постоянно растет, так как сектор услуг растет с ростом в доле в мировой экономике ».

Ключевые слова: *Авиация, Управление человеческими ресурсами, Нехватка квалифицированных специалистов, Утечка персонала, Дороговизна практик управления человеческими ресурсами.*

Андатпа

Адам ресурстарын басқару саласына деген қызығушылық соңғы 5 жылдықта әлдеқалай артты. Негізінде, авиация саласында өндірістік бағыт болмағандықтан, жұмыскерлер эффективті әрі қауіпсіз қызметтің ең басты қайнар көзі болып табылады. Сол орайда менеджерлер тек өз жауапкершіліктерімен ғана айналысып қоймай, қызметкерлердің жұмысы мен жұмысқа қызығушылықтарына аса көңіл бөлуі қажет. Қазіргі күні көптеген әуе компаниялар қысқа уақытқа арналған және шығындарды азайтуға бағытталған адам ресурстарын басқаруды басшылыққа алады, бұл жерде қызметкерлердің денсаулығы және қауіпсіздігі емес, кіріс ең басты мақсат болып көзделеді. Адамаралық қарым-қатынасты игеру- тек техникалық және кәсіби компетенция емес, олар уақыт өте пилоттар мен экипаждың продуктивті әрі қауіпсіз жұмысының басты кілтін айналады. Әуе саласы тек тәжірибелі пилоттар ғана емес, сапалы қызметкерлерден құралған деп қорытындыласа болады. Атаулы проблема «Авиациялық бизнес» мақаласында келесідей көрсетілген: “Басқа да сервистік компаниялар сияқты, әуе компаниялар да жоғары сапалы кәсіпкерлерді жұмысқа тарту, ұстап қалу мәселесінде қиындықтарға тап болуда. “Бэби-бум” нәтижесінде халыққа сапалы қызмет көрсету деңгейі кеміді, жас мамандар саны азаюда, алайда әлемдік экономикадағы авиацияның үлкен үлесіне орай оларға деген сұраныс әрдайым артып отырады”.

Кілттік сөздер: *Авиация, Адам ресурстарын басқару, тәжірибелі мамандар тапшылығы, Персоналдың ағыны, Адам ресурстарын басқару практикасының қымбатшылығы.*

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1 Introduction

Civil aviation is an extremely competitive and high-tech industry, the priority of which is safety. Compared with other industries, where main aim of management is result and cost reduction, airline industry takes care of its own employee's health and safety (*Sir Colin Marshall, ex-chairman British Airways, quoted in the Financial Times, 1984*). Thus, human resource management (HRM) in airline industry is paramount importance, because currently machines do not function without people. Therefore, studying this topic is equally important. It is also necessary to take into account that human resources management in aviation carries with it particularities, in connection with which the author conducts several series of analyzes to identify these features and, ultimately, the importance of studying this sphere.

Problem statement

A lot of researches were written on external communication and public relations. Less attention has been given to internal communication and the important role of trainings. In this paper, author examines internal relations and training functions at Singapore Airlines and British Airways – the best airlines which regulate all stages of communication from ground staff and cabin crew till managers of departments by trainings and implements best practices of HRM in airline industry.

According to *Appelbaum, S.H.* in his work “*Human Resource Management*” from 70 to 78% of all accidents in aviation is a human factor. This is why HR practices in airline industry should pay high attention to continue improvement as to *Eaton's work Globalization and Human Resource in the Airline Industry*, poor quality personnel management, teamwork, lack of or incorrect motivation of employees or communication can lead to loss of customers, loss of market share, loss of an organization's assets and, above all, loss of life. A successful, well-managed organization is actively shaping its culture through selection, adaptation programs for new employees and treating employees as internal customers, paying constant attention to the staff's opinion. Such efforts lead to lower labor costs, improved productivity and increased motivation of company employees.

Research purpose

By comparing HRM practices and policies between airlines to identify the main problems of HRM in airline face and to propose solutions based on work of researchers.

Theoretical framework

Aviation is a relatively confidential area of activity and therefore information on the implementing human resource management policy from official sites cannot be found. To use such information, it is necessary to get the official permission of company managers. Therefore, the author in this work uses the work of previous researchers and refers to their analyzes.

Mick Marchington and Irena Grugulis in their work *“Best practice” human resource management: perfect opportunity or dangerous illusion?* consider the main aspects of the direction of human resource management in major airlines and their goals, also highlight HRM as contributor, driver and improved performance. The strategy of personnel management can be both subordinate in relation to the strategy of the organization as a whole and combined with it, representing a single whole. The strategy of personnel management focuses on a specific type of corporate or business strategy. Each variant of the organization's strategy corresponds to its own variant of the personnel management strategy.

In the work *“Practices on Business Performance”* *Patterson Mike* points out that a properly planned strategy for managing people has a positive effect on the profitability of companies. The market economy dictates the need for changes in personnel policy. To get the most profit, an important component when working with personnel is to determine the right personnel management strategy based on a combination of the goals of a specific employee and the strategic plans of the company as a whole.

In modern business conditions, the efficiency of an airline is determined primarily by the number of problems it faces and, most importantly, by its ability to effectively address them. One of the main problems faced by civil aviation enterprises is the lack of highly qualified personnel. Also staff turnover and high cost of HRM in airline are significant problems in modern airline industry. Due to confidentiality of HRM policies in airlines, author uses database from official cites of the *International Air Transportation Association (IATA)*, *World Bank*, *Boeing*, *Etihad Airways* and *Air Astana*. Flight safety cannot be considered in isolation from the topic of training. In order to produce more pilots, it is necessary to purchase more aircraft, recruit instructors and the engineering staff that will serve these aircrafts, increase the number of airfields. In order to find out problems in terms of trainings database from official cite of Singapore Airlines are used.

For comparative analysis personnel policy of British Airways as one of the strongest in its human resource management, which considers the best practices in selection, promotion systems, trainings and recruitment. To highlight the important areas of human resource management in Singapore Airlines (SIA), the author uses the work *“The Role of Internal Communication and Training in Infusing Corporate Values and Delivering Brand Promise: Singapore Airlines’*

Experience” of Mark Chong which was written together with managers of SIA. Based on the interviews and surveys of the company's management from the work of “*Human Resource Management Practices in an Airline Industry: The British Airways Global Perspective*” by Dr. Julius B. Bertillo and Dr. Josefina B. Salando, the following important aspects were identified: Human Resource management in British Airways in connection with the selection, training and promotions, Human Resources Management in British Airways in terms of communication, conceptual and interpersonal skills.

Over the past ten years, the passenger transportation industry has undergone significant changes. Since the mid-90s new types of airlines have emerged, for example, low-cost airlines, which are confidently increasing their share in the European and US markets. Low cost airline – an airline that offers extremely low fare in exchange for the abandonment of most of the traditional passenger services. According to the information agency OAG and the European Association of Low-cost Airlines, the share of low-cost airlines in the European passenger market is constantly growing. To identify the strategic directions of low-cost airlines, works of Geraint Harvey and Peter Turnbull “*Employment Relations, Management Style and Flight Crew Attitudes at Low Cost Airline Subsidiaries: The Cases of British Airways/Go and bmi/bmibaby*”, Geraint Harvey and Peter Turnbull “*On the Go: walking the high road at a low cost airline*” and David Rae “*EasyJet: a case of entrepreneurial management?*” were used.

In the first part of the work the importance of personnel policy in the aviation industry will be considered, since this is an integral part of companies. Identifying the link between human resource management practices and organizational performance indicators is one of the most relevant research problems in human resource management. Empirical evidence of such a connection justifies investments in personnel management services determine the prospects for the professionalization of this functional area management. Human resource management in airline is not similar to HRM in other spheres. The importance of HRM in airline, the differences of HRM in airline from other industries, the features of strong corporate culture, HRM functions will be determined.

Secondly, recruitment process will be discussed as it is one of the main parts of HR processes. For the successful existence of a company, a necessary aspect is to maintain a strategy that allows to analyze the maximum potential of employees, create opportunities to promote these employees to unlock this potential, determine the necessary behavior of employees, ensure staff safety and create opportunities for the development of potential managers paying close attention to human values. In airline industry apart from common requirements, additional skills and knowledge are considered as it includes different stakeholders in operation such as

ground staff, flying crew and engineering departments. Recruitment process includes interview methods, selection and continues with trainings, appraisal, development and promotion. Excellent trainings bring more qualified and professional staff; however, these processes may also bring great cost. In this term, the main parts of HRM process will be analyzed in the second part of this work.

Airlines can be compared easily regarding HRM due to similarity of aircrafts (Boeing, Airbus, Embraer), the same international aviation rules and standards, for example most of the airlines follow regulations are written by European Aviation Safety Agency (EASA). This paper will consider and compare the personnel policies of such major airlines as Singapore Airlines and British Airways, the differences between European and Asian airline industries. To implement sociological research method, in this part works of foreign authors (*“The Role of Internal Communication and Training in Infusing Corporate Values and Delivering Brand Promise: Singapore Airlines’ Experience”* of Mark Chong and *“Human Resource Management Practices in an Airline Industry: The British Airways Global Perspective”* by Dr. Julius B. Bertillo) will be used. The authors developed special questionnaires and conducted a survey among employees of aviation industry organizations. As a result of the questionnaire processing, a significant part of the initial information was obtained to determine the main directions of transformations in the field of motivation and incentives for the personnel of airline industry. All above mentioned comparisons and analyzes will be discussed in the third part.

The high level of competition in the field of passenger transportation as a result of the globalization of the global economy, as well as growing demand led to the development of new business models in the industry. One of the most flexible of them realizes budget airlines. The development of low-cost air travel is becoming an increasingly important factor in accelerating the dynamics of air traffic. In this regard, the author considers the characteristics of low-cost airlines and their difference from full-service carriers and will make a comparative analysis of the difference in human resources management on both sides in terms of work organization, rewards, and models of strategies.

In conclusion, the main and common problems in the personnel policy of airlines will be identified. As in all spheres of life, in the airline there are a number of major problems. In addition to the price of fuel, aircraft, competition, one of the main problems of modern airlines are related to human resource management. In this paper, the author refers several major problems and their solution on the example of major airlines, such as Singapore Airlines, Etihad and British Airways.

2.1 The importance of HRM in aviation

In recent years, for the majority of efficiently operating companies' philosophy becomes the philosophy of improving the quality of produced goods and services. On the concept of orientation to long-term success, to the interests and problems of the consumer comes to the fore. Consumer orientation expresses the company's desire to secure the most reliable way to achieve and maintain high profitability of production, to long-term stabilization of the market. Therefore, the leaders of many companies in currently considering issues of choosing a basic strategy from the standpoint of quality, consumer properties of products, and assessing commercial risks.

The quality strategy requires the manufacturer to highlight the main components of quality indicators that meet the needs and expectations of customers. In general, the components of the quality of services include:

- security (guarantee of protection against risk and damage – physical, moral, financial);
- reputation and reliability of the enterprise (the assumed obligations are always fulfilled quickly and everywhere without failures in non-standard situations);
- focus on solving the aggregate problems of the clientele (the ability to properly understand specific needs of the client and adapt to them);
- staff competence (the company has the necessary personnel, knowledge, experience and skills that allow them to provide quality service);
- courtesy (attentiveness and friendliness of staff);
- communication and information (timely information about the services offered in an understandable language, adapted to the characteristics of the target group);
- tangibility (material evidence of the ability to provide quality services: premises, technical equipment, personnel);
- availability (in terms of ease of receipt and cost).

Air transport services have their own peculiarity. Here, the most important indicator of quality is flight safety for the users of this service as well as for the environment. Other components include the regularity of flights, convenience and availability of transport for the consumer, the level of customer service on the ground and service during the flight.

Improving the quality of air transport services largely depends on the quality of personnel that is the presence of a team at the enterprise consisting of personnel with a high degree of professional competence and united within the corporate culture; from the ability to properly organize a personnel management system.

The concept of "human resources", which has become widespread in the United States since the mid-1970s, implies that personnel are as important a production resource as the financial, material, technological and other resources involved in the production process and in the course of its development, an enterprise can either accumulate or reduce this type of resource, depending on the choice of management strategy and rationalization of economic activity.

In the air transport business from "the quality" of human resources and above all, the success of a company depends on their professional and personal qualities. Statistics show that from 70 to 78% of all accidents in aviation is a human factor. Air transport service is not only the transportation of goods, but also people and here it is not enough just to transport a person from point A to point B in compliance with all safety rules. If indifferent employees of the airline surround the passenger at the airport and on board, passenger is unlikely to feel satisfaction from such a service, and there is no guarantee that the next time the same passenger will choose this company, not competitors. Providing services to customers requires employees to be creative in their work; the task here is not just to win loyalty client in relation to the company, but also to achieve its commitment to the company. Therefore, companies seek to create such personnel management systems that help retain valuable employees, thereby creating a unique intellectual, capital, which is valued more expensive than all other types of resource potential of the enterprise.

Considering the personnel management in airlines from these positions, the basis for the formation of personnel policy, its corporate element should serve as a cementing element of organization culture.

Enterprises with a strong corporate culture are noticeably different: in image, financial performance, staffing, the degree of motivation of employees. The parameters of a strong corporate culture include:

- attention to performance;
- highlighting the interests of the client;
- personal responsibility for the result;
- promotion according to ability;
- reward is stronger than punishment;
- open communication;
- an active manager involved in all the activities of the company.

In the application plan, the experience of the leader of the Britain air transport market – British Airways, which is currently conducting a set of measures to introduce and promotion of corporate culture in the company, including:

1. Accurate organization of admission to the company of new employees, the organization of the adaptation period of beginners to the working conditions in the company, including the consolidation of mentors.
2. Organization of professional skill contests among company employees in all divisions, as the establishment of a special ritual of encouraging the distinguished by profession. The main thing here is a system of public reward.
3. Establishment of a system of benefits and incentives for employees who have worked for a certain number of years: in five years, an employee of the company has the right to once a year to get a free ticket for himself and a ticket with a 95% discount for a member of his family to any point the company goes to, he can also purchase a corporate ticket with a 20% payment.
4. Employee career planning: assistance in training, internships and moving up the career ladder.
5. Support staff in the formation of their social and pension funds.
6. Expansion of the release of promotional materials and souvenirs for customers and employees.
7. Establishment of the museum of the company, maintaining a list of interesting cases and books of honor of the company, creating video materials about the company.
8. Regular informing employees of missions on achievements of the company.
9. Creating through the implemented quality system, a system for collecting and implementing proposals and requests from employees for improvement.

It is clear that the above list of events is not the only correct one and other approaches are possible. The main thing is that they are aimed at building respect for the company, a sincere desire to work in it creatively and fruitfully.

An important component in shaping the corporate culture of a company is to define its mission, which defines the purpose of the business system, its philosophy and its difference from competitors. It also determines the strategy of behavior with customers, the organization's attitude to the growth of the material and social well-being of its employees.

Considering the idea of creating a high corporate culture in a company, it should be recognized that the main difficulty is not the formation of a certain set of events, but the introduction of corporate culture ideas into the consciousness of each employee, support and development of these ideas. Re-educating an employee in the spirit of organizational values is very difficult, it takes a lot of time and requires additional financial investments. It is necessary to create

programs of activities with the provision of their material, personnel, financial and information resources to control the process of introducing corporate culture.

When creating a corporate culture, it is necessary to take into account its close relationship with other elements of personnel work: recruitment, certification, motivation, staff training. For airlines, where the key value is customer orientation and solution of its problems, the system of personnel selection should be aimed at finding and attracting employees with such competence as the ability to work with customers. The motivation system should contain a number of criteria for evaluating this competence, which will form the basis of the remuneration system. Deficiencies in the possession of this competence are subject to elimination through the personnel training system.

The human factor is particular importance in the production activities of airlines. This is explained by the fact that in civil aviation, which is a type of high-risk transport, professional skills, responsibility, self-control, organization, mutual assistance, other individual and socio-psychological qualities of aviation personnel affect not only the production and economic indicators of the activities of operational enterprises, but also on the quality and safety of flights. The high role of the human factor in ensuring the safety of aircraft operation is evidenced by the analysis of statistics of aviation incidents and the prerequisites for them. In the 1970-1980s. due to the erroneous actions of aviation specialists in the process of performing production functions from 70 to 85% of all accidents and their prerequisites occurred, the rest occurred either due to aircraft failures or due to adverse effects on the people of the environment.

At present, the role of the human factor in the functioning of the aviation transport system has increased. Although the share of personal factors in the statistics of accidents almost did not increase, the level of safety of flights, according to the data of the Interstate Aviation Committee, decreased twice. If in the early 1980s-90s. there were 2-3 catastrophes per million flight hours, today it is 5-6. At the same time, the intensity of flights over these years has decreased by approximately 4.5 times.

In this work, the strategies in the civil aviation industry are based on growing concern for safety and on ever-increasing consumer expectations. Currently, it is well known that accidents and the poor quality of the services provided are primarily a human factor. Poor quality personnel management, teamwork, lack of or incorrect motivation of employees or communication can lead to loss of customers, loss of market share, loss of an organization's assets and, above all, loss of life.

The cockpit and crew most often fall under the study of the human factor in aviation. Pilot selection has historically been based solely on airmanship. Now, in

the process of selecting pilots and crews, aviation enterprises are paying more attention to the potential for work in various “crew situations”.

Interpersonal skills not just technical and professional competencies, they are gradually becoming the main success factors for the productive and safe work of pilots and crews.

It can be concluded that aviation industry is not only experienced pilots, but also high-quality staff. The problem is described and calculated in the Airline Business article as follows: “Like other service companies, it becomes increasingly difficult for airlines to attract, retain and afford high-quality personnel. The supply of quality services to people is reduced as a result of the end of the ‘baby boom”, there is a reduction in young professionals. At the same time, the demand for them is constantly growing as the services sector grows with an increase in the share in the global economy”.

In a competitive market where innovation is so easily replicated, the key strategic variable is that no one can copy the airline’s culture.

The functions of HR management as “a set of processes that, through selection, training, motivation, evaluation, reward and personal development, through the effective use of human resources leads the strategy in action”. This determines how the organization selects, interacts, evaluates, enriches employees with the culture that develops in the process of servicing the organization’s clients. The organization's culture should include communication, good labor relations, respect for employees, incentives for employment programs and rights that are key to a healthy organization.

Operational and administrative functions, in particular, in customer service organizations are based on three key success factors: management commitment, customer focus and employee involvement in the production process.

The movement of organizations towards transparency indicates a shift in human resource management. This is the basis of organizational development in high-performance organizations.

A successful, well-managed organization is actively shaping its culture through selection, adaptation programs for new employees and treating employees as internal customers, paying constant attention to the staff's opinion. Such efforts lead to lower labor costs, improved productivity and increased motivation of company employees.

2.2 HR practices in the airline

This part aim is to highlight the airlines customer service through a rationalized recruitment, selection, training, appraisal and promotion processes.

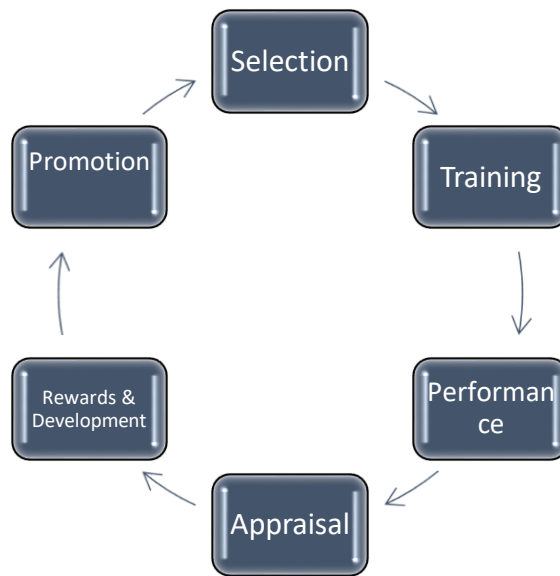


Figure 2.1. HR processes in airline industry

One of the strongest ingredient of the international airline is its HRM practices among the best processes are mentioned above. Training teams and managers keep improving this system to create one of the effective and intensive trainings.

The strength of the training program of the international airlines is the high standards required in the recruitment processes. Excellent trainings bring more qualified and professional staff, however these process may also bring great cost. Especially, this extra cost can be out of budget for low cost airlines, as these companies need to look deeper to rising cost of training, development and promotion systems. The strategic direction in the low cost airlines will focus on the diversification of the pool of candidates among the preferred countries. This option will provide cheaper manpower and with equally high standards of qualification.

Human resources requires in recruitment and training processes now, more than ever. This is to lead the strategic development, oriented to customer service, employees learning in order to adapt to the strategic aim and change imperatives facing in the airline industry (Appelbaum, S.H. and Fewster, B.M., 2003).

Internal HR process of the airlines are absent due to confidentiality. However, human resources practices in the international airlines have similarity due to similar aircrafts (Boeing, Airbus, Embraer), the same international aviation rules and standards, for example most of the airlines follow regulations are written by EASA (European Aviation Safety Agency). Human resources cycle in the international airlines described on the picture below, by selecting process such as: selection, training, performance, appraisal, reward & development and promotion.

Recruitment process.

International airline recruitment team identifies, pre-screen and recruit the most qualified candidates from aviation industry. It means that qualification and experience are priority criteria in selecting process. The goal is to find experienced

candidates due to short training program which takes in average one month. International airline is interested to put new joiners into operation as soon as possible. For instance, company requires sales manager and recruitment team search for person who knows how to sale, not for who wants to know how to sale.

Recruitment team considers only those candidates who applies through official online website of the airline. While applying for the vacancy, candidates require submit CV, fill out application form and go through pre-interview questions. These requirements save time to identify most suitable applicants. On the next stage, applicant's data and CV goes through manual screening of recruitment team. As most of the international airlines hire people from all of the world, before inviting for life interview, HR employee and manager organize distance interview over the phone or video call to assess candidate's competencies and compatibility for the position. Applicant could be requested to record a self-video for particular interview questions.

In-person interview contains from different methods of the interview. The most known is face-to-face interview with HR specialist and manager, questions refers candidate's background, skill set and work experience. However, there are various of interview options, it depends on the department sphere of activity. Apart from face-to-face interview there are group play and role play activities to check how person works under pressure and communicate within a team, also candidates can be given assessment. As an assessment huge number of organizations use SHL test. It is a leading brand of psychometric tests. The aim of SHL test is to assess an individual's maximum ability level. Psychometric assessment tests for employers to evaluate and compare various abilities in job candidates. This test not just to identify a psychological portrait of the candidate, but also ability tests and personality questionnaires for job success, such as communicating effectively, solving problems, being innovative and creative. Another method of the interview is presentation of the topic given by HR recruiter. During presentation, candidates speaking, presenting, briefing skills can be asses.

Each of these interviews are proven methods for assessing critical qualities for job success. However, it is not effective if HR recruitment uses only one of these methods for candidate's assessment. People have different strengths and weaknesses, if one person good in presenting, another person has strong knowledge, third person experienced and perfect team worker. By selecting only one method organization risks to hire wrong person. In the international companies HR recruitment are creating new process to cover all necessary methods for selecting the best candidate. Combinations of methods are right decision in selecting process. As an example, interview process for operation department can be reviewed as it is one of the main division of the airline, where additional skills such as ability to work under pressure, stress resistance, problem solving, team

work, critical thinking are required. There are steps of the interview process: online application, phone interview, then recruitment day including psychometrical test, short-assessment, group and role play and last step is face to face interview with HR specialist and management.

Pre-interview through telephone, skype, online questions are effective practice in order to save cost for further interview arrangements, especially for international airlines while hiring expats. For such candidates, company takes care of visa, ticket, hotel accommodation, per diem and transport fees. This process is fully automated and reduces not only cost, also saves time of the recruitment team. Once company identified the right slate of candidates, it might take three weeks for recruiting process, other times, it could take months. In the airline industry the tighter the timeline, the better. Every department has a different time for searching candidates. Therefore, international airlines require big team of HR specialists for continues recruitment due to rapidly growth of the aviation industry.

Trainings

Working in the international airline is an exciting and challenging experience. The job also requires a high degree of responsibility and qualification to ensure the safety and comfort of passengers in line with organization regulations. HRM training center focused to continues develop its own staff in order to maintain high standards of safety and service. Although, airlines hire qualified and experienced employee, still provides joining trainings, and then based on a result of performance appraisal employee can be given required trainings. Trainings can be to improve weakness or to get additional skills such as leadership. As airline industry is growing fast, it requires new system, regulations and procedures. All these innovations are followed with training in order to train, maintain and improve skills and knowledge of staff.

Induction.

Once candidate has been gone through HR recruitment process, then may face another interaction with HR before starting the job.

The first training all the airlines have is induction. This training directed to all new joiners of the company. It is a form of introduction for new employees about organization overall planning process and its goals, aims. Trainers tries to create a positive atmosphere, to increase comfort level and felling belonging. The main purpose of the training is to increase knowledge of the new joiners and its procedures and policies. In addition, to share organizational values and job specific information.

Induction training has many advantages which provides benefits for organization and its new employees. One of the advantage is that company saves a

lot of time and money. All the important information provided to new joiners to start performing their duties as soon as possible. New employee can start delivering work results quickly if training is good and effective. In the second, this training reduces employee turnover. New joiners always have “thousands” of the question about new role and company itself. These questions need to be answered and the fastest company provides answers, the more prepared and confident employee will be about new position and what can be contributed in the organization. In the last, to ensure company efficiency. Induction training helps employee to provide not only information about company, but also about culture and its place in the world. This is especially important in the international airlines for expats, as they require to have a knowledge not only about organization, but also about country itself and its culture, rules. There are many advantages for the employee as well. This is training makes new hired feel respected and valued. Apart from providing the necessary information it helps to establish good communication.

The disadvantages are not really related to induction training, since the training of employees is always something positive, unless the training is poorly planned and does not meet the needs of the employees and can lead to mistakes. The worst disadvantage of this, which is absence of training itself. After starting performance in the company, employee will be poorly prepared to do the work well and may be ashamed to ask questions and trust in the company can be lost.

Induction training is good start in the training process, only if it's prepared effectively. From one hand it increases overall performance and from another employee happiness at work, benefiting both, organization and employee. It is recommended to provide training for current staff as well in order to refresh their knowledge about the company and to get new information as airline industry is growing fast.

Joining training.

It is required training program for new employee even international airlines hire experienced staff. There are different reasons such as new structure, system, rules and procedures. HR recruitment team select candidates with related experience to required position. Such employees do not need for long trainings. They can start after one-month intensive training which consist of few days of classroom course and then observation of the current role.

It is good opportunity to learn and practice new role before starting solo. During this training new joiner will be familiar with new system, work process and prepare mentally, which is not unimportant. Familiarization is part of the training to meet and understand specific of job of other departments. Employee has to no with whom to work and where delegate work.

Although, trainee has chance to study before working, it is not warranty that training is effective. Usually trainees are given training program and “thrown” to department to complete all tasks as per check list. People are different, some of them can be flexible and organized, but some of them shame and require instructor. By the end of the training check list could be signed in, but it does not mean that trainee is checked out.

To avoid such mistakes, it is recommended to take control of the training process. Trainee has to be attached to nominated trainer and each day of the training must be planned in advance. Before coming to the work trainee has to know what needs to be done. Another important part of the training is feedback. It has to be logged and given to trainee in order to understand what skills need to be improvement. Feedback from trainee is necessary to understand difficulties of the trainee.

New joiner has to be evaluated from the begging of the training until the end. Based on the evaluation progress of the trainee can be seen and additional trainings may assign if requires so.

Appraisal

Performance appraisal is the evaluation performance of the employees. It is being added to HR process to understand the abilities and potential for further growth and development. Appraisal is evaluation of annual performance of employee. The main aim is to maintain records in order to monitor and compare progress of performance. The results of appraisal are used to determine compensation packages, salaries raise etc., and to identify the strength and weakness of employees in order to place right trainings for development. Performance appraisal is an investment for the company to develop and growth its own professional staff. There are many advantages that helps to following process: promotion, rewards, training selection, communication and motivation.

International airlines carry out some form employee performance appraisal. Such appraisal based on a yearly basis with managers. Management are responsible to assess and evaluate the performance of their subordinates (Bruno 1998). The performance appraisal has to important missions, first is to evaluate and the second to develop. Evaluation based on the results of an assessment of the effectiveness of the individuals assessed during certain periods of time (Gergely & Kovacs 2009). Such judgments are made after a specific comparison of individual indicators with previously established work standards or goals. Assessment for Development, on the other hand, attempts to explore the capabilities and potential of people to assume additional responsibilities (Gergely & Kovacs 2009). Such assessments are mainly related to career advancement or job redeployment. The main purpose of this assessment is to find a direction in which the skills and

knowledge of specific people should be developed to increase their effectiveness (Gergely & Kovacs 2009).

Performance appraisal evaluates required skills and Key Performance Indicator (KPI). HR and manager create list of skills for evaluation. Each position requires different skills due to differences in responsibility. KPIs are required to be assigned by employee in the beginning of the year. Then, performance is evaluated from both sides, first, employee requires to give marks himself/herself and final evaluation needs to be done by manager. It is usually quantitative analyze, where evaluation can be rated as poor, developing, strong, role model or from 1 to 10. Based on the result employee can be rewarded or planned training to develop one of the skills. Manager has to arrange meeting to give feedback and to get feedback from employee.

According to the research of *H. Naseer, M Ahmad "Politics of Performance Appraisal Effects: A Study of Aviation Industry of Islamabad"* majority of respondents (61,5%), believed that performance assessment was important to their ambitions and potential, explained that appraisals helped them to identify strength and weakness and they were assigned for proper trainings and supported for further development. However, there are some errors in the performance appraisal system. There was irregular and inadequate feedback on evaluation results for all employees, except in very poor cases performers. Feedback was given only once a year and this created fertile ground for occurrence of recent error. It led to serious managerial implications for learning, motivation and effectiveness of performance appraisals. To minimize errors as well as establish more rational system, certain approaches recommended. Regarding condescension error, exact definitions of professions assessed are required help reduce appraisers' propensity rely on their individual interpretations. To reduce the occurrence of a recent use error evaluation diary should be considered.

Moreover, this would allow the managers usually employee achievement and failures throughout the entire evaluation period. With respect to similarity, performance standards must be clearly defined. Meetings should strive to ensure regular and adequate feedback with subordinates.

Promotion

Promotion process is similar to recruitment process as HR recruitment team takes care of all arrangements. In the international airlines as per HR policy employees require to complete certain period of time, to be eligible for applying to new position, usually it is one year. Education and experience are main requirement. Even it is internal candidates, application needs to be submitted through online website by filling application form and attaching CV. First step is screening process; it can be done by HR recruiter or by manager of the department.

Once all eligible candidates are screened, then interview they are invited either face-to-face interview or day interview that includes assessment, group and role play, presentation. Interview type is based on the position and responsibilities of the new role.

On the final selection process results of the interview are considered, in addition performance appraisal result and line manager feedback can be added. Hence, performance at work is one of the main value to be promoted. Specialist position requires certain number of skills. For the supervisor and manager position apart from required skills requires additional leadership skill. For the higher positions leadership skill is more important, and sometimes good specialist not always is a leader. All the candidates are in the same conditions, and results of the interview are available.

Employee could apply for vacancy of other department. In this case HR recruitment team request non objection certificate from applicant (NOC). NOC is signed by line and department manager. This HR policy requital stability of the department. If the department is short of the staff or restructure of the department is planned, then NOC can be suspended. For instance, in the middle east NOC requires even employee wants to leave to other company. Organization holds its own staff if there is enough number of people or until finds replacement.

HR do not consider those who got warning letter. Warning letter can be result of mistake or due to different violations of HR policy. It can be given for different period of time; it depends on the severity of the violation. Three or more warning letters can be result of the termination. Employee is permitted to apply for the vacancy only after expiry of warning letter. For airline employees this is frequent issue, especially for staff in the operation department.

If candidate is successful, then it takes from one to three months for the final confirmation as HR secures for internal approvals. If there is no update after interview for the next 6 months, then results are not considered and candidates has to go again through interview process. This may happen due to management change or organization budget.

Promotion process is official with mandatory participation of HR recruitment team. However, manager of the department has strong influence on the promotion and recruitment process and may consider candidates who do not meet all the requirements. And final approval is under manager's decision. This is good opportunity for candidates with big potential from one hand, and from another hand manager may help his/her friends, relatives.

NOC is good instrument for the organization in order to avoid continues leaving of the staff from the company and to have stability in the departments. It

keeps aware management about employee movement, so they can prepare replacement in advance. If NOC is suspended or do not approved by manager it can lead to demotivation of the staff. Now days money is not only motivator and people sometimes want to change work in spite of the same salary. Organizations that only focus on profit without valuing desire of its own staff will lead to poor performance, effectiveness due to demotivation and unhappy employees (“Drive”, Daniel H. Pink).

Warning letter can be considered as demotivation of the employees, because it does not allow to apply for promotion or other vacancies until expiry of warning letter. Warning letter is result of unacceptable mistake or continues mistake. Managers tries to develop staff’s knowledge and skills, and it is normal to do something wrong as people learn from mistakes.

In the international airlines everything is planned step by step. Each candidate has opportunity to be hired as long as qualified and have enough experience. Airlines also are interested to grow its own staff and give opportunity to non-experienced candidates. It opens doors for future career and development. There are trainings for non-qualified employees and for experienced as well as airlines have different structure and procedures. Employees performance are monitored for further development and rewards. People are one of the main “ingredient” of the success in the airline and airlines invest money to develop HR process in order to save work process and to create good conditions for employees.

2.3 The main problems that airline faces in HRM

As in other industries, HRM in aviation has a number of significant problems. In this paper, the author identified the main three problems faced by all airline companies of the world by collecting data from official cites of major airlines:

- 1.Shortage of qualified specialists;
2. Staff turnover;
3. High cost of HR practices.

In modern business conditions, the efficiency of an airline is determined primarily by the number of problems it faces and, most importantly, by its ability to effectively address them. One of the main problems faced by civil aviation enterprises is the lack of highly qualified personnel. This problem is ubiquitous for both airlines and air transport infrastructure facilities.

The problem of shortage of personnel is acutely felt, as far as airlines are concerned, this problem is especially important for them, because the safety of passengers depends on the level of professionalism and qualifications. Of course, today they are trying to solve the problem at all levels, starting with the airline

ending with state bodies, but in this case it is necessary at the initial stage to find out the causes of the existing problem, eliminating which it is possible to try to eradicate the problem completely or at least reduce its degree of consequences.

At present, it remains difficult to solve the problem of staffing civil aviation institutions not only with flight instructors, engineering and teaching staff, but also with operating and ground staff. The current low compared with similar work in airlines, the level of remuneration of these categories of specialists does not allow for the recruitment of teaching staff, flight instructors, engineering staff of training centers with qualified personnel.

Multiple gaps in the remuneration of professions of the same name, the nature of labor in production and in flight educational institutions force young professionals to leave in the airline industry. The consequences of this situation have a negative impact on the implementation of the training and flight work plan and the quality of training of graduate pilots.

In addition to under-staffing, flight schools need to upgrade their material and technical base permanently.

If major airlines are actively involved in the preparation future pilots and those offering decent working conditions, provide themselves with a personnel reserve, focusing not only on quantitative, but on qualitative component, it is not always possible for medium and small airlines to solve the existing problem.

There is currently a massive replacement of aviation equipment and airport infrastructure upgrades, as well as a steady increase in volumes that led to a total shortage of aviation personnel. With ever-increasing traffic volumes, the personnel crisis painfully affects all countries of the world. According to the International Air Transportation Association (IATA), due to the increased global demand for aviation personnel, it is necessary that at least 17,000 new aviation specialists join the industry every year.

According to statistics of World Bank the quantity of air passengers increased from 0.3 billion in 1970 people to 4.3 billion people in 2015 (Figure 2.2).

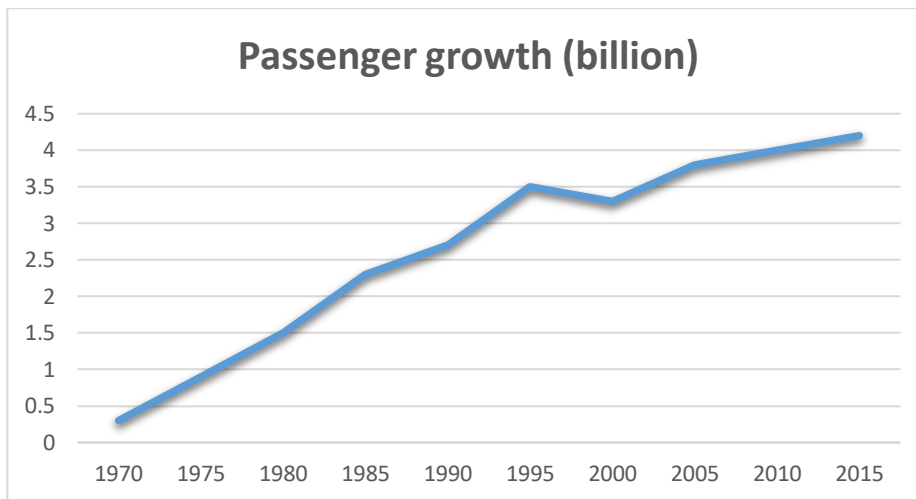


Figure 2.2. Passenger growth according to World Bank (1970-2015)

World passenger traffic figures show growth in all regions with an increase in demand, measured in passenger traffic per kilometer - 6.2% year-on-year. According to IATA, for 2018, airlines transported almost 4.4 billion people. - almost 60% of the population of the Earth (7.6 billion people). Despite the fact that the growth in traffic volumes is slow compared to year 2017 (this figure was 8%), the dynamics of increase in passenger traffic exceeded the average figure of growth over the past 20 years (5.5%).

According to Federal Aviation Administration of United States there were 827 000 pilots in U.S. in 1980 and the number has been declined to 30 % over the last 30 years. During this period there was a great demand for labor force in aviation, in particular, for pilots. By IATA statistics air travel will double.

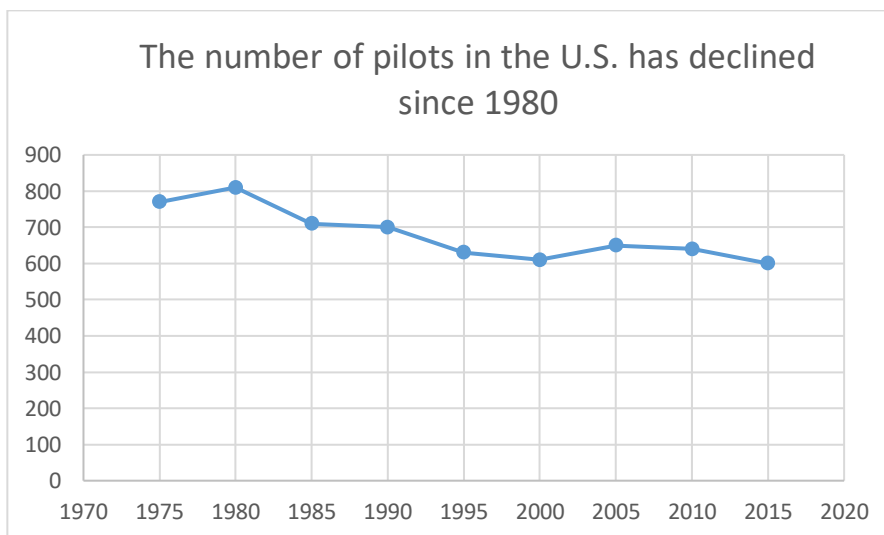


Figure 2.3. The number of pilots in the U.S. has declined since 1980 (IATA, 2015)

Pilot Outlook by Region Map

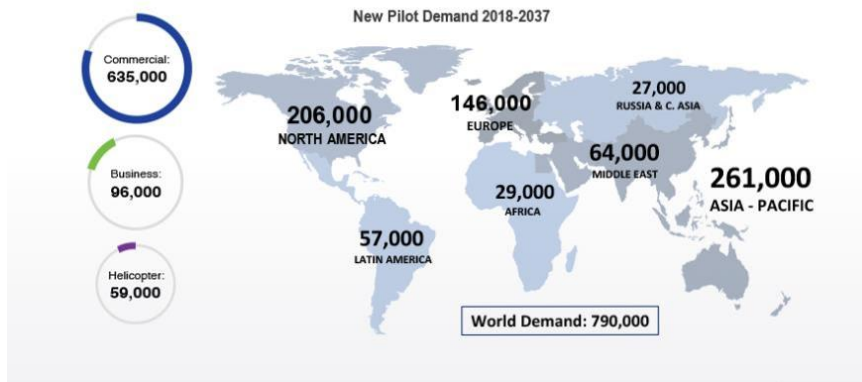


Figure 2.4. Pilot Outlook by Region map (Boeing, 2016)

Over the past two decades, the need for pilots has increased dramatically due to the emergence of new aircraft. The company Boeing predicted that aviation will need 790 thousand new pilots to meet the increased needs, of which 96 thousand pilots will be needed to maintain the business aviation sector. By Boeing Report of 2016, over the next 2 decades, the worldwide scenario of pilots' demand will be: The Asia Pacific region will lead the worldwide growth, with a requirement for 261,000 new pilots. Europe will require 146,000, North America 206,000, the Middle East 64,000, Latin America 57,000, Africa 29,000 and Russia and Central Asia 27,000. At the Farnborough Airshow, Airbus estimated the need for pilots at 450,000 by 2035. Even with the more conservative figures of Airbus, the gap between supply and demand is huge.

Over the past 30 years, a certain leap has occurred in commercial aviation and a number of socio-economic problems have matured, including aging. Baby pilots who are the most numerous group - almost 50% of the pilots flying today - are going to retire. Over the next 20 years, the number of commercial passengers will double. Private trips are likely to grow faster than commercial flights. This problem is aggravated by the fact that airlines are forced to look for people with a higher level of experience.

In general, a situation has arisen when aviation authorities and airlines transfer responsibility for attracting young people to the industry. The commercial activities of air carriers, especially those operating in the low-cost transportation market, do not provide for extra costs and the issue of obtaining experienced personnel is decided.

Prerequisites for such problems can be relatively low wages in the regional airlines in comparison with duties, a very busy schedule of flight personnel and the level of harm to health. And in terms of human resource management, there are very *high demands during the selection* and training sessions, which weed out most candidates applying for a job. For instance, in Air Astana there are next

requirements for becoming a pilot in a company: Valid ICAO certificate; The minimum total flight time is 5500 hours; Minimum plaque as a FAC -1500 hours; Flight on the type as a PIC for at least 500 hours; The candidate must be tested on this type in accordance with the standards of Air Astana; Age limit: not older than 55 years; 4th level of English proficiency in ICAO; Admission to perform international flights; The presence of a valid medical certificate 1st class; During the last 3 months, flights are carried out on an aircraft type and have valid LPC / OPC; No criminal record and other restrictions; Good personal qualities; The candidate must pass an assessment of professional qualities existing in the airline. During assessment it is important to identify such personality parameters as conflict, individualism, ability to work in a team, resistance to stress, motivation, etc. Tests are tied to the position for which the candidate claims and the company specifically for the assessment of professional knowledge creates a database of relevant tests, which is updated and replenished periodically.

Flight safety cannot be considered in isolation from the topic of training. In order to produce more pilots, it is necessary to purchase more aircraft, recruit instructors and the engineering staff that will serve these aircraft, increase the number of airfields. To drastically increase the number of pilots, it is necessary to invest a lot of funding so that they fly, as expected, the required 1500 hours. This in due time increases the costs of trainings and other HR processes.

The next reason of shortage of pilots is cost of education at universities. In European universities, the cost of training for a commercial pilot varies from 40,000 euros to 120,000 euros. Also, to become a pilot of a certain type of board, candidate needs a license, which is worth 20,000 - 35,000 euros.

In addition, *there is a lack of awareness of the possibility of becoming a pilot* among young people. Young people basically choose general professions, but they are not widely known about the profession of the pilots, their requirements and capabilities. This also affects the number of candidates at the time of selection.

To solve the above problems, the author offers the following options. First of all, open to airlines their *training preparation courses with subsequent employment*. As one example of such a program can be called “AB-INITIO” program of Air Astana company. AB-INITIO is an unprecedented program in Kazakhstan that allows anyone to become a pilot of civil aviation within 18-20 months. The program was launched in 2008 by Air Astana. Since then, more than 200 cadets have graduated from the program. After successful training, cadets will have to work in the company for at least 7 years, paying 50% of the cost of training abroad and pay the rest half of Air Astana at their own expense. According to the press service, in 2019, the airline will launch a program for the training of mechanics, which are currently deficient personnel. Engineers and mechanics are

inadequate personnel, so next year the airline will launch a mechanics training program at its training center in Almaty.

The same courses provide Emirates, which is called “National Cadet Pilot Programme” and “The British Airways Cadet Programme” of British Airways.

Currently, many airlines in the world offer *training courses for graduates of flight universities*, but who have no experience. The airline pays for training on a specific type of aircraft to the candidate with subsequent employment. Qatar Airways, Singapore Airlines and other major airlines reinforce this type of training.

In order to increase awareness among young people about the opportunity to work in airline companies, Air Astana is currently conducting various events, open doors, as well as social networks are constantly expanding advertising campaigns about possible vacancies. This method also can help other airlines in the fight against the lack of qualified professionals.

Employee turnover is a serious issue for organizations. Nowadays employees look for diversity and challenge in their daily tasks and require an invigorating working conditions and atmosphere. The human resource management practice has to face with the next tasks: to find new replacement, advertising, recruitment, training, interviewing, assessment, supervising, coaching, socialization, mentoring in organization. As a result, all organizations aim to achieve high productivity with low turnover.

According to Singapore Airlines annual report 2015 the company had 7 586 cabin crew, this rate was 7 741 in 2014. In addition, it is written that SIA hires approximately 800-1000 cabin crew each year. In other words, company’s cabin crew continued to stay stable in terms of total numbers between 7 500 to 7 700 while SIA has to recruit 800-1000 cabin crew each year. It means that Singapore Airlines yearly turnover rate is 12%. Compared to other spheres of industry, which have 5% turnover rate on average, this feature is significantly high.

In order to give a full picture of staff turnover, the author based on the work of the Prof. Mohammad Shehada, Dean of Business School in Amman Arab University, who studied this topic in detail in the fourth airline companies of the Middle East: Jordan, Lebanon, United Arab Emirates and Saudi Arabia. The main objective was to find out the reasons why flight attendants leave their jobs and highlight possible changes in work characteristics. Data were obtained from national survey of licensed crew. During the survey crew was asked about their work conditions, salary and relationship between flight attendants and managers of companies (Table 2.1).

Reason for leaving	1999-2013		1999-2013		1999-2013		1999-2013	
	Mean ranking	%b	Mean ranking	%b	Mean ranking	%b	Mean ranking	%b
All respondents								
Relocation	4,15	19,2	3,95	23,2	4,28	19,4	4,22	16,7
Stress level	3,39	22,2	3,08	17,3c	3,52	20,2c	3,45	26,7c
Desire for a change	2,69	27,2	2,6	32,8	2,81	28,2	2,66	23
Salary	3,8	18,1	3,7	25,5d	4,06	16,1d	3,68	15d

a- Calculated on basis of assigned value;

b- Percentage of workers, who ranked reasons;

c- Percentage of workers, who ranked stress level as a reason;

d- Percentage of workers, who ranked salary as a reason.

Table 2.1. Turnover rate in Middle East airlines

Results: for men flight attendants turnover rate was 9.7%, for women was 15%. As a result of this survey, it was found that flight attendants on average work in airlines for 3 years, due to the above reasons. *The main reasons* are flexible schedule and constant movement on flights. Also, salary and stress levels are the main reasons for flight attendants leaving this type of activity. At the moment, many airlines have increased the level of wages in order to keep the employees, and therefore the level of turnover has slightly decreased. But this did not completely solve the problem, since the work remains one of the stressful.

As shown by the results of the British Airways survey, the company has a flight attendant turnover rate of 12%, and in general flight crews including pilots 8%. It should be noted that the average level of turnover in the country in all industries is only 3%. In this regard, aviation has a very high level and this is at one time the main problem and task of human resources management departments. The quality of work is improved with experienced employees; therefore, it is very important to retain employees for years to come.

A lot of work was devoted to the cost of human resource management processes, but the author identified the method of Hinkin and Tracey as one of the corresponding ones. They divided costs into five categories: separation, hiring, recruiting, selection and lost-productivity costs. Each model was analyzed to determine an appropriate analog for the position.

In this model hiring costs included eight items: simulator time, aircraft time, simulator instructor time, manuals and charts for new hires, salary of Director of

training and training staff, pay for new hire while training, hotel and per diem for instructors and new hires.

Table 2.2. Cost of Turnover Example from Journal of Aviation/ Aerospace, Education&Research 27/1

Cost category	Per capita
Separation	770
Recruiting	1200
Selection	140
Training	
Flight training device and simulator costs	1043
Instructor time	195
Aircraft time	2055
Aircraft instructor time	100
Manuals and charts	250
Pay for new hire while training	207
Hotel and per diem for instructors and new hires	4462
Cost of Director of training	706
Lost Productivity	
Cost of instructing by pilots not primarily instructors	90
Vacancy cost	
Travel costs for substitute pilots	4561
Overtime pay for substitute pilots	1627
Total	17406

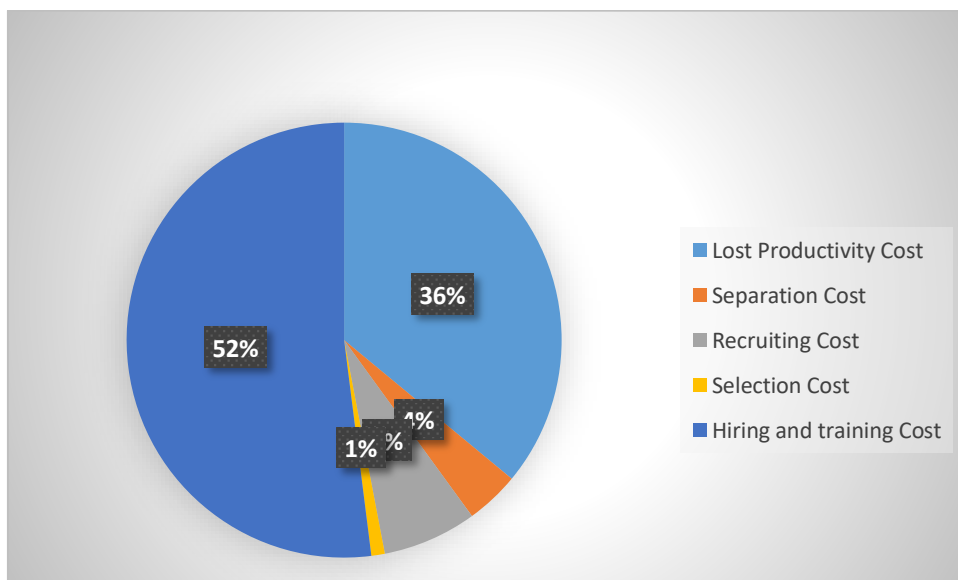


Figure 2.5. Turnover costs (carried by category, Hinkin and Tracey)

The turnover cost by this study was 17 406 \$ per employee, which is 43% of average pilot's salary of 40 000\$. The total cost of turnover of studied carrier was calculated, but not presented due to confidentiality.

The turnover rate was 46 % of this airline, which is extremely high than other spheres of industry, including hospitality, which was well-researched by Hinkin and Tracey in detail. By Bureau of Labor Statistics estimate turnover cost 13 754 \$ for private industry, but in airline (which was 17 406\$) this rate is absolutely high. These turnover costs may represent a financial burden for carriers, which is also one of the main tasks of Human Resource management department.

As *one of the recommendations* for air carriers could be suggestion of the American Institute for Aeronautics and Astronautics: “encourage young employees to share their views, especially through new media; encourage employees' input on improving the work environment; create opportunities for mentorship; structure pay on performance and privilege responsibility over seniority (AIAA, 2009)”.

The analyses of findings of the study allows to make necessary recommendations in order to reduce rate of turnover.

The public and private airlines should both consider salary scales. As practice shows, salary is one of the motivators, in connection with which workers can continue to work in the airlines. This may be costly for the company, but as was previously stated by airline workers, this is the first privilege and the company's future prosperity depends on their experience and motivation.

Apart from the motivation related to salary, airlines should develop *appreciation system* in order to improve job satisfaction among the employees. It can be additional payments or promotion to new role, but all these actions can reduce turnover rate.

Timely motivating trainings and constant communication with employees help to receive information about satisfaction or a complaint to work. If the manager responds to the reaction of employees and gives feedback, the relationship between the employees in the organization can be improved. Real leadership is required for employees to stay committed and motivated.

Bailey wrote (1993): “the contribution of highly skilled and motivated employees will be limited unless their jobs are structured in ways that allow them to apply their knowledge and skills in order to improve the way they perform their jobs”. For employees it is hard to adapt to the different style of managing system of supervisors, to avoid it airlines *should develop standardized methodology and management system* in order to reduce confusion and discomfort during the work.

A frequent saying in business is “No news is good news”. *Employees need to be informed and updated* about all news and new rules in order to progress on their

personal performance. As Singapore Airlines practice, communication tools are significant to stay contacted between employees and management.

2.4 Comparison of HR practices between the world's best international airlines: Singapore Airline and British Airways

The analysis of foreign experience (Singapore Airlines and British Airways) of motivating and stimulating staff showed an increase in the importance of motivational aspects in personnel management, which is necessary to increase the economic efficiency of organizations. At the same time, the interrelation of motivation and incentive systems for workers with the external environment reflects the features of building motivation and incentive systems in different airlines identified in the thesis, depending on the type of organization management systems used scientific and technological progress.

As shown by the study, the change of technological structures determines the objective nature of the development of systems of motivation and incentives for staff in enterprises in the direction of constantly increasing the role of employee in corporation.

In order to identify the main personal interests in the world major airline companies like Singapore Airlines and British Airways, works "*The Role of Internal Communication and Training in Infusing Corporate Values and Delivering Brand Promise: Singapore Airlines' Experience*" of Mark Chong and "*Human Resource Management Practices in an Airline Industry: The British Airways Global Perspective*" by Dr. Julius B. Bertillo and Dr. Josefina B. Salando were used. To implement sociological research method, the authors developed special questionnaires and conducted a survey among employees of aviation industry organizations. As a result of the questionnaire processing, a significant part of the initial information was obtained to determine the main directions of transformations in the field of motivation and incentives for the personnel of industry enterprises.

Singapore Airlines as example of HRM in Airline

Senior managers of Singapore Airlines prove that the trainings in the company are ideal, everything from simple employees to top management positions are trained with specific programs and goals. The famous 'Singapore girl' undergoes training for a flight attendant with a duration of 15 weeks, which is slightly more than in other airlines and twice as many as in other areas. During the trainings, they study not only service and flight safety, but also interpersonal interaction, grooming, personal poise and emotional stability with the most demanding passengers (Sim Kay Wee, former Senior Vice President, Cabin Crew).

During the trainings, they also pass stages that are not related to flights. For example, “*Performing Arts Circle*”, which includes full-length plays and musicals, “*Wine Appreciation Group*” and the “*Gourmet Circle*”. All of them are important to increase teamwork and spirit of team. In the initial stages, they also do charity work, according to the managers, this will strengthen their sense of help towards others, thus they will be better towards passengers.

During the course, flight attendants are given wine and cheese and other products to evaluate, so that they can distinguish a good product from a bad one (Yap Kim Wah, Senior Vice President, Product and Service).

In connection with all of the training given, the attendants will be different from the girls when they came for the first time. Cabin crew participates refresher courses a year on average 3-4 days. Most popular courses are: “European languages”, “self -directed courses”, where they take responsibility for their own development and leadership courses.

During the selection they look at the academic success of the candidate, as well as physical attributes. A candidate must at least have a high school diploma. The interview is conducted in three stages: “uniform tests”, a “water confidence test” and psychometric tests. 16,000 applications are received each year, only 500-600 people are selected on average. These interviews take place with Choo Poh Leong, Senior Manager Crew Services, and Toh Giam Ming, Senior Manager Crew Performance.

When flight attendants start flying, they will be under the supervision and control of the in-flight supervisor. They submit a monthly report on the attendants. Of these, 75% usually continue to fly, the remaining 20% are deferred and provide additional training and 5% are dismissed.

All the above trainings show that the company pays special attention to the development of the personality, interpersonal relations and the company's competitiveness.

One of the difficult moments is that people come with different background, mentalities and life values. Therefore, sometimes it is necessary to give additional training and control some flight attendants and employees in the company as a whole, in order to avoid conflict situations or serious problems.

This study is based on face-to-face interviews with senior managers of Singapore Airlines People Network and Cabin Crew Training department as well as Human Resources department. Types of training for flight attendants and for other staff, methods of human resource management and their features from other airlines were identified. Interviews and analyzes are based on presentations and information from the company's official website as well as conversations with

trainees at the Singapore Airlines Training School in July 2016. The grounded theory method of Glaser and Straus, 1967 was used in sorting and analyzing the observations and communication materials, also interviews. The analysis is validated by senior managers of SIA.

Human resource management in the company is based on the key corporate values, as well as the company's mission: to become a global brand that provides high service and maximum return of income to shareholders and company employees. Corporate values of the company are: high security, customer focus, development of staff, cohesion and team spirit.

Singapore Airlines has 14423 employees around the world (2017, Annual Report). Most of them are Cabin Crew (49%). The rest of employees are overseas staff (16 %), pilots (15%) managers (2%) and administrative staff (6 %). The company pays special attention to trainings of flight crew, as they compile a larger number of employees and are constantly in contact with passengers and staff of other airlines around the world. Intercommunication trainings between crew are critically important, since every time flight attendants and pilots work with a different crew.

People Network Department works mainly with employee communication and reports to Senior Vice-President of Human Resources, who is responsible for executive decisions in company. The SVP of Human Resources reports strictly to the Chief Executive Officer.

Based on the missions, values and strategic direction of the company, The People Network Department builds good and strong relationships between managers and employees. They appoint a different type of meeting, online communication services and extra-curricular events, also create an organizational climate survey.

Communication tools in the company improved. Outlook is used for main work, through it new rules, information important for company employees are passed. For the flight crew there are separate applications, such as the *Highpoint*, which conveys the wishes and comments of passengers and changes related to the board service. *Cabin Crew Circulars* is a bi-weekly updates about service procedures, products, regulations and safety instructions. It also provides urgent announcements and news. Owing to such tools, flight attendants and pilots are always up to date with the latest events and updates. Pre-flight briefings are also very significant, which conducted by inflight supervisor or chief cabin crew.

The hallmark for the company are face-to-face meetings as well as communication channels. Meetings with the managers of the flight attendants and the pilot with chief pilots and fleet managers, where they discuss the most important issues. *In Sync* is a “meet people” fortnightly session, where Senior Vice

President and Cabin Crew Division meet with group of cabin crew to discuss and talk about anything on informal basis. Then there is a dialogue session, where they talk over important issues and express their views on face-to-face settings. In addition, on “road shows” ordinary employees can directly send their requests or initiatives regarding a particular issue to senior managers.

According to the Mitchell (2002, 102), individual requests are not as powerful as group requests, in order to receive a response from managers, groups should be created and their opinions taken into account. In this regard, it is very significant that employees participate in meetings and trainings. But, in this company, this system does not seem to work, since individual requests are considered very actively along with group requests.

The company also often conducts surveys on the work of managers, whether employees are satisfied with their activities. These surveys began in 2005 and in that year 57% of workers responded. This type of survey helps to verify performance of senior managers and improve key performance areas, including communication. As per SIA’s rules, communication in a team is necessary in order to establish relationship between management and executors, to build effective interaction with colleagues and thereby ensure efficient and clear data exchange without informational and temporal losses. Moreover, it is extremely important that these interactions work in all directions, that is, not only from the bottom up - from employees to superiors, but also from superiors to employees. This is necessary both for building company policy and for strengthening team spirit and increasing loyalty. Without a communicative connection, each employee seems to be in his own “information bubble” and does not fully understand how his activity is related to the goals and objectives of the company. This leads to the well-known effect of "I work alone here and the rest are not clear what to do”.

American experts on corporate communications have calculated that the loyalty of employees and their satisfaction by more than 90% is connected precisely with the quality of communication within the company [Argenti and Forman, 2002, 144].

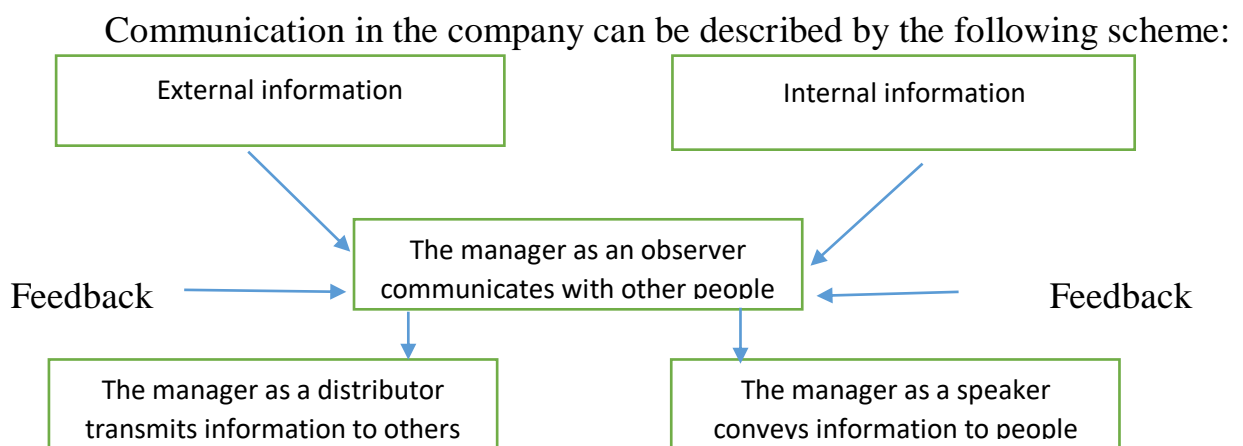


Figure 2.6. Communication scheme in SIA

As per Singapore Airlines' strategy, development of an internal communications program should begin with an overall assessment of the management environment. Then study the organizational structure and type of existing communications. In order to assess the current state of the team and the degree of employee satisfaction, it is necessary to conduct a small internal study and establish which forms of communication workers consider most appropriate and effective. The results of the audit will show whether it is already possible to introduce new types of communications in the company, or will reveal some difficulties and tension in the team.

The main strategy of Singapore Airlines is personnel-based differentiation. A more thoughtful and careful selection and training of personnel is another way to gain a competitive advantage. Singapore Airlines is the well-known, prominent example of differentiation. Famous for its service and reputation. From year to year Singapore Airlines is recognized as the best airline in the world. The company owes much of its success to well-trained cabin crew. It is known that Singapore Airlines makes very tough demands on job seekers and it's not easy to get a flight attendant to work. It is noteworthy that the airline allocates 40% of its resources to the training and inspiration of its staff.

The most important role for this strategy is the qualification of personnel. F. Kotler lists the features that characterize qualified personnel:

- Competence;
- Courtesy;
- Reliability;
- Responsibility;
- Speed of reaction;
- Sociability.

The company considers all the above-mentioned quality when selecting [Mitchell, 2002: 100].

The company has a magazine called Outlook, on the second page of each publication there are the main values of the company are written. All employees during the first training courses must undergo courses about the core values of the company. There are special videos on this topic, trainers are sure to tell to make it clear to new employees for what they use and how to use them and how to value. In addition, New Managers' Program is for new promoted managers and team leaders. Senior managers in their speeches at major events of the company, they must be told about core values, as this will strengthen mutual support and interconnection between employees. The company's values allow not only to stabilize relations in a team, but also have a positive effect on interaction with customers, suppliers and partners. According to Cheney (1983) vice-presidents, senior executives play a key role in the development and motivation of employees.

A company becomes truly successful if all its employees, from the lowest level to top management, known in which direction it is moving, what is the main goal for which all the staff works. The guarantee of stability and prosperity of the SIA is the conscious contribution of each unit to the common cause. On this basis, the formation of company values begins, when each employee feels himself a significant unit, on whose actions the success of the entire organization depends [Heracleous et al., 2006].

The core values, life plans of the company's employees can be realized to a large extent through efficiency improvement, business growth and development. To the extent that the Company will be successful, to the extent that the employees will increase their qualifications, income, career, satisfaction with their work and the atmosphere in the team. In other words, the interests of employees are directly related to the goals of the Company.

Soenen and Moingeon's (2002) multifaceted of corporate identity through holistic way of showing how internal relationships bring valuable interaction between SIA's different areas. There are facets of identities: *professional identity*, *projected identity*, *manifested identity*, *attributed identity* and *experienced identity*.

Professional identity is the result of a professional self-determination of a person who is aware of his profession as a vocation. Possessing a formed professional identity, a person identifies himself with the profession and considers himself a representative of the professional community. In SIA this kind of identity is one of the main ones, since it is what makes a person feel in a team as professional. The company has the following factors influencing professional identity:

- the formation of the professional community and professional culture as a cultural model;
- compliance of training with real practice;
- high prestige of the profession in society, stable working conditions, an adequate level of salary for the future specialist and high social guarantees.

Projected identity is when social actors construct new identities on the basis of any accessible cultural materials, which will predetermine their position in the society and thereby achieve a transformation of the general social structure [Soenen and Moingeon, 2002: 18]. A company is made a project identity for an external audience: its image is a "Singapore girl", which is a universal type and quality of service. Also one feature is the innovation of the company, that the latest and high-level services are provided on board.

Experienced identity is determined by what members of the organization experienced related to their organization [Soenen and Moingeon, 2002: 19]. This

identity can be an indicator of the invaluable long-term experience of the company in terms of the development of individuals, the team and the company as a whole.

Manifested identity it is like “historical identity”, is understood as historical uniqueness or historical individuality of company. To reveal historical identity is to answer the question what company is or to determine the dominant features of a company’s character [Soenen and Moingeon, 2002: 21]. For the past 20 years, the Company has been synonymous with innovation and high service. Singapore Airlines is also known for its several "firsts", for example, the company provided the first non-stop flight from London to Singapore in 1989, inside the on-board telephone service appeared first in this company in 1991, offered audio and video services on board in 1997, also included a world-class and world-renowned chef to cook for passengers inflight in 2002, opened long non-stop flights from Singapore to Los Angeles and from Singapore to New York.

Attributed identity is a tool for forming a certain image (brand) by means of certain visual identifiers. Every brand, starting with large corporations and ending with startups, has standards for the use of branding, collected in a brand book or, in other words, in a corporate style guide. The goal of any brand is to be remembered by the client. However, memorability implies a unity of style, therefore, sooner or later, each brand must compile its guide to visual materials [Soenen and Moingeon, 2002: 23]. SIA’s brand name is synonymous of world-class service and high safety.

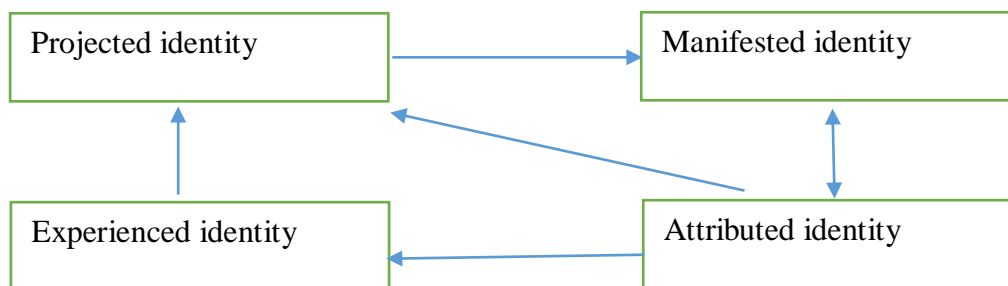


Figure 2.7. Relationship among various dimensions of SIA’s corporate identity

The company is strongly developing its *project identity*, through such tools as *Outlook* publications and SOAR training programs. The company thereby achieves the awareness of all employees about the values, the direction of development and the latest updates and company news. Through *projected identity*, the company also develops a *manifested identity*, determining its place in the history of the airline industry. By receiving awards for contributing to the development of the airline industry, for innovations, the company improves its *attributed identity*. By its contribution to development and high service, Singapore Airlines had been chosen World’s Best Airline by travelers by Skytrax in 2018.

Referred by the media “Oscars of the aviation industry”, Skytrax is influential British private consulting company specializing in studying the quality of services provided by various airlines and airports.

According to the company’s senior managers, these awards are due to the training and development of employees and the correct human resource management of the company. In accordance with Senior Manager of People Network Department, further correct policy of Human Resources Department will lead to more success and rewards.

Using Singapore Airlines as an example, it is obvious that internal communications and training are capable of providing a strong brand and development of the company. Well-functioning internal communications allow management to listen to employees and correctly understand the information transmitted. This helps to identify the strengths and weaknesses of the production process in a timely manner and to adjust management decisions. Lack of feedback from the company, failure to present results, lack of monitoring of employees' mood, gaps in communication messages lead to weakening of the company in the market.

Human Resource Management in British Airways

British Airways is an excellent example of the selection, development and management of employees in the airline industry. One of the company's strongest components is Human Resources Management practices as many companies use the example of this company in staff development.

British Airways is a large company in its industry that provides air transportation to 600 destinations worldwide. It was established in 1974, the founder of the airline is considered AT & T. British Airways has a long history of development. Today, the British company boasts the largest fleet in Europe, which consists of modern and reliable vessels. In addition, British Airways provides services to the Concorde supersonic passenger aircraft. Initially, all the company's aircraft had a UK flag on its tail. In the course of development, the inscriptions, coloring, images changed. Since 1999 by order of the director Bob Eyling, British Airways ships have decorated the UK flag in the likeness of the Concorde coloration. The airline is a member of the OneWorld Alliance, which allows you to use the transport network of program participants, is in the group of associations of the British Airways Group. The main objective of British Airways is to provide quality services at the highest level [].

Unlike Singapore Airlines, British Airways uses a motivation scheme. Based on the results of a sociological study, it was also established that the main motivational factors, which are the decisive directions in the formation and

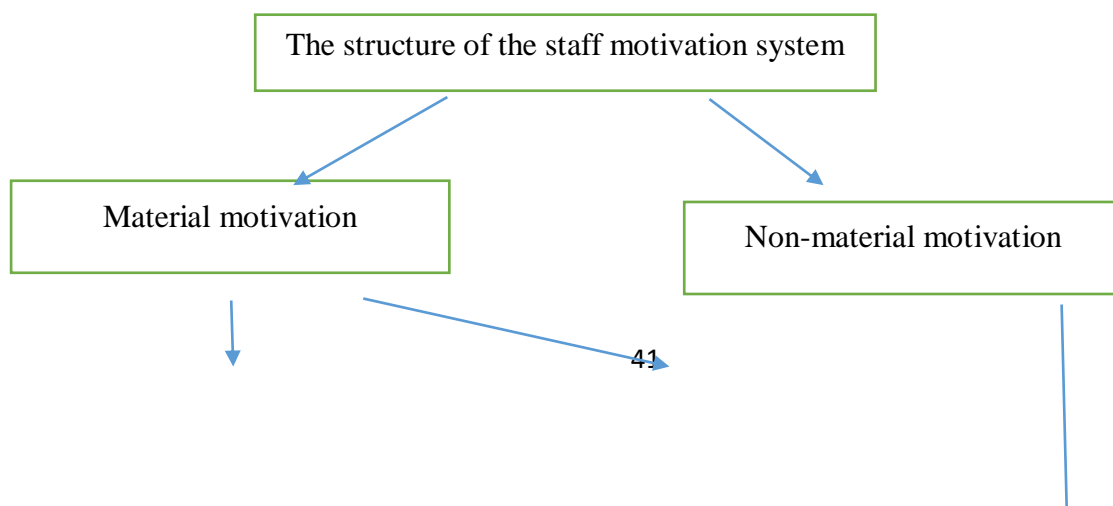
development of systems for motivating and stimulating personnel of the British Airways are:

- development of abilities of an employee as a social subject, that is, abilities necessary for high labor activity and as a result of an employee's productivity in various socio-economic and production conditions;
- staff stabilization, consisting in the constancy of the staff of the aviation industry enterprises by means of coordinating organizational and individual goals;
- formation of creative activity among workers, which is necessary not only in the process of fulfilling professional duties, but also organizational behavior at each workplace;
- staff consolidation, based on increasing employee loyalty and reducing real and potential staff turnover.

Achieving the objectives of the motivation and incentive systems for personnel in the aviation industry organization contributes to solving the following main tasks: attracting and retaining staff, developing human resources, increasing labor productivity, employee responsibility and autonomy, as well as job satisfaction, workplace status, optimizing the ratio of material incentive costs and personnel social protection measures. It is necessary to take into account that the specified tasks are not exhaustive for achieving the main goal of the systems of motivation and stimulation of the company personnel.

For the most effective use of the whole range of labor incentives in the company, the basic requirements for the formation and development of employee incentive systems were formulated: incentive complexity; individual approach to stimulation; stimulating flexibility; prompt revision of incentives; openness and objectivity of information about the incentive system; the availability of incentives for employees; reducing the time lag between the result and reward; gradual change in the stimulus upward; sensibility of the effectiveness of the stimulus; targeted development of the creative initiative of the company's personnel.

In order to develop manpower, company uses the following structure of personnel motivation system:



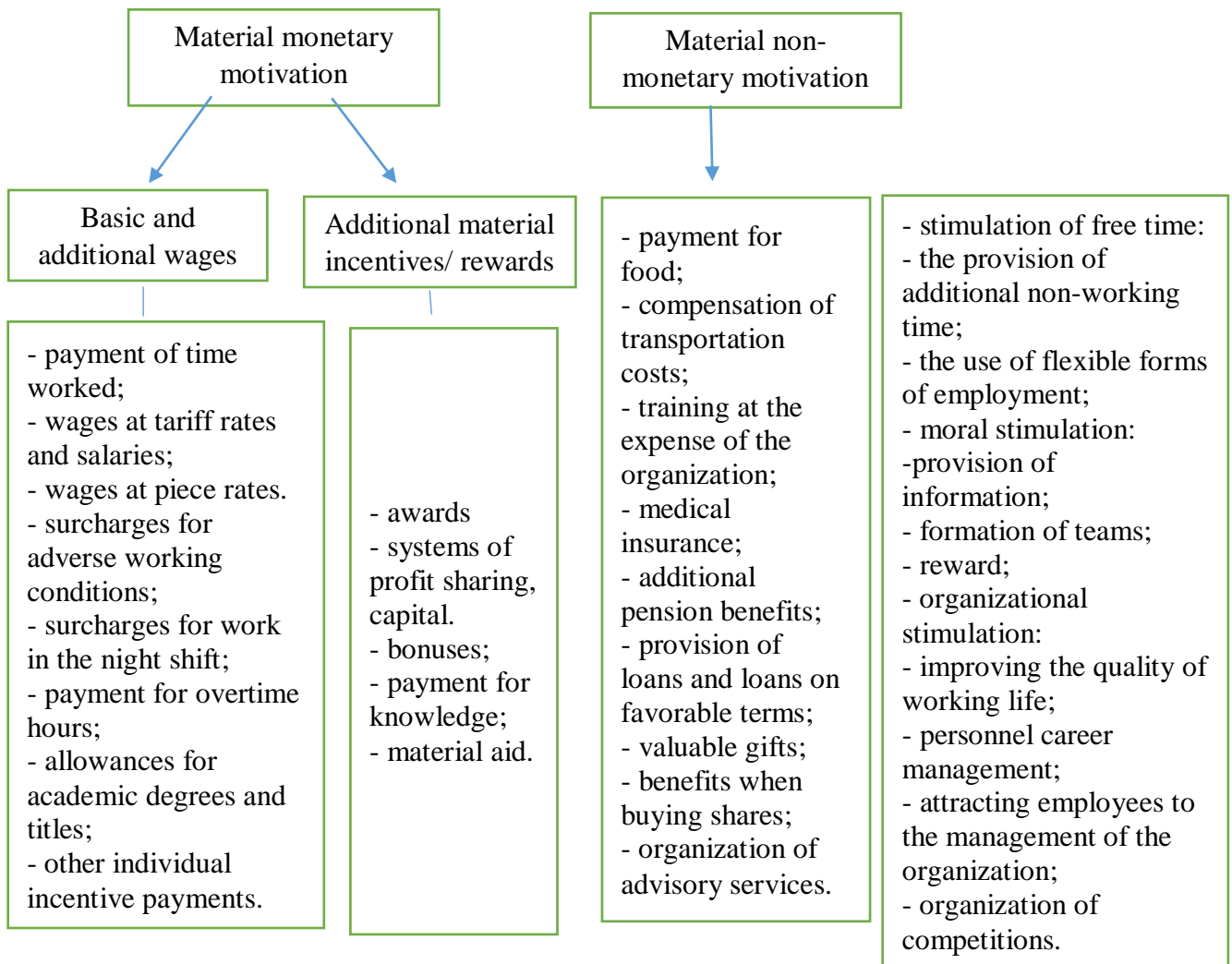


Figure 2.8. The structure of the staff motivation system

To improve the corporate culture and increase the loyalty of employees of company, British Airways takes the next actions:

- formulate a personnel policy based on the reorganization strategy of the corporation, depending on the desired values of the corporate culture and private indicators of loyalty;
- create a comprehensive procedure for the selection, recruitment and adaptation of human resources. For a new employee it is recommended to draw up a work plan for the period of probation and appoint a mentor for him;
- ensure transparency of the remuneration system and distribution of bonuses, which will increase the level of staff loyalty, as well as reduce the likelihood of threats to corporate culture;
- develop a system of personnel reserve formation. Making fair decisions about appointments to higher positions is an additional non-material motivation of employees and will increase their loyalty to the corporation;

- minimize the likelihood of threats to corporate culture and conflicts in the team in the event of dismissal of an employee;
- to carry out team building trainings and outdoor activities in order to improve the social and psychological climate in the team;
- create an internal mail through which each employee will be able to send their comments, recommendations, wishes to the head of the corporation.

A distinctive feature of people management and company strategy can be called that the company uses the method of Kaplan and Norton - Balanced scorecard theory. This theory identifies four aspects as key to the development of a company. First, *financial component* is what is the main source of income and satisfaction of the company's shareholders in the concept of values. The second is *customer satisfaction*, which makes the company one of the best in the world in the opinion of passengers, since British Airways is a passenger-oriented airline. The next is *internal process perspective*, which is responsible for administrative, operational and technological processes within the company. Last but not least, this is *staff development and human resource management* through training and interpersonal communication, which is a key aspect of the company's development. It will motivate employees and can guarantee further success of company.

For all departments recommend regular monitoring of staff and analysis of values as a general indicator of loyalty. As part of training sessions and focus groups, managers are trained in building loyalty and corporate culture. Its essence is to teach managers of different levels to independently build work with subordinates within the framework of the chosen value system, based on the principles of: trust and cooperation; delegation of authority; effective performance assessment; constructive criticism and feedback.

Based on the interviews and surveys of the company's management from the work of "*Human Resource Management Practices in an Airline Industry: The British Airways Global Perspective*" by Dr. Julius B. Bertillo and Dr. Josefina B. Salando, the following important aspects were identified:

Human Resource management in British Airways in connection with the selection, training and promotions.

After selection, flight attendants pass a five-week training program on values, company rules, on safety regulation and on the basic activities of a flight attendant. During the trainings near Heathrow and Gatwick, courses on makeup and kitchens on board are also demonstrated. A series of interviews and meetings with senior managers of the company help to recognize the intellectual and other important qualities of an employee.

The trainings also have separate chapters on passenger service at a high level in connection with the airline company's strategy, as well as safety instructions and the use of in-flight equipment. During the five-week training, flight attendants should know all the requirements regarding the work and be able to fly on three types of board. For the next six months, they will be under control of the onboard supervisor and flight attendant manager and after satisfying standards set, they will become full member of British Airways Cabin Crew Team.

The cabin crew must demonstrate good communication skills, teamwork skills and leadership. The very first promotion among flight attendants at Purser, when they are responsible for the Economy class crew or club. Next, flight attendants can apply for the position of Senior flight attendant, which calls in British Airways Cabin Services Director (CSD), where leadership and ability to manage the team is a crucial factor.

Human Resources Management in British Airways in terms of communication, conceptual and interpersonal skills.

The effectiveness of people and organizations is a mandatory factor, without which the success of the company is impossible in the long term. To achieve business results, company employees working on projects or joint tasks are grouped together. In British Airways when interacting, goals are clearly understood by team members, they are openly discussed, adjusted if necessary and agreed upon by all team members. The degree of personal responsibility of each employee is quite high. Often, employees take on additional responsibility for the activities of colleagues, contributing to the achievement of not only their own goals, but also the goals of others. When working together, employees seek not only to achieve certain goals, but also to build quality relationships with their colleagues. Differences between people are clearly recognized and taken into account in the interaction, thus reducing to a minimum tension and difficulty. The criterion that the company has reached this state is the presence of so-called “products” of interaction.

In British Airways there is a high level of team development. Goals are coordinated not only at the strategic, but also at the tactical level. In this case, the team flexibly manages the process of achieving goals, not losing sight of the company's larger goals. Each team member has the maximum degree of responsibility for both individual and team results. Employees are united by common goals, values, quality relationships and continuous self-study of each other. Each member of the team is perceived and accepted with all his personal characteristics and can count on a constructive backlash from colleagues.

Despite all this, the author identified some weaknesses of the Human Resource Management process in the two largest airlines in the world: Singapore Airlines and British Airways, which are described in the table below.

Table 2.3. The strength and weaknesses of training programs in Singapore Airways and British Airways in terms of Human Resources management.

N	HRM	Strength	Weakness
1	Both companies recruit people in accordance with high standards of service.	A more thoughtful and careful selection and training of personnel is another way to gain a competitive advantage. This leads to the fact that in the world there are no analogues of the highest level of service, high class attention to company's customers.	On the other hand, the selection and training of candidates is a huge loss in terms of airline budget. Singapore Airlines donates 40% of its income to employee training, while British Airways allocates 38%.
2	Highly standardized employees	People with high standards of communication, experience and knowledge can bring great opportunities for a company in an expeditious manner.	As practice shows, people with high knowledge and experience difficult to communicate with each other in negotiation processes. Many contractual processes lead to conflict situations, thereby inhibiting the development of the company.
3	Highly standardized training programs	Trainings in both companies enable the development of staff both personally and professionally, thereby helping to establish high effective staff.	Training programs are so standardized and demanding that employees lose their original qualities. In connection with the rules of the airline, deadlines are set in all areas, this sometimes leads to fatigue and unwillingness to work in the company.

Based on the examples and comparisons between the two companies, we can conclude that both Singapore Airlines and British Airways pay special attention to the Human Resources Management in the company and allocate a large amount of

funds for this. Customers, new technologies, innovations and other aspects of business are very important for companies. But, the most significant is human resource, as it determines the level of development of the company, introduces new changes and they are the face of the company. To recruit people with high intellectual and physical abilities, to constantly conduct trainings and refresher courses and to fully develop the professional skills of people helps the company for further development as a brand. In this regard, both companies constantly conduct quality and quantitative surveys between employees to determine their level of satisfaction with the work of management and attitude to work.

Trainings and other human resource management cycles are very high quality, but very unprofitable at that time, since both companies allocate a huge amount of their income. Another drawback, which was determined during the study is that people with different cultural and intellectual values are difficult to communicate with each other.

As a solution to the problems, it can be offered companies to recruit local people and focus on diversification of the candidates among the most preferred origin countries. Since the selection of candidates from other countries, the company will have to pay for housing and flights, as well as other costs associated with the process of selecting.

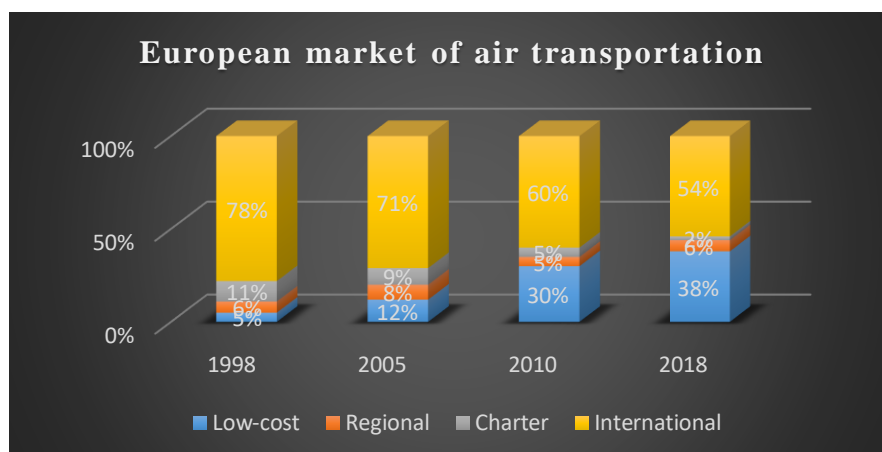
In addition, the stages of recruitment, selection, development, training and promotion systems can be separated to short, medium and long-term periods. It will help to divide people into groups and to allow opportunities for other operating strategies.

2.5 Comparison analyses between full-service and low cost airlines

The airline industry has important political, economic and social meaning in an international context. In the course of its development, the growth of the global airline industry has become possible not only because of the emergence of major technological innovations, but also due to the improvement of the management structure of the aviation business. The emergence and rapid spread of low-cost carriers mark a new modern stage in development of the aviation industry.

Over the past ten years, the passenger transportation industry has undergone significant changes. Since the mid-90s new types of airlines have emerged, for example, low-cost airlines, which are confidently increasing their share in the European and US markets. Low cost airline - an airline that offers extremely low fare in exchange for the abandonment of most of the traditional passenger services. According to the information agency OAG and the European Association of Low-cost Airlines, the share of low-cost airlines in the European passenger market is constantly growing. If in 1998 they occupied 5% (by the number of seats), then in 2018 their share was already 38% (Graph).

Figure 2.9. European market of air transportation (1998-2018, OAG, 2018)



The use of a new and homogeneous fleet made up of medium-sized aircraft (usually the Boeing 737-700 / 800 or Airbus 319/320) often leads to a reduction in the cost of fuel, maintenance, personnel and training and if aircraft are ordered in large batches then capital costs are also reduced. A high density of seats leads to a reduction in all types of unit costs and above all permanent (for example, the cost of air navigation services). Of the variable costs, only on-board maintenance costs increase with an increase in aircraft loading. Time on the ground and delays are reduced when stationed at small, unloaded airports and by using the point-to-point system, without various connections, which allows to maximize the daily block time of aircraft use. The opposite is the hub-and-coupon system used by long-haul airlines [].

The concept of a “free landing” also contributes to a more rapid boarding of aircraft, thus avoiding delays. Despite the lack of connections, small airports, as a rule, have lower airport taxes and are willing to co-finance the opening of new routes. Finally, costs are reduced due to direct sales of air tickets, high density of passenger seats, the absence of any free services on board the aircraft, such as food, entertainment and newspapers.

In terms of sales and demand, the pricing policy of low-cost airlines is very mobile, there are special discounts for advance booking, which leads to the emergence of a special group of passengers who fly only because of the presence of such discounts. Low-cost airlines also earn on the fact that they introduce additional payments for the sale of certain products and services on board the aircraft, for the registration of baggage or credit card payment. []

However, not all budget airlines use these techniques. For example, EasyJet (United Kingdom) is among those low-cost airlines that use several large hubs (Amsterdam, Munich, Paris). Germanwings (Germany) is one of the few low-cost airlines offering a passenger loyalty program, although passengers need to pay a registration fee to participate in this program, which covers all administrative costs

associated with the program. Fly Be (Great Britain) and Intersky (Austria) use elements of the budget airline philosophy for regional transportation. Ryanair (Ireland) and Wizz Air (Hungary / Bulgaria) are exemplary European budget airlines, since they are based in small airports, asking for an additional fee for baggage check-in.

Initially, low cost airlines specialized in short routes, at the moment they serve medium-length routes. This trend is due to increased competition on existing routes and new aviation agreements between countries. For example, both Ryanair and EasyJet opened new routes to Morocco from different cities in Western Europe after signing a new aviation agreement between the EU and Morocco. The activity of budget companies plays an important role in many aspects. Increased competition and lower prices are observed on almost all routes that serve low cost airlines. In addition, the presence of airlines in small airports has a beneficial effect on the regional economy. This fact is especially important in cases where the main airport is overloaded and there are no prospects for its growth. An example is the development of the Rhine-Ruhr region in Germany and the urban area of London, where the growth of secondary airports (Cologne, Dortmund, Weeze, Stansted, Luton) helped unload the main airports (Düsseldorf, Gatwick, Heathrow). From the point of view of environmental protection, low cost airlines produce less CO₂ emissions per passenger per kilometer than their competitors due to the use of new aircraft and a denser layout of seats [].

The differences of low-cost from international airlines in operational terms:

- Number of staff - each flight accompanies the minimum number of flight attendants, the same staff can handle baggage loading and cabin cleaning.
- New aircraft - unlike regular airlines, which have an average age of airliners can reach 20-30 years, low cost airlines use aircraft no older than 2-4 years. Repair them have much less.
- Airplanes of the same models. Low cost carriers try to equip their fleets with identical liners - this reduces the cost of personnel training and in the case of urgent repairs or schedule changes, all aircraft and spare parts are interchangeable.
- The minimum set of free services, all additional services - for a separate and often quite tangible fee. Luggage, meals on board, return of tickets, places nearby for those traveling together - for all this passenger will have to pay an amount, sometimes comparable to the price of the flight itself.
- Rational use of airplanes - unlike regular airlines, it's difficult to find long-haul flights or connecting flights in low cost companies. Discounters fly within the same continent and point-to-point, without connecting to other flights. The

duration of their flights is on average 2-4 hours. Their goal is to carry as many passengers as possible in the least possible amount of time.

- Remote airports - as a rule, low cost airlines avoid large busy airports and are based in small ones. There is less traffic there, so airplanes do not have to wait long for their turn to take off and land; there is less distance from the runways to the terminals - embarkation / disembarkation of passengers and loading / unloading of baggage are faster. Finally, most importantly, there are lower airport taxes.

- Maximum loading of liners - in low cost companies' airplanes there are no seats of the first or business class, with wide aisles between rows and large distances between the seats. There is only an economy class - all the seats in the cabin are arranged so as to put as many passengers as possible.

There are three types of low- cost airlines (Figure 10):

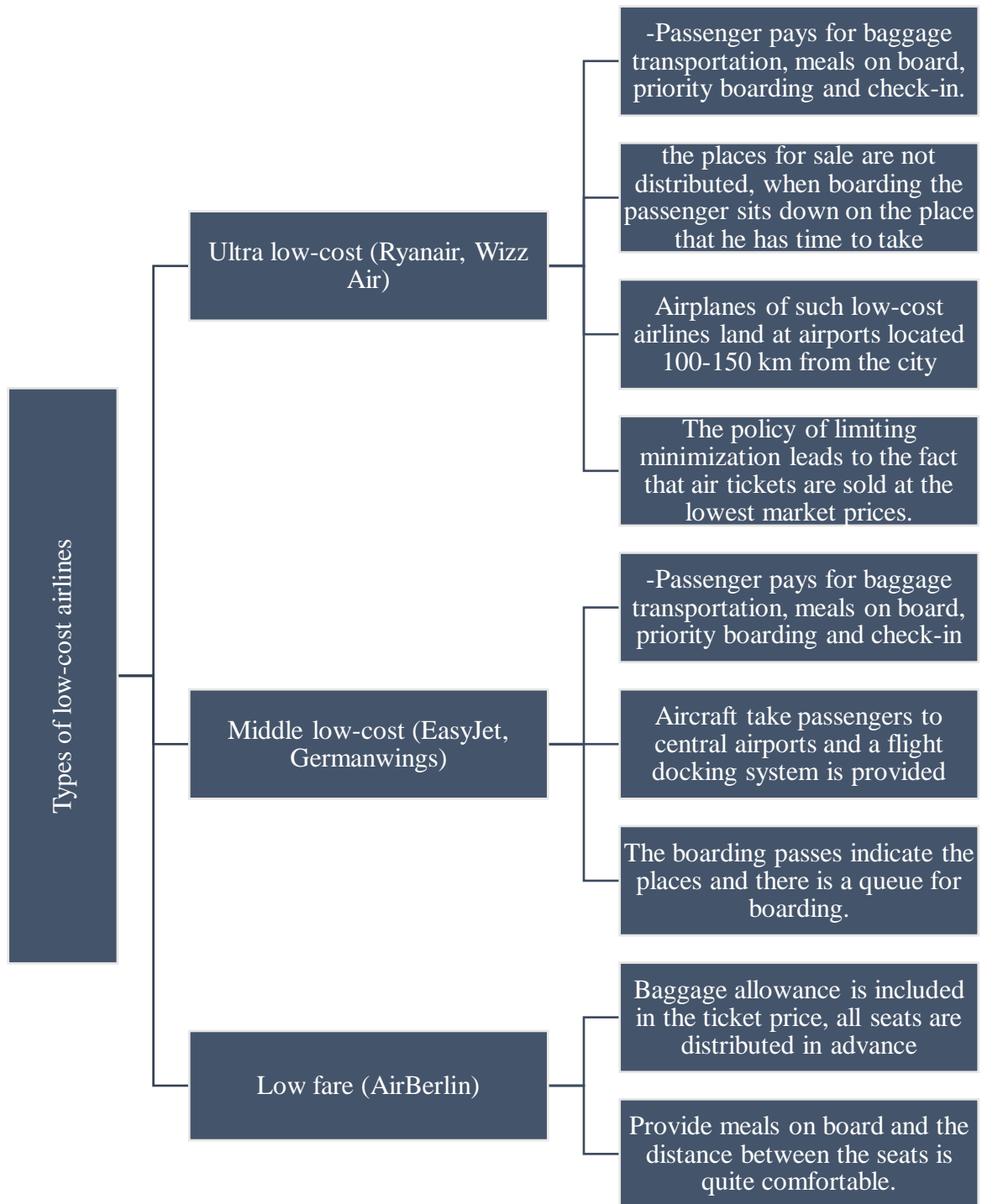


Figure 2.10. Types of low cost airlines

All of the above factors relate to the operational differences between low-cost airlines from international airlines and low-cost airlines among themselves. Now consider the differences of low-cost airlines in the management of human resources.

Competing Business strategy. The full-service carrier (FSC) model is based on differentiation strategy, while low cost carrier is based on cost leadership and cost minimization. Two types of airlines are also different from the scope of work, architecture and operational vision. The main principle of the low-cost airline

concept is the maximum possible reduction of costs in all areas of business. The results of the study of the European Association of Pilots showed that the cost of low-cost carriers is 57% less than that of traditional airline companies.

The years 1980-1990 are characterized by the penetration of new airlines that can compete with international airlines. Successful examples are British low-cost airline EasyJet and Irish Ryanair. Airlines are no longer required to provide financial fitness and no longer had to gain a permission to reduce the fares. Fares were decreased by new entrants, they pressured full-service airlines to reduce the costs.

Reducing the costs, some low-cost airlines have opened flights that are not serviced by FSC, thereby attracting passengers. Aer Lingus services the passengers between UK and Ireland, who work for companies, where over 100000 employees, also Ryan Air business passengers are self-employed businessmen or work for prestigious companies. Low cost carriers, undoubtedly can occupy significant niche among business passengers, as shown by the experience of airlines such as the Spanish low-cost airline Vueling (46% of passengers are business travelers) or German low cost Germanwings (41% of passengers are business travelers).

The low-cost airlines left behind large companies on profit, such as British Airways. For example, the income of Ryanair in 2002 was 1.8 billion dollars, which is 30 million more than the income of BA. After the events of 9/11, the BA held significant financial losses, while Ryanair reported the year with profit. Due to the fact that low-cost airlines developed along with international airlines, some full-service carriers in response of low-cost phenomenon decided to establish their own low-cost airlines. A successful example can be considered English companies: Go (later sold out) and British Midland Airways (bmi).

But this process was not achieved without difficulty. The management had acute questions: how will the new low-cost impact on the company's image? What strategic goals does the company pursue and which distinctive management style need to managers use to regulate human resources in low-cost airline? To solve these issues, the management had to revise the company's strategy and goals in advance, as in the case of low-cost airlines, the main goal of the airline is profit, not service and competitiveness. In this regard, the management had to decide what to focus on and what methods of human resource management to take in order to avoid unnecessary costs in connection with training and other HRM processes.

One of the main problems was the relatively low wages of low-cost airline employees than their main airline company. Most of all, this was reflected in the salaries of pilots, who received 15% less in the low-cost pilot than the pilots in the main airline. Despite this, according to British Airways, pilots of low-cost airlines flew 210 days a year when pilots of the main airline only 184 days a year.

Explanation of the concept of a business strategy and its relation to the management of human resources requires a careful analysis of these concepts, which will not fit into this work. For this, it can be used the previously performed work of Boxall (1999) and refer to it. He found contingency hypothesis between HR employment relations and business strategy. Purcell and Alhstrand note that multinational large scale companies have different business strategy in all different segments of employment and because of that have differentiated contracts of employment to force different market circumstances.

With such framework in mind, it is helpful to identify some differences between FSC and LLC in terms of HR and employment practices or strategies.

Table 2.4. Alternative HR and employment strategy elements

Type of element	Policy/practice alternatives
Culture/philosophy	Unitarist/Pluralist
Work organisation	High commitment/control or compliance High trust/low trust Human process advantage/human capital advantage High/low use of outsourcing High division of labour /job or task flexibility
Employment contract	High/low weekly hours Regular or contingent contract
Effort/Rewards	High/low basic pay Hours of work high/low Paid leave or holiday entitlement high/low Contingent pay or not (e.g. profit sharing, performance related pay, etc.)
Union stance	Union recognition/non-union Formal collective bargaining or not Alternative forms of employee voice (consultation, works committees, etc.)

According to cost minimization business strategy of low cost airlines it is obvious that the *rewards* would be lower due to lower payment, extended working hours and lower vacation. It might suggest lower *trade union presence*, what is possible with cost reductions, but in large companies (usually national carriers) employees themselves can receive corporate share rents and they can enter into contracts with one trade or another union. More problematic for both types of air carriers is *contingent labor*, which seems attractive to LCC model due to cost minimization, but it is also appropriate to FSC model with extensive ground

services. A profitable solution is *outsourcing* non-core activities, nowadays most of low-cost carriers outsource mainly ground staff in other airports.

In terms of *work organization*, full service companies provide more position to speed up the speed of work and reduce the load on personnel. In low-cost airlines, on the contrary, they try to give several duties to one employee in order to avoid expenses and minimize costs. LCC demand from employees more functional flexibility and multi-tasking skills, but there were problems with staff in most of low-cost companies, which were not ready for multi-tasking, but as solution they decided to build up union organization, which were responsible to resist multi-skilling and tasking and help employees pay more attention for jobs as specialists.

In the low-cost airlines an informal view of the working environment is usually maintained; there are no high requirements for the employee less structured and more flexible form of organization. There is a *unitarist* form of philosophy with a strong family atmosphere between employees and managers, while in FSC there is *compliance model* of employment relations rather than high *commitment model* and high demand of work structure with more bureaucratized and mechanistic coordination of work organization. Even if high team spirit and managerial involvement exist in full service carriers, which corresponds to *pluralist model*, they also face many problems at different stages of government due to the huge amount of staff and their diversity.

FSC is tend to be inclined to human resource advantage and LCC to labor process advantage as outcome will depend on its cumulative effect. In this regard, low-cost airlines also need to be passenger-oriented and streamline the company's strategy in line with this and train staff with the correct knowledge of the work and the company's strategy.

Table 2.5. Comparative HR policies of LCC and FSC models

Policy/practice alternatives	LCC Model	FSC Model	Comment
Unitarist/Pluralist	Unitarist	Pluralist	Some ambiguity here?
High commitment/control or compliance	Commitment	Compliance	
High trust/low trust	High trust	Desirable but hard to achieve	
Human process advantage/human capital advantage	Human process	Human capital	Elements of both likely to be found but variation in emphasis
High/low use of outsourcing	High use	Moderate use	

High division of labour/job or task flexibility	High flexibility	Specialization	
High/low weekly hours	Higher hours	Lower hours	
Regular or contingent contract	More contingent	Some contingent but lower	Employment security was badly affected by the post 9/11 downturn in air travel and substantial layoffs: 4/6 US mainline carriers are bankruptcy protection and layoffs continue
High/low basic pay	Lower pay	Higher pay	
Hours of work high/low	Higher	Lower	
Paid leave or holiday entitlement high/low	Lower	Higher	
Contingent pay or not (e.g. profit sharing, performance related pay, etc)	Profit sharing (e.g. original SouthWest Airlines model)	??	A priori arguments for and against this ambiguous
Union recognition/non-union	Less likely	More likely	But note that SWA adopted union recognition and collective bargaining in the seminal LCC model
Alternative forms of employee voice (consultation, upward communication)	More likely	Some probably formalized through unions (e.g. works councils)	

The previous empirical model of two types airline carriers needs to be clarified with more detailed information about differences between them. For this, in this paper research work of International Transport Workers Federation's (ITF, 2013) were used. The survey was conducted among 30 airlines of 21 countries. The findings were given in bullet points:

- The LCC companies offer poorer payment and working conditions than FSC carriers (estimated at between 5% and 38%);

- The monthly and yearly block hours of flight crew is more in LCC to 20% and 35% respectively than FSC. Day off and vacation are reduced to 22% in LCC than FSC;
- ITF analyzed 70% of LCC carriers from the list above for recognition based on regulations and rules, it was searched out that in many of them recognition is limited. In Ryanair the airport employees and ground agents are not unionized;
- A majority of recruits of LCC come from relevant unions;
- Most of employees of LCC are on unlimited contracts or fixed term contracts;
- Southwest, JetBlue and EasyJet built up strong family atmosphere by using slogan “us against others” and “underdog” community spirit.

Thus, it can be concluded that low-cost carriers have a number of advantages compared to traditional ones and set the pace for the entire global industry air transport, but for full-fledged business it is especially important for them to develop a clear competition strategy in the industry. It is also necessary to emphasize that the “low-cost” business model is not only based on maximum cost reduction, for the successful implementation of this concept, it is necessary to develop a clear strategy of HRM.

3. Conclusion

It is in modern conditions that the human component acquires special significance for achieving the effective functioning of an organization - the organization's personnel themselves, in other words, human resource. In their functional activities, employees of the organization realize their labor potential, use their professional skills, but their attitude to their work activity may differ radically: some may be interested in increasing the efficiency of production activities and in developing the organization as a whole, while how others may have an indifferent attitude to the functioning of the organization and sometimes even create obstacles to its growth, having as its goal the achievement of mercenary intentions. Given this circumstance, it is human resource management that is presented as a mechanism to achieve the organization's strategic goals by investing in the development of employees, increasing their work motivation and focusing on the role of a manager in the process of organizing work.

In the 21st century the organization's personnel began to be seen as a valuable strategic resource, a key factor in the success of a company. Indeed, an employee with his skills, abilities and needs, becomes the main resource of the organization, the most important custodian of the necessary production knowledge and skills, therefore the increasing role of the employee in the labor market requires a change in management approach to preserve and develop enterprise competitiveness.

The essence of the planning and management of human resources in aviation implies the need to invest capital in the formation, development and use of human resources based on economic feasibility in order to attract professional worker, training, maintenance in working condition, as well as the creation of conditions for the safety of air transport services. This approach requires maximum use of knowledge, abilities and professional skills of aviation specialists. Practically this is impossible to accomplish without a clear understanding of the achieved level of development of the aviation industry in the field of formation of personnel potential.

The modern-day human resource management methodology in civil aviation signifies a new concept, according to which resources should be understood not only flight crews, but also cabin crews, ground engineering and technical, maintenance personnel, scientists, researchers and specialists of higher and secondary vocational education.

The strength of the training program of the international airlines is the high standards required in the recruitment processes. Excellent trainings bring more qualified and professional staff, however these process may also bring great cost. Human resources requires in recruitment and training processes now, more than

ever. This is to lead the strategic development, oriented to customer service, employees learning in order to adapt to the strategic aim and change imperatives facing in the airline industry (*Appelbaum, S.H. and Fewster, B.M., 2003*).

As in all spheres of life, aviation also has a number of problems. In this paper, the author addressed the following problems: shortage of qualified specialists, staff turnover, high cost of HR practices. Based on statistical data it can be concluded that problems exist in all airlines and are the same both for full-service and for low-cost airlines. Based on the personal experience and research of other Western authors, it is possible to come to the conclusion that problems can be solved and their solution also requires a highly efficient human resource management program.

There is currently a massive replacement of aviation equipment and airport infrastructure upgrades, as well as a steady increase in volumes that led to a total shortage of aviation personnel. With ever-increasing traffic volumes, the personnel crisis painfully affects all countries of the world. To solve the above problem, the author offers the following options. First of all, open to airlines their *training preparation courses with subsequent employment. In order to increase awareness* among young people about the opportunity to work in airline companies, Air Astana is currently conducting various events, open doors, as well as social networks are constantly expanding advertising campaigns about possible vacancies. This method also can help other airlines in the fight against the lack of qualified professionals.

As one of the recommendations for air carriers in order to decrease turnover rate could be suggestion of the American Institute for Aeronautics and Astronautics: “encourage young employees to share their views, especially through new media; encourage employees’ input on improving the work environment; create opportunities for mentorship; structure pay on performance and privilege responsibility over seniority (AIAA, 2009)”.

Timely motivating trainings and constant communication with employees help to receive information about satisfaction or a complaint to work. If the manager responds to the reaction of employees and gives feedback, the relationship between the employees in the organization can be improved. Real leadership is required for employees to stay committed and motivated. As a solution to the problem of high cost, it can be offered companies to recruit local people and focus on diversification of the candidates among the most preferred origin countries. Since the selection of candidates from other countries, the company will have to pay for housing and flights, as well as other costs associated with the process of selecting.

The analysis of foreign experience (Singapore Airlines and British Airways) of motivating and stimulating staff showed an increase in the importance of motivational aspects in personnel management, which is necessary to increase the economic efficiency of organizations. At the same time, the interrelation of motivation and incentive systems for workers with the external environment reflects the features of building motivation and incentive systems in different airlines identified in the thesis, depending on the type of organization management systems used scientific and technological progress. In British Airways and Singapore Airlines there is a high level of team development. Goals are coordinated not only at the strategic, but also at the tactical level. Despite fact that both companies have high level of HRM program, author found some weaknesses and offered their possible solutions. One of them is that training programs are so standardized and demanding that employees lose their original qualities. In connection with the rules of the airline, deadlines are set in all areas, this sometimes leads to fatigue and unwillingness to work in the company. The stages of recruitment, selection, development, training and promotion systems can be separated to short, medium and long-term periods. It will help to divide people into groups and to allow opportunities for other operating strategies.

In the next part the differences of HR practices in full-service and low-cost airlines were analyzed. One of them is in the low-cost airlines an informal view of the working environment is usually maintained; there are no high requirements for the employee less structured and more flexible form of organization. There is a *unitarist* form of philosophy with a strong family atmosphere between employees and managers, while in FSC there is *compliance model* of employment relations rather than high *commitment model* and high demand of work structure with more bureaucratized and mechanistic coordination of work organization.

Summarizing all the above information, analysis of statistical data, it can be concluded that there is no universal system of human resources management for all airlines, each of them has pros and cons. Each airline builds its own program depending on the company's strategy and goal.

This work requires further study and suitability will depend on time, as the airline industry changes every year due to the innovations of globalization, new requirements appear with the advent of new threats (terrorism, oil prices, devaluation of individual countries) and new opportunities (opening new distances, development of new technologies).

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