

A Study on HR Practices in Indian Aviation Sector

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Abstract. The airline service industry be it commercial or non-commercial is highly competitive, safety-driven and technologically advanced. People, employees and customers, not products and machines, must be the arena of an organization's core competence. The implications of these HR Practices are huge and all-pervasive, affecting the organization's design, competence, climate and several daily routine activities. In such a safety-driven, customer-oriented, service-centric environment, the traditional product-centric approach industrial structure would be inappropriate. Human Resource Management specialization is needed now, than ever before, to lead corporate's internal marketing strategies in order to gain customer loyalty. The core area of corporate's strategy focus should be the manner in which the HR department aligns its activities, practices and functions with the organizational strategic development imperatives. Now, in a highly competitive aviation market, where service-innovations are copied so easily, a key strategic variable that no one can replicate is an airline's unique human resources. The aviation sector is probably one of the most volatile sectors among all the industries in the world.

Keywords: HR Practices, Aviation Industry, Work Engagement.

1 Introduction

Indian Aviation Sector is a sector whose way of doing business is changing constantly largely due to outside forces. This industry is not only subject to regular bankruptcies, mergers and acquisitions; it is also subject to uncontrollable factors such as the political and economic situation of the society and its customer base as well. Thus, considering all these aspects, the HR manager of an airline sector has the challenge of staffing for these ever-changing needs. As the airline's needs are in a constant state of fluctuation, the first step the HR manager must take is to establish a system that allows for a need analysis and then staff the human resources, based on these analyzed needs. Within this sector, there are several different levels of positions, from ground staff to pilots, from stewards to maintenance workforce. Hence, the HR manager has to recruit staff successfully only if each of these different requirements is met by creating direct lines of communication with each of these diverse departments in order to meet their specific recruitment requirements and then make the recruitment plan from this gathered information. HR policies and practices are replicable and as they are the main key to unlock the knowledge, skills and abilities of employees which is the main element through which the firm achieves a competitive edge, so there is a clear motive for organizations to cover the content of HR Practices for the management of their employees. In the Aviation sector, there is not only a purpose for management to cover HR Practices, but there is also a pressure from the external environment on internal management of the firm to conform to the best HR practices.

The Indian Aviation Sector, unfortunately, is not in a good position. Tactical and executive operations, particularly in customer oriented and service centric organizations, are based on three significant critical success factors: employee participation, management commitment, and customer orientation. But, these norms are not followed properly in the aviation sector, primarily because of communication problems. Prosperous and well-established airlines are often cited in the aviation literature for strongly shaping their

organizational culture through their recruitment practices, induction programs for new employees, good treatment of their employees as if they are internal customers and paying due consideration to the views of shop-floor staff. Such HR practices, when performed dedicatedly and professionally, can lead to an organization's culture where labor costs are lower, productivity is improved and an increased sense of belongingness on the part of employees. Good HR practices ensure that the organization follows a well-established protocol. It also maintains the nature of the employees' work and provides motivation and rewards for work done well. The aviation sector requires its employees to serve their customers with care and follow moral standards to help their respective airlines obtain their goals. Therefore, to development of HR policies by an airline, it has to review present industry trends and then align its organizational objectives with them. The HR policies and practices must be constantly reviewed in order to match the airline's vision and mission so as to get employee loyalty and dedication. There are several types of HR Practices prevailing in the Aviation sector, which vary by airline to airline. These HR Practices may include recruitment policies, training plans, appraisal policies, staff-relations practices and anti-discrimination policies. The airline HR practices ensure that organization's activities are on the right path and in alignment with its organizational objectives. These kinds of HR practices enable an airline to hire the right kind of employees for each job.

Now, the most important question is why this particular research topic? Actually, mostly, the research done in the airline industry has catered to the specific needs of the industry like its SWOT Analysis, the attrition problem, individual performance etc. Research done in the area of employee motivation and satisfaction has focused on areas like private vs. public airlines. And, the research which is done on the HR Practices with work engagement has been related to the fields like Banking sector, IT industry, oil industry, PSUs, Engineering firms. The basic hypothesis of this research that work engagement of employees, employee satisfaction and motivation, employee commitment and involvement, and job contentment and competency mapping lead to prolonged sustenance of an employee in the organization which the researcher would like to develop in the conclusion part. It is proposed in the current research study that that the Work Engagement model is modified according to the needs and requirements of the Aviation sector by redefining job dimensions as Job Demands and Job Resources along with merging related domains like interpersonal relationships, working conditions so as to have satisfied, motivated, committed and retained employees through improving, changing and reframing HR Practices in the Airlines Industry.



<http://www.ibef.org/industry/indian-aviation.aspx>

Fig.1. A figure of Passenger Traffic year-wise

Work Engagement Enhancement – HR practices and their Impact

There are various theories and concepts in HR literature to provide a structure to enhance employee work engagement. However, the HR literature has not appropriately addressed how the satisfaction level of employees with HR practices of the organization influence their work engagement level. HR practices as like the medium by which employees' perceptions, attitudes, and behaviors towards the organization are shaped. Moreover, investing development of employees is believed to facilitate greater obligation from the employee's side towards the organization and thus, increases employees' inner motivation to work dedicatedly to achieve organizational goals. Human resources or employees are generally "under-utilized" because they often perform below their maximum potential and that organizational efforts to have extra ordinary efforts from employees are likely to provide Returns on Investment (ROI) in excess of any costs incurred on them. HRM practices can elicit such extra ordinary efforts of employees through their impact on employee skills and motivation. Organizational structures also provide employees with the ability to control how their roles are performed. Therefore, the academic literature clearly suggests that the behavior of employees within the organizations has critical implications for organizational performance. HR Practices at the organizational level are designed to motivate employees in different ways and encourage them to put forth extra ordinary efforts. These motivational processes link Job Resources with organizational and individual outcomes through work engagement. Based on this premise, we consider HR Practices as a predictor of work engagement. Research on the relationship between HR practices and work engagement is currently very less and no empirical evidence is there.

Most of the earlier studies done in this field faced a common problem. All the research done wishes to find out the relationship between the presence of various written HR policies and rules with the organizational performance, and it is generally assumed that these HR policies will be applied to all employees. Many of the previous researches done in the area effectively employed a very simple theoretical model at the core of their analysis in which on the left-hand side is a series of HR policies or rules, and on the right-hand side are various organizational measures of individual outcomes and then the organization uses these written HR policies or rules covering significant number of employees as an indicator of the reliability of their HR Practices. Employee attitudes towards the organization are influenced not so much by the way these HR Practices are written to execute but by the way they are actually implemented on a day-to-day basis by line managers and team leaders. Employees make acknowledgements about the purposes of the HR practices in their organization and that these HR acknowledgements are differentially associated with attitudes of the employees. Employees' acknowledgements that HR practices are backed by the organization's concern for improving service-quality and employee welfare was positively related to employees' attitudes. On the other hand, if employees acknowledge that managements' HR practices are aimed on cost-reduction and employee exploitation then employees acknowledgements for HR Practices was negatively associated with attitudes of the employees. There is one more thing of concern regarding the implication of the above relationship is that it is not just the HR practices themselves but also the employees' perceptions of those HR practices that are significant in achieving desired organizational objectives. The perception of employees regarding HR practices as a "personalized commitment" to them by the organization which is then given back to the

organization by employees through hard work and dedication. All this theory suggests the need for research to concentrate on employees perceptions of HR practices as viewed by them and suggests that employee reciprocating them, will be related to the usage of particular HR practices to them. Satisfaction of employees can be seen as a critical factor of their extra ordinary efforts like “innovative behavior”, as the general rule suggests that whether employees put their efforts wholeheartedly to the organization and give their maximum potential depends to a large extent on the perception they have about their job and work environment, which can be measured by JD-R model. Therefore, in concern with these literatures, this research study proposes a relationship between how the HR Practices have an impact on the level of work engagement of employees.

The high demand for commercial pilots which is also due to the reason of time consolidation in the civil aviation sector has increased attrition rate to a drastic level of 46 % as the pilots and cabin crew spot opportunities elsewhere in other domestic and foreign airlines. In India in 2011, poaching of pilots was so serious that it led to cancellation of flights by some airlines. Data revealed by IATA showed that the growth of Aviation Industry in the Middle East & Africa is also fuelling poaching of pilots and other commercial staff like Aircraft Engineers of India. Consequently, pilot and other staff retention has become a serious concern for commercial airlines in India. Huge competition in Aviation sector has led to higher and higher salaries and other non-monetary benefits have constantly been improved. Entering the Aviation Sector for employees like the commercial pilots and Aircraft Engineers is a cumbersome, complex, and a tough process. There are various requirements to take an entry into this sector, which in turn needs to understand the recruitment & retention problems faced by the Indian Aviation Industry better. Actually, there are various factors tempting the pilots and other staff, especially those who have unique skills or expertise to join the competitors' airlines. As we know, if an organization has to replace an employee, it has to incur direct and indirect expenses. The expenses are so high that can be anywhere between 30 % to 200 % of a single employee's annual pay package, depending on the type of industry and the position or job being filled, which includes the cost of advertising, recruitment drives, consultancy fees, loss in productivity, new entrant training, etc.. In addition to this, the cost of turnover which is much higher in aviation sector because of the expenses incurred on the induction and training of the commercial pilots. The main objective of this research is to find out the impact of HR Practices on work engagement of employees in Indian Aviation Industries. Two Aviation sectors were approached, they were- Indigo Airlines and GoAir Airlines.

In the era of knowledge management, human resources are considered as the most essential resource of the organizations and it goes without saying that they are the key to the success of any organization. Human resources are the considered as the source of having a competitive edge because of their ability to transform the other resources like money, machine, methods and material i.e. inputs in to product or service i.e. output. The competitors prevailing in the outside market can imitate these input resources like money and machine but the human resource cannot be imitated at all. These days, there are an implausible number of pressures on the organizations like:

- a) Environmental Pressures such as increase in globalization, technological advancements, and higher competition;

- b) Organizational Changes such as organizational associations and partnerships, new organizational framework and designs, new ways of work assignment, and a very high degree of change;
- c) Workforce Changes, including workforce diversity, changes in employees values and perception, skills and attitudes, and demographic characteristics.

Inside these pressured organizations, there is a need as well as opportunity for the Human Resource Practices to play a major function in helping these organizations to navigate through the various changes that are taking place in an organization. In order to play this part, HR will have to increase its actual and desired value. Human Resource Management (HRM) refers to the policies and practices including Human Resource Planning (HRP), Job Analysis, Recruitment and Selection, Orientation and Induction, Compensation and Benefits, Performance Appraisal, Training and Development, and last but not the least Labor Laws and Industrial Relations. The basic aim of Human Resource Practices is to improve the overall contribution of employees and to provide competitive edge to the organizations. It is a well-known fact that an organization comprising of dedicated, encouraged, skilled, and intelligent human resources can achieve any kind of challenging goals.

In the present research study, an attempt has been made to measure the employee's work engagement level and the impact of Human Resource (HR) Practices on the work engagement of employees in Indigo Airlines and Go Air. In the conclusion part, some recommendations and suggestions have also been given to the higher management and to employees as well for improving the HR practices in airlines industry of India.

The requirement & prerequisites of getting entry into the Aviation sector is tedious, lengthy & stringent which is prerequisite to understand the various Human Resource practices and problems faced by the employees of Indian Aviation Industry. For instance, attrition is a pressing problem for this promising industry of Aviation, especially because it fails to tap the full utilization of the human resources and wastes much of its time, money and resources due to their poor HR practices. Most research in the aviation sector has addressed specific problems related to its environmental analysis like challenges, growth and opportunities or related to the specific domain of HR practices or the specific sections of the industry. After the researcher reviewed the literature, it seems that research done in the area of work engagement and HR Practices has discussed domains like private public employment, financial institutes, ITES industry, oil industry, government ministries, labor market, but not the Indian Aviation Sector. These problems are more likely to be worsened where there is a lack of well-designed planning and effective management of Hospitality Industry in India. The study arises from the importance and need of the human resources management of Indian Aviation Sector more effectively as in the cases of other sectors. It is known that HRM can affect individual as well as organizational performance positively as well as negatively. Though numerous studies have shown a positive relationship between HRM practices and organizational performance in business organizations, there is not much literature available or research undertaken on HRM practices in Aviation sector in India.

The shift towards recognizing the importance of human asset in industrial age has led organizations to change their paradigms about human resource management. Most companies whose very main function are to

provide goods and services no longer see employees as an asset. Instead employees are considered as a machine in the hands of the employers. Companies have now started to recognize that motivated and enthusiastic employees can translate themselves to be happy and productive workers which in turn may lead to loyal customers. HRM practices and policies have been referred to as a major factor to increase Organizational Commitment and Citizenship among the employees. Based on social exchange theory, Ogilvie (1986) proposed that employee's perceptions of HRM practices reflect a sense of reciprocity and the level of organization's commitment to the employees when an employee feels that the organization cares about their welfare and recognizes their contributions. Subsequently, it leads to the fact that the organization must provide a variety of monetary and non-monetary rewards in exchange of its employees' efforts and commitment towards the organization. Therefore, we can say that HRM practices and policies are known as a practical approach to develop the employee commitment and loyalty towards the organization and found to have significant and positive impact between HRM practices and OC. Earlier researchers have studied the influence of individual HRM practices on various other employee factors like:

1. Training & Development and Employee's all round personality growth,
2. Compensation & Benefits and Organizational Commitment,
3. Performance appraisal and Employee Loyalty,
4. Promotion and Organizational Citizenship
5. Profit sharing and Employee Rewards and Recognition.

Specific combinations of HR policies and practices are useful in predicting relationships in performance and turnover. This suggests that, instead of studying the influence of single HRM practice on employees' overall commitment towards the organization, the influence of a combination or all HRM practices on the employee commitment needs to be studied thoroughly, as an organization has a complete set of diverse HRM practices and not a single one. HRM practices affect organizational performance and employee commitment to a greater extent when they are combined and implemented together. Huselid (1995) analyzed the firm level impact of HRM practices as a system, and found a strong relationship of high involvement HRM practices with organizational performance. So, in the present research researcher will use a combination of ten HRM practices:

Table 1: Ten HRM Practices followed in Aviation sector of India

HRM PRACTICES
✓ Human Resource Planning
✓ Recruitment and Selection
✓ Training and Development
✓ Performance Appraisal
✓ Promotion
✓ Rewards and Recognition
✓ Motivation

✓ Welfare Measures
✓ Organizational Communication
✓ Employee Participation and Involvement

Conclusion

So, with the attention paid to attrition rate in recent years, few companies have invested their time and money in retaining their employees. The high attrition rate of key employees has led to this critical decision of the organizations and it is also very costly to corporations that their key employees are hopping jobs. Loss of core human talent results in the shedding of valuable human asset of the organization, critical skills and institutional memory. Organizations not only suffer losses in productivity but also lose the human and intellectual knowledge that these key employees hold that can be really beneficial to the company. These core employees know the industry well which they are into, the organization's competitive edges and of course weaknesses, products and services in a better manner, loyal customers and unique processes. The information in their hands and knowledge in their heads are an important part of corporate equity. There has also been considerable interest in the management literature concerning the development of core competences in order to enhance corporate competitiveness and performance. Retaining these much valued key employees is therefore has become a strategic concern and a competitive business edge. Management scholars argue that how work engagement of employees is becoming a more important source of competitive advantage for an organization. After reviewing the past literature, the researcher has found out that only few empirical studies have been done on Indian Aviation Sector and that too not on this aspect other than BPO/IT sector having been conducted with regard to the organizations' HR practices on retention. This calls for a theory refinement and the development of a more comprehensive theoretical model of the HRM retention relationship especially in the Indian Aviation Sector. This is the main focus of the research. Moreover, this research will advance the HRM practices followed by the Indian Aviation sector in retaining their valuable work forces by bringing into the light the current HR practices being prevalent in Indian Aviation industry with the support of relevant empirical evidence.

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