

# ANALYSIS OF ETIHAD AIRLINES HUMAN RESOURCES MANAGEMENT PRACTICES & FACTORS THAT LEAD TO EMPLOYEE'S MOTIVATION

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## ABSTRACT

*This research project discusses the effectiveness of the Human Resource Management techniques used by Etihad Airways to motivate its employees and to provide productivity and job satisfaction. The Etihad Airways industry is a service industry which is always depends on the services provide by the staff which helps the airlines in the profitability and to improve business performance. The HRM department plays an important role in the motivation of employees and finds the best techniques to resolve the coming up issues.*

*The aim of this research is to analyse the human resources practices of Etihad Airways on employee's motivation. The other objectives of this research project are to describe techniques in HR Management, measure the level of job satisfaction of the airline's employees and identify the employees motivating factors to make a better organization. It is really a challenge for the airline industry to find the right strategic balance between providing an efficient customer service and employees job satisfaction.*

**Keywords:** Motivation, Job Satisfaction, Customer Focused, Career Enhancement, Profitability, Strategic and Holistic, Performance Appraisal.

## INTRODUCTION

### Research Objectives

1. To identify the HR practices
2. To measure the level of job satisfaction of employees
3. To know the employees motivators in order to make a better organization

### Statement of the Problem

The main research question is Analysis of the Etihad Airlines Human Resources Management practices & factors that lead to employee motivation. The following are the sub questions:

1. What are the employee motivators at Etihad?
2. What are the strategies used by HR to motivate employees of Etihad Airways?
3. What are issues that are experience by employees in the workplace?

## RESEARCH METHODOLOGY

The research methodologies applied in this research project are primary research and secondary research: The primary research involves a simple online survey of random sampling about what are the motivation factors that result to job satisfaction in an airline industry. The quantitative method used in analysing the results of the survey where questionnaires will be distributed. Data collected is measured, tabulated and graphs are used to analyses the findings of the topic on the research study. The secondary research involves gathering information about the company organizational records and research studies about airline industry. Journals, books and online open data are also included in the secondary research.

### Industry and Organization

#### Industry

The airline industry provides service for traveling passengers and freight and has been an important part of the creation of a global economy. Based on the research, the airline industry in the Middle East remains the fastest growing in the world market. According to the new forecasts, the Middle East air traffic has the highest growth in terms of both new airline capacity and revenue passenger kilometres (Dudley, 2017) Despite of the financial impact of weak oil prices which causes to have a limited economic activity, the Middle East is still expected to add the newest air traffic capacity with the number of seats growing by 10%. Asia is expected to increase by 7.5% while in Europe and in the US, the airline industry will grow in the low single figures. The growth tends to lead to a strong competition among airlines to fill their seats. The UAE fleet and network expansions continue towards growth with significant improvements in their business strategy, joining hands with some of the major airlines either through acquisition of stakes or code sharing (UAE-ICAO, 2013).

#### Organization

The Etihad airline was established by Royal Decree in July 2003, it is a private held company and is wholly owned by the Government of Abu Dhabi with a command to operate safely, commercially and profitably. The airline is in a perfect geographical position and offers its guests a network of over 110 passenger and cargo destinations across six continents such as destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas, with a young and environmentally friendly fleet of more than 120 aircraft (Etihad Airways, 2017). In November 2013, it commenced its operation and it placed firm orders for 204 aircraft, which included 71 Boeing 787s, 25 Boeing 777Xs, 62 Airbus A350s and 10 Airbus A380s. It consists of 10,001 employees (Linkedin, 2017). The vision of Etihad Airways is to be the best airline which connects the globe via Abu Dhabi (Etihad Airways, 2017).

### Etihad Airways SWOT Analysis

#### Strengths (Source: (MBASkool.com, n. d))

1. Etihad Airways is the flagship airline brand of Abu Dhabi.
2. Its location gives access to Europe and Asia.
3. Etihad Airways has over 1,000 flights per week.

4. Good branding and visibility of Etihad Airways and it has actively sponsored many events.
5. The company has more than 20000+ employees.
6. Etihad Airways has focused on quality customer service, in-flight entertainment systems and exclusive lounges.

### **Weaknesses**

1. The airlines only serve international destinations which mean high operating costs.
2. Market share growth of Etihad Airways is restricted due to intense competition level.

### **Opportunities**

1. Etihad Airways has a new fleet which gives rich customer experience.
2. More global destinations can be tapped to increase reach of business.
3. Tie-ups with airports to give premium facilities to passengers.

This research project has presented the primary research and secondary research approach to finding the effectiveness of the Human Resource Management practices used by Etihad Airways in motivating employees. The primary research data was obtained by preparing survey questionnaires distributed to a sample size of 30 individuals and conducting an interview with the 5 employees of Etihad Airways. The questionnaires were administered online and the web link was sent to the employees of Etihad Airways in Whatsapp, Facebook, and emails to get feedback about employee motivation. The results of the online survey were then validated using the quantitative method. The results of the structured interview of employees in Etihad Airways were analysed using qualitative research method.

### **Findings**

Findings revealed that many employees strongly agreed the company should provide career development opportunities to motivate employees. Another finding has shown that employees prefer to have more benefits, high pay levels, healthcare-related benefits, and retirement plan to motivate them. In addition, findings described that employees are motivated by the recognition of job performance, providing job-related training, safe work environment and culture, and relationship with the supervisor and co-workers. Findings revealed that the strategies used by HR Management of Etihad Airways are the Performance Appraisal System which improves performance management and career support, the use of new technology tools to support HRM structure, focusing on employee skill enhancement, career progression, and Total Quality Management to improve organization performance.

Motivation to employees is an essential part of the success of any firm as it leads to more productivity and good performance. The effectiveness of employees' performance comes from their job satisfaction and passion. The airline industry is based on the Human Resource Management. Therefore, they should focus more on the growth and development of human resource to become more effective and competitive in the global market. Also, the airline industry should make available their HRM techniques that align with the mission and objectives of the organization and to truly become quality oriented. This research suggests to putting the Total Management Quality principles within the Human Resource Management department such as quality in work and time, customer focused, strategic and holistic approach, continuous improvement, and building teamwork.

Based on the survey, findings revealed that many individuals who participated in the survey believed that career development opportunities motivate employees. Also, the level of agreement that HRM should consider benefits and pay level as good motivation for employees is high. There is only average level of agreement on the issue about management should recognize strong job performance to motivate employees. The level of agreed on satisfaction with the job-related training offered by the company to motivate employee was high. The findings about safe work environment and culture showed that it is somewhat likely to motivate employees. Most employees believed that healthcare-related benefits and retirement plan can motivate employees obtained responses is average high. Some agreed that work relationship between supervisor and employees that lead to job satisfaction. So, far the level of happiness in Etihad Airways is moderately high, it means that communication among senior leaders and employees is said to motivate employees. Overall the level of effectiveness of HR manage of Etihad is moderately high.

Findings in the interview revealed that according to the employees of Etihad Airways the motivating factors are being provided of the airline training and development initiatives, offers high competitive wages with good benefits, good leaders, employee recognition or appreciation, and safe, healthy working conditions. Etihad Airways strategy is to concentrate on employee's skill enhancement, career progression, and performance management. In addition, there some issues employees met in the workplace like too much work, salary issue, dissatisfaction in the job, lack of communication, and less attention on recognition.

Findings in the secondary research have shown that Etihad Airways has "*clear focus*" on employee skill enhancement, career progression and performance management as part of its world-class learning and development strategy. It shows that using the statistical process control and conformity evaluation techniques in quality management (QM) results to high performance work systems giving high sales and revenue growth to the organization. If the organization's quality strategy is successful, all the employees would be engaged in the work of satisfying the customer. The HRM bundle of key practices can help support an organization's business strategy.

The results of the findings somewhat agreed with other previous studies like for instance the research study made by Kojala (2013) talks about motivator factors to the employees which are wages, medical insurance, job security, reasonable company policies, comfortable working conditions; and job recognition. Another previous study that aligned the results of the finding of this research study are the research study of Raeespoor et al. (2015) which made clear that, if there is a proper employee motivation, it will lead to a good organizational behavior, there will be an increased in employee efficiency and output.

Etihad Airways SWOT analysis allows managers to recognize the firm competitive advantage to other airlines. The strength of the HR practices can be creating a strong, unique online recruitment system that makes competent applicants to apply easier. The threat to HR practice is when the organization recruited highly educated candidates or graduates which could decrease supply of qualified graduates or increased competition for graduates (Clark, 2017).

The results of the primary research and secondary research conducted have helped find the answers to the research problems presented in the research proposal.

### **What motivating factors are being provided at Etihad?**

The results of the interview have explained the factors motivating the employees at Etihad Airlines are training and development, employee's recognition, high competitive salary compensation, safe and healthy working conditions.

### **What are the strategies used by HR Management of Etihad Airways?**

The strategies applied by the HRM department of Etihad Airways are the Performance Appraisal System enhance performance management and career support, the use of the modern technology tools to support HRM structure, focusing on employee's skill enhancement, career progression and performance management. The application of the Total Quality Management to HRM practices is considered to meet customer needs in order to be competitive.

### **What are some issues that experience by employees in the workplace?**

The results of the interview have given answer to some issues experienced by employees in the workplace. These are heavy work load, but getting low salary and poor benefits, not happy in the job, slow career development, lack of communication with other employees and manage, and lack of recognition.

### **Recommendations**

It is recommended that HR manager, employees, and team leader should work together effectively for their success as well as for the growth of their organization. In addition, the following can be recommended to help the airline industry improve performance.

#### **Empowerment**

1. This motivates each and every employee so that organization continues to expand and grow.
2. Continue investing on training and development as this will inspire employee to work more effectively and to enjoy the job which will lead to customer's satisfaction.
3. Develop a better medium of communication among all levels in the organization to share ideas, views and opinions. This allows employees to feel that they belong in the organization so they can work in a better way.
4. Consider the monetary and non-monetary method of compensation – this encourages the employee to work better. Monetary are tangible benefits, incentives, bonus, and gift packages, while non-monetary includes praise, recognition, flexible work time, and opportunity for growth, job satisfaction, and good relationships in the workplace.
5. Consider the implementation of the Total Management Quality principles within the Human Resource Management department such as quality in work and time, customer focused, strategic and holistic approach, continuous improvement, and building teamwork.

### **CONCLUSION**

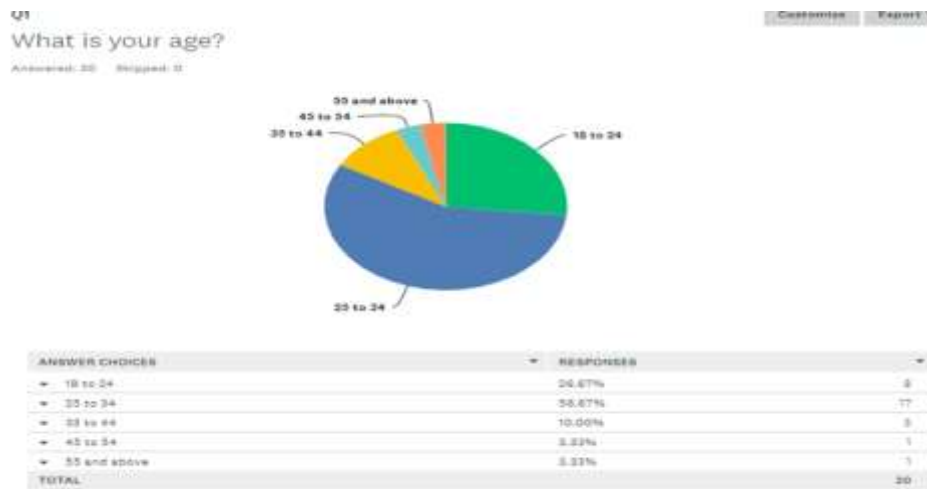
The research data collection from the primary and secondary methods have guided this research project in order to come up with a good results in evaluating the effectiveness of Etihad Airline HRM techniques used to employees motivation. Findings from the research data collection emphasized that the motivation results to effectiveness of employees' performance which can be observed from their interest and satisfaction on the job. Motivation to employees is an essential part of the success of any firm as it leads to more productivity and good performance. The motivating factors that Etihad Airways delivered are training and development programs, praise or employee recognition, high competitive salary compensation, safe and healthy working conditions, incentives, promotions and other benefit schemes. The HR Management of Etihad Airways uses the Performance Appraisal System which helps on staff development, performance management, and career support. Its goal is to monitor the past and or

even future employee performance. This research revealed that the modern technologies have a great impact to the function of HR departments because it provides opportunities to the employees at work to learn and grow. The modern technology can motivate employees as it allows employees the ease of doing their job and accessibility to their own benefits.

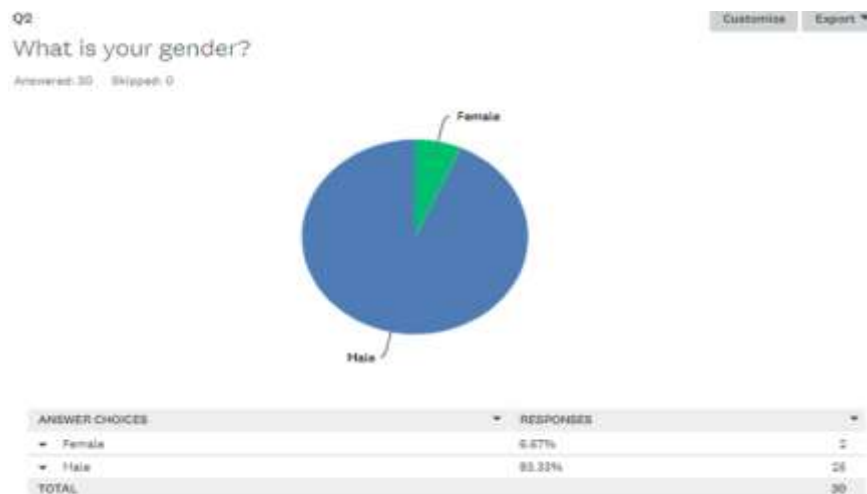
**Graphical Presentation of the Survey (Primary Data)**

**Demographic Survey**

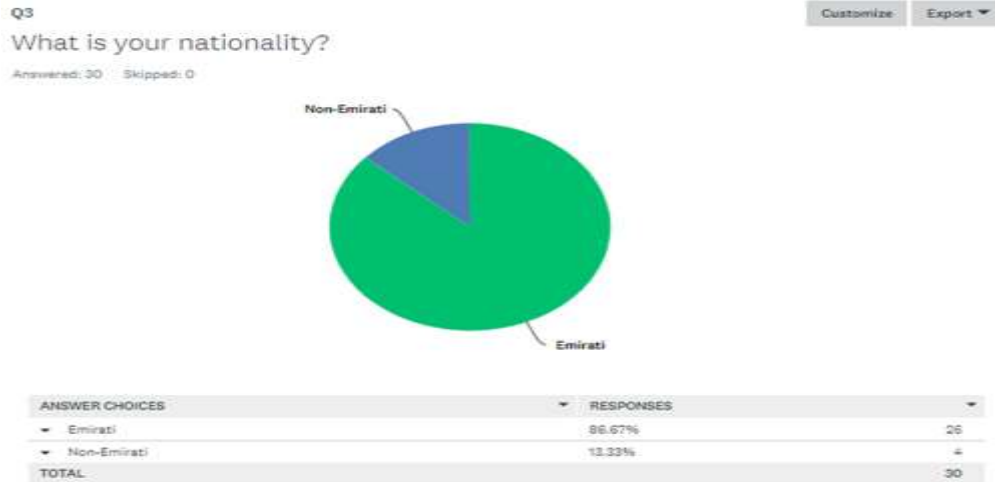
These are the demographic survey pie charts (Figures 1-15).



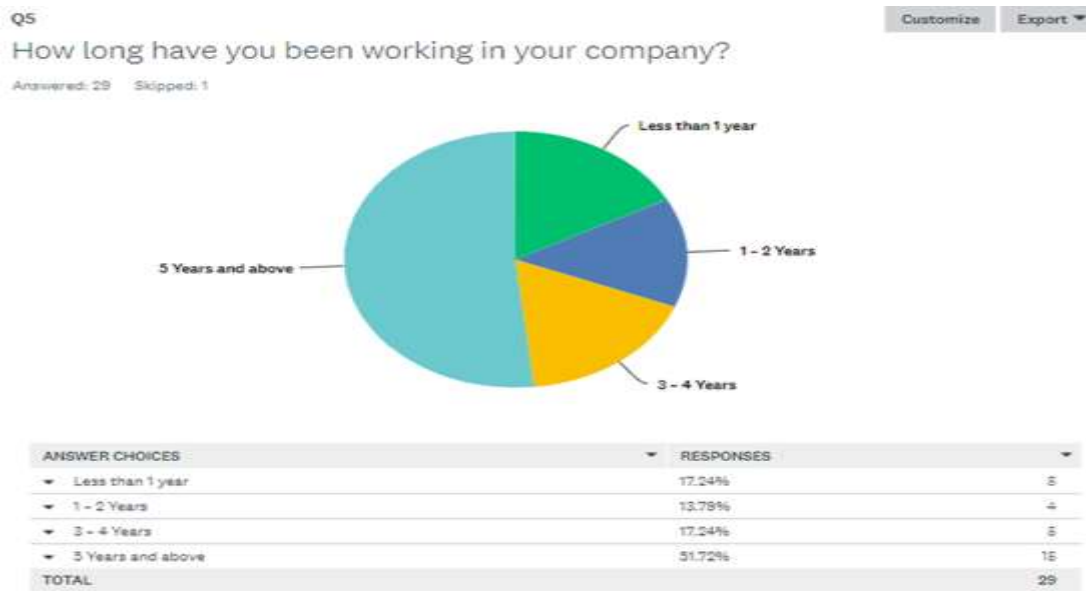
**FIGURE 1  
WHAT IS YOUR AGE?**



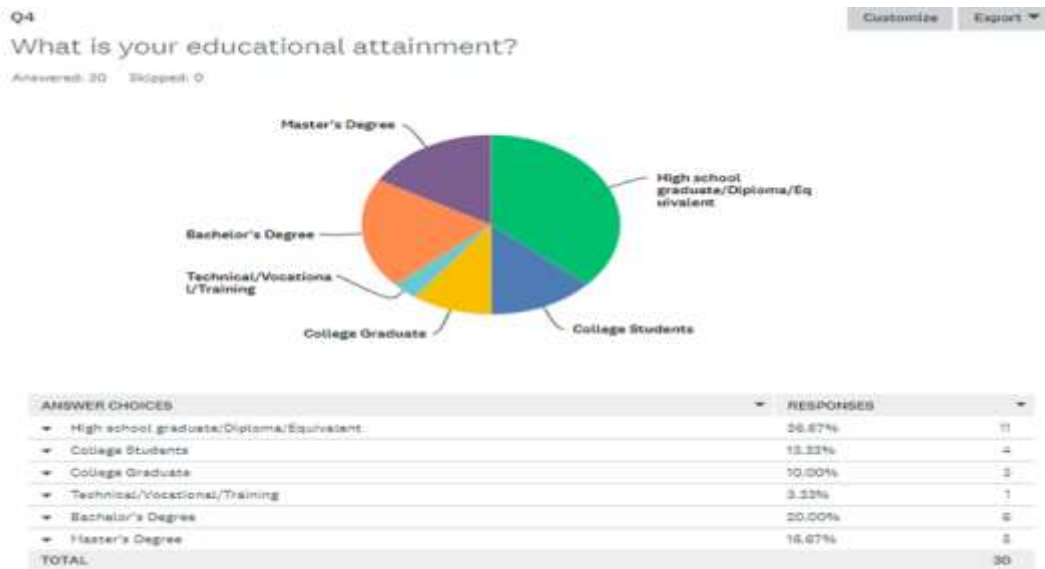
**FIGURE 2  
WHAT IS YOUR GENDER?**



**FIGURE 3  
WHAT IS YOUR NATIONALITY?**

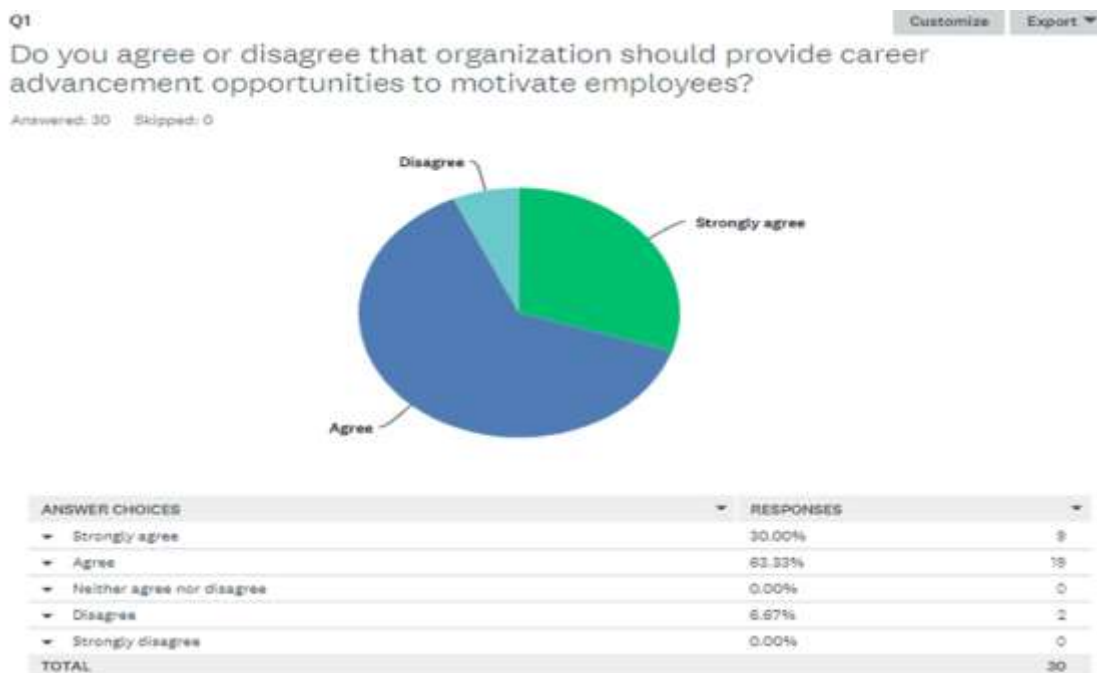


**FIGURE 4  
WORKING IN COMPANY**



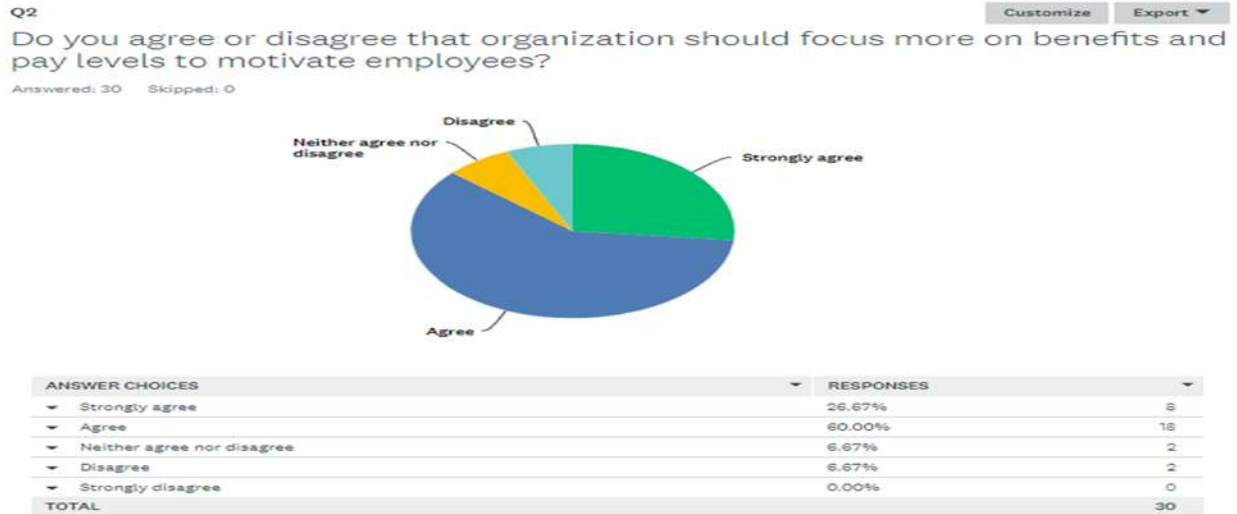
**FIGURE 5**  
**EDUCATIONAL ATTAINMENT**

**Survey Questions to Respondents (Primary Data)**

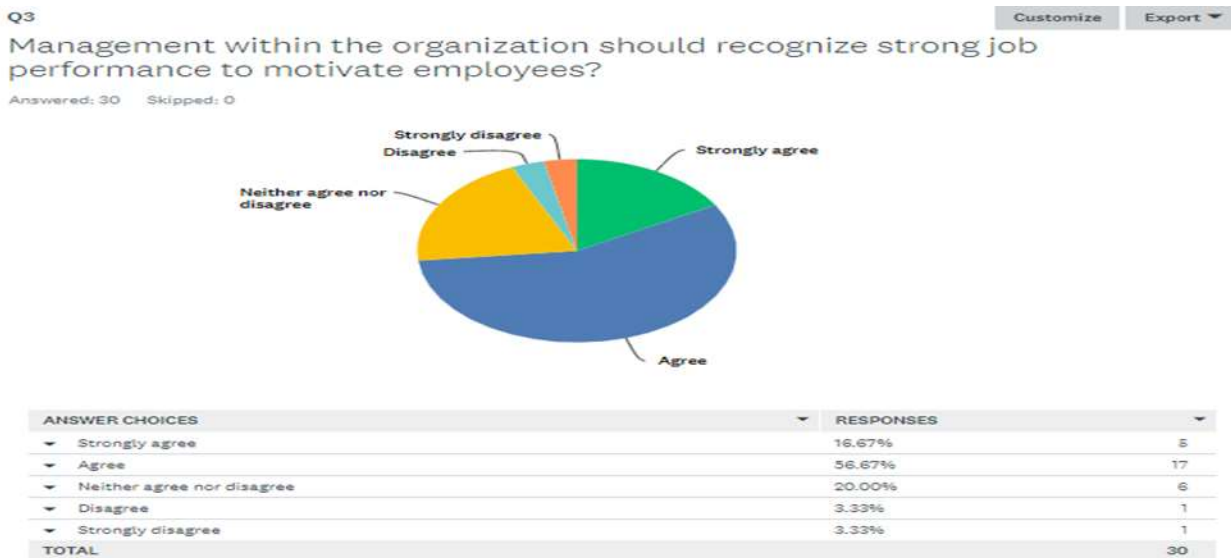


**FIGURE 6**  
**ADVANCEMENT OPPORTUNITIES TO MOTIVATE EMPLOYEES**

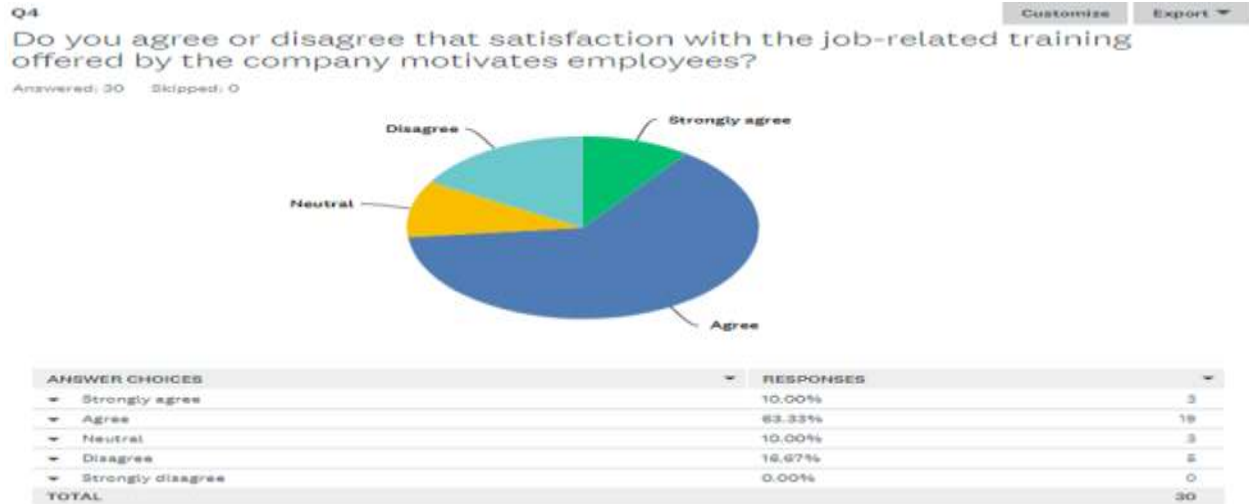




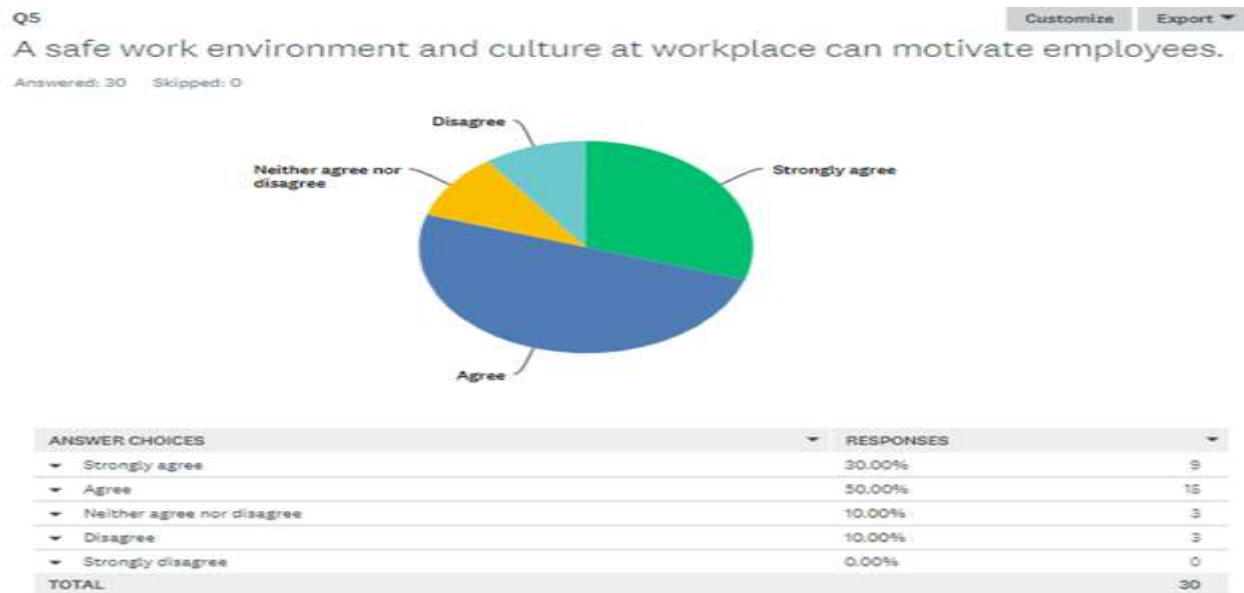
**FIGURE 7  
BENEFITS AND PAY LEVELS TO MOTIVATE EMPLOYEES**



**FIGURE 8  
STRONG JOB PERFORMANCE TO MOTIVATE EMPLOYEES**



**FIGURE 9  
JOB-RELATED TRAINING OFFERED BY COMPANY MOTIVES EMPLOYEES**



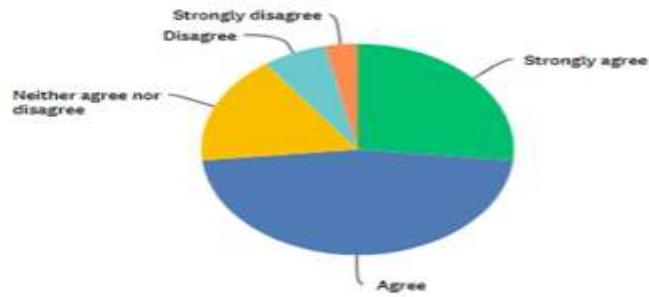
**FIGURE 10  
WORKPLACE ENVIRONMENT**

Q6

Customize Export

Healthcare-related benefits and retirement plan offered by my organization motivates employees.

Answered: 30 Skipped: 0



ANSWER CHOICES	RESPONSES
Strongly agree	26.67% 8
Agree	46.67% 14
Neither agree nor disagree	16.67% 5
Disagree	6.67% 2
Strongly disagree	3.33% 1
<b>TOTAL</b>	<b>30</b>

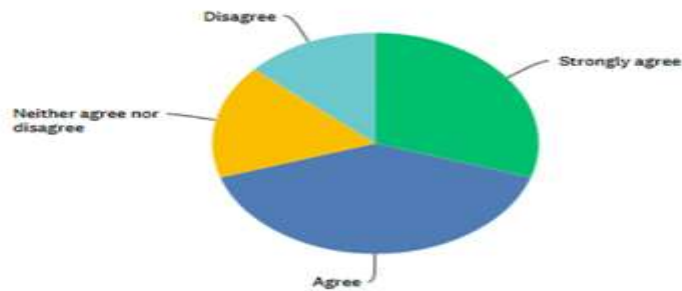
**FIGURE 11  
BENEFITS AND RETIREMENT PLAN**

Q7

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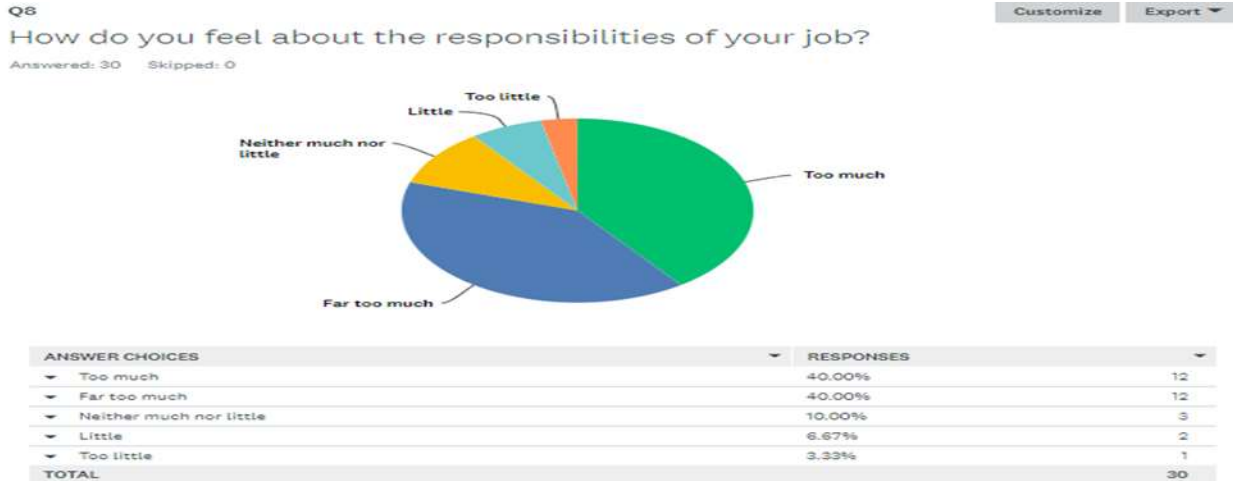
Relationship with my supervisor and co-workers motivate employees leading to job satisfaction.

Answered: 30 Skipped: 0

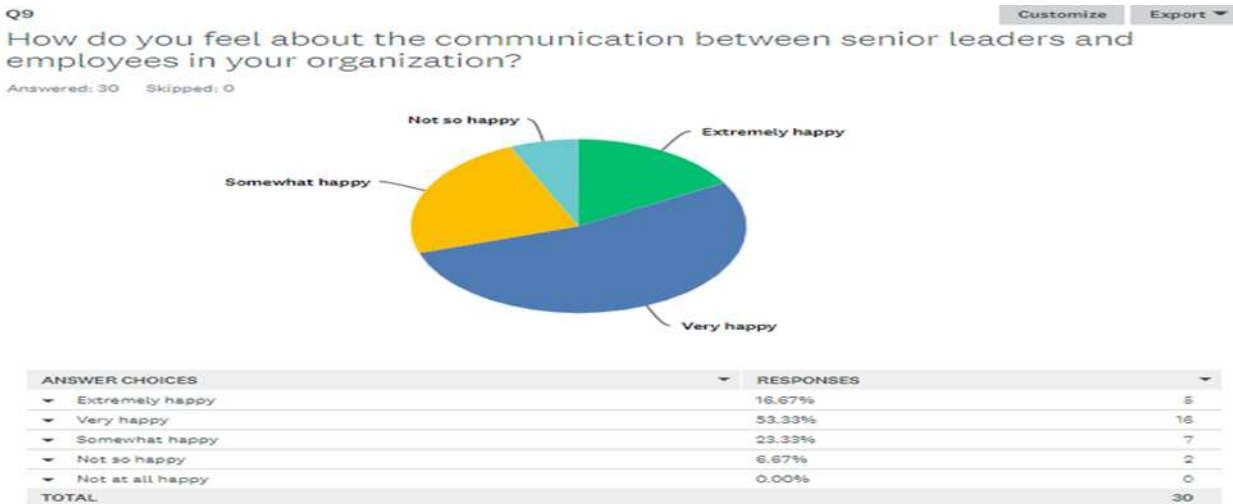


ANSWER CHOICES	RESPONSES
Strongly agree	30.00% 9
Agree	40.00% 12
Neither agree nor disagree	16.67% 5
Disagree	13.33% 4
Strongly disagree	0.00% 0
<b>TOTAL</b>	<b>30</b>

**FIGURE 12  
RELATIONSHIP WITH SUPERVISOR AND CO-WORKERS**



**FIGURE 13  
JOB RESPONSIBILITIES**



**FIGURE 14  
COMMUNICATION BETWEEN SENIOR AND JUNIOR LEADERS**

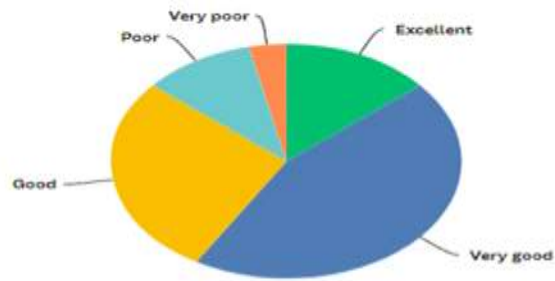
Q10

How effective is your HR manager in motivating employees?

Answered: 29 Skipped: 1

Customize

Export



**FIGURE 15**  
**HR MANAGER MOTIVATE**

### Interview Question Analysis (Primary Data)

#### What motivating factors are being provided at Etihad?

The motivating factors that are being provided at Etihad are training and development initiatives, showing appreciations, praises or employee recognition, high competitive salary compensation, safe and healthy working conditions

#### What are the strategies used by HR Management of Etihad Airways?

The strategies used by HR Management of Etihad Airways are the Performance Appraisal System which improves performance management and career support, the use of new technology tools to support HRM structure, focusing on employee skill enhancement, career progression and performance management.

#### What are some issues might be experienced by employees in the workplace?

Some issues are experienced in the workplace too much work in the company, lack of communication and recognition

#### How do you compare Etihad Airways with your previous employers?

To compare Etihad Airways with their previous employers, Etihad Airways is better than my previous employer as it provides training and career development. Etihad offers competitive pay and benefits

#### What are the effects of using of modern technologies to HR management?

The modern technologies have a great impact to the function of HR departments as provide opportunities to the employees at work to learn and grow. New technology tools allow ease in performing tasks in the company and motivate employees to have good performance.

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