Human Resource Management: Case Analysis Of Ryanair

Background

The company that I have decided to look at which I feel over the years have experienced quite a lot of Human Resource Management issues is Ryanair.

Ryanair Plc is Europe’s largest airline group who carry over 153 million passengers annually, with over 2,400 daily, flying to over 200 destinations with a fleet of over 475 aircraft.

With all this comes a 19,000 highly skilled group of aviation professionals, who are number 1 for on time performance, while also are the largest low-cost airliner.

The issue I have chosen to look at is in regards to their industrial relations that Michael O’Leary, the CEO of Ryanair has had to deal with that pilots and staff feel have to be addressed. Some of these issues that HR face, are unhappy customers, pilots who feel they are being overlooked and staff who believe their working conditions are not up to scratch.

Case analysis

Ryanair are a company that I feel have dealt with a lot of poor industrial relations over the years in relation to their human resource management. From strikes to the breaching of labour laws all have a negative impact not just on customers and shareholders but everyone that is involved.

All companies succeed due to a well organised strategic human resource plan and ultimately that is what keeps a company on track. https://findependencehub.com/effects-poor-human-resource-planning/

Poor HR planning will have a negative impact on the organisation which Ryanair is clearly dealing with. If the management do not pay attention to HR best practices it can lead to critical mistakes and unmotivated employees.

Over the years Ryanair's pilots have been notorious for going on strike or at least teasing with the threat of it, due to their long running dispute largely based on pensions, loss of licence insurance, maternity benefits and a fair, consistent pay structure. One recent example of pilots going on strike was back at the end of August 2019 until early September which is in the peak summer holiday period. Ryanair's pilots voted a five day strike which would cause huge upset not only for the customers but would mean a huge loss for their reputation and financial situation.

Damage it has done to company https://simpleflying.com/ryanair-pilot-strike-affect/

Although the strikes in 2019 did not go ahead, if they had it would have resulted in Ryanair forfeiting tens of thousands of bookings and millions in compensation claims. In terms of their reputation and especially with airlines it only takes one bad experience to make people swear not to fly with them again as they do not want to face losing money on their holiday expenses

and hotel reservations. Since Ryanair is a low fare no frills airline it would be possible to lose customers to competition such as EasyJet and Jet2.

Although it is understandable that customers would be upset with airlines cancelling their flights, as not only does it affect them, it affects the airlines reputation and also their financial situation which is very clearly pointed out in a piece by the Financial Times. In 2018 Ryanair's earnings slumped which they blamed on strikes in the previous year, they reported a 22% fall in gross profit which fell to €345 million in its first quarter. On top of strikes and fuel costs etc. The staff costs rose by 34% as Ryanair offered to pilots and other staff which will not help their budget.

Although Ryanair did make quite a lot of profit in the year this was still knocked down by the strikes and shortages of air traffic controllers which clearly indicates serious internal relation problems within the organisation and until fixed will continue to see them lose out revenue. Due to the poor employee relations, punctuality also fell from 89% to 75%, it may not seem a lot but absenteeism actually has a huge monetary cost.

https://www.theguardian.com/business/2018/aug/09/unions-accuse-ryanair-of-breaching-labour-law-after-crews-go-on-strike

In December of 2017, Michael O'Leary finally agreed to recognise trade unions for pilots and cabin crew, to which he said he would rather cut his hands off then to allow this to happen, was faced with renewed pressure from unhappy employees.

Although the airline allowed them to set up trade union, which is an organisation that is formed to protect the rights and interests, allowing them to negotiate with their employers for better pay and conditions.

There were still walkouts from pilots and cabin crew in Italy, Belgium, Spain and Portugal over terms and conditions. Michael O'Leary decided to respond to this in a rash manner by issuing 300 redundancy notices to staff in order to prevent workers from striking.

https://www.citizensinformation.ie/en/employment/employment_rights_and_conditions/industrial_relations_and_trade_unions/trade_unions.html

On top of breaching labour laws, In 2019, Ryanair have also been criticised for threatening disciplinary action against pilots who take more than 4 bouts of sick leave in a year, which is just another problem in the airlines labour relations. Letters were sent out to pilots stating that if there was not "immediate and significant improvement" would face disciplinary action.

This of course is a very topical matter to try to address as it seems that Ryanair would be happy to force unwell pilots to fly aircrafts putting hundreds of people's lives at risk. The threat of disciplinary actions is one that needs to be looked at again because that is not the right course of action.

Proposed intervention

In terms of pilots going on strike it is clear that they are disagreements about their pensions and the future pay structure. According to Balpa, they do not say how many Ryanair pilots they

represent but they said 72% of members turned up for the ballot of which 80% voted in favour of the strikes.

One way Ryanair can prevent future strikes is to anticipate their employees needs and concerns, which may seem obvious but has been overlooked in many cases.

Since trade unions for Ryanair are still somewhat of a new thing, the HR department should be meeting with them regularly discussing the working conditions and if there are ways in which things can be improved.

If problems can’t be fixed straight away, at least acknowledging what they are can allow the employees to remain calm about the situation.

Ryanair pilots who were planning on striking were on €180,000 per annum and were looking to increase this to €347,000 per annum. It can be agreed that this is way too high of an earning as its nearly a 100% pay increase.

In order to talk to the pilots about this they must realise what salary is the norm in that sector and make it clear across the board so that further down the line pilots will not feel the need to bring the matter up again. When it comes to hiring new pilots or trainee pilots, they must be told that their wage is based in proportion to others and pay is based on experience, qualifications, their level of responsibility within the organisation and the number of flying hours they undertake. That should be the bottom line for salary talks as to not only strike, but with the threat of it is enough to disrupt the industry, affecting people's holiday and wasting their money.

With regards to Ryanair getting bad press about their poor working conditions there are many policies and practices which will allow them to prevent issues like these arising in the future.

The attitude of Michael O’Leary and his management team needs to be addressed when it comes to the handling of certain situations like when he felt the need to issue out redundancy notices to employees who are considering striking. Any person would be able to realise this will only cause further conflict and make the situation worse, dealing with the problem that employees have rather than pushing new ones in their face. Ryanair must realise that without cabin crew or pilots then there is no airline or any business whatsoever. Ryanair’s employees should be number one priority and working with them at all times is a must.

Research from Nigel De Bussy from Curtin University in Australia carried out a study to see which stakeholders in a company were most important in terms of financial performance. He studied over 600 companies who employ over 100 employees each. De Bussy noted that it is employees are the most vital asset and if a company engages in employee engagement activities such as planning, communicating, face-to-face meetings to keep them in the loop. The correlation was 0.84 for employee programmes which was double to customer correlation of 0.36.

https://cuttingedgepr.com/free-articles/pr-planning-and-strategy/new-research-reveals-important-stakeholder-group-2/

Simply engaging employees is fundamental when it comes to the success of the company. Ryanair staff argue they have poor working conditions, this creates a line between management

and employees which can amplify minor problems. Making employees feel they are part of a team and listened to, is without doubt beneficial to both parties. This can be done through a range of engagement activities.

HR is responsible for defining and planning and engagement strategy aligned with this companies goals. Encouraging and providing learning opportunities, so employees can develop their skills which they feel may need improvement. I believe the most important thing for companies to understand is their employee's needs which motivate them to work, this could be anything from money, benefits-in-kind, recognition or autonomy. https://gethppy.com/employee-engagement/15-employee-engagement-activities-can-start-now

It is clear that employees are the backbone to all organisations and without having happy workers on board then you can be sure that customers will be less than happy too. There have been cases where flights have been cancelled and of course in an ideal world the passenger will be fully compensated, either having a change of flight or receiving a full refund. However if compensation isn't appropriate, this may seem like only a small number of unhappy customers but one thing you can be sure of is that they will lose their respect for this airline and in the future will choose to fly with another low cost airline. As well as this word of mouth can lead to family and friends turning heads to others, anything that is put on social media spreads quicker than ever and we often see cases where events happen on airlines and ultimately could cost the company millions. One example is United Airlines, who in 2017 had $1 billion in market value after one of their passengers was dragged off the plane for it being overbooked. Companies should value each customer personally as without them there is no business.

https://www.news.com.au/world/united-airlines-loses-13-billion-in-market-value-after-passenger-is-dragged-off-plane/news-story/ae121d39a770b85cfcb70eea3a9c5b8b

Evaluation Method

There are many ways that Ryanair can intervene to beat or prevent these obstacles they face, but being able to evaluate and see if plans are working is just as important.

What I feel is most useful is, every couple of weeks or months, have employees from each department come together with their line managers and discuss how things have been going recently. Things that can be discussed would be how employees are finding their work, are they being challenged enough, employees should feel free to address problems and solutions as they are the ones on the frontline on a daily basis. Perhaps even new trends or how customers act that managers might not pick up for a few months could help the organisation plan with this.

I believe it is important for employees to know how the airline is doing behind the scenes in order to understand how their work is contributing to the organisation and also to have any excellent work recognised to feel like they are part of the company and not just another number on the payroll. This would greatly motivate employees to push themselves. Financial reports and accounts I think should be available to all employees if they wish to view it so they understand and are included.

In terms of pay for pilots and crew staff, I think it is only fair that pay is adjusted according to position, experience and hours done. It is understandable that training is very tough and it is a

risky job to have, nevertheless if a pilot is able to live off their salary suitably with the rest in mind then there should not be a problem. This should all be signed for in the contract however if a problem arises, then it should be addressed with unions and a realistic negotiation should take place before the threat of strikes or walkouts.

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