

Human Resource Management

Assignment One

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1. Introduction

The goal of this project is to analyze the Human Resource Management strategies of the easyJet airline, its main strengths and weaknesses within its market of competence.

EasyJet is a low cost airline that connects the main European airports. It is the seventh largest airline in the world, with 342 aircraft, 48 million customers coming from 35 different countries and 154 airports. A multinational company like easyJet must compete with equally important and fierce rivals, so it must use cutting-edge technologies and strategies to be one step ahead of its competitors.

The assignment will analyze the company's external environment in order to present an accurate report on the external forces affecting this multinational, in particular Brexit and Covid.

2. Company Background: EasyJet

EasyJet was founded in 1995 by Stelios Haji-Ioannou under the name of easyJet Public Limited Company (PLC), expanding the flights between London Luton to Glasgow and London Luton to Edinburgh to cover current routes. Stelios is the owner of the easy brand, known as easyGroup IP Licensing Limited (Ltd), a private holding company.

The company began its journey by chartering two planes for flights from London to Scotland. In 1996 he bought his first plane and extended the routes to Amsterdam. The website was created in the late 1990s, however online bookings would only start two years later. In 2009 it obtained the "Best Low Cost Airline 2009" award.

Stelios' company, easyGroup IP, now holds a 26% stake in the company, while the rest of his family holds 10%. In 2010 Stelios resigned from easyJet's board of directors as a sign of protest against the airline's strategies at the time. This dispute ended in October 2010 after a trial, which established a minimum gain for Stelios on easyJet's future monetary transactions. Currently easyGroup cannot appoint directors and the founder of the multinational with time distanced himself from the company.

3. External Analysis

EasyJet's values are primarily five: safety, teamwork, passion, integrity and pioneering. The people who are hired within the company share these ideas and work with them. Before being officially hired, employees follow a specific induction and training program to develop and better understand the corporate values and strategies in use. Managers are continuously trained to improve or develop their skills and experience with courses in collaboration with leading universities. Employees regularly attend meetings where they are given official communications. Finally, all staff can receive awards, benefits and job growth opportunities.

There are several strategies for determining the consequences of the external environment on a company. In this case I will use the **PEST Analysis**, which analyses the **consequences** of the external environment from an economic, political, socio-cultural and technological point of view.

- **Political:** For some years now, governments have been increasing their attention to air travel due to global warming. For this, new criteria have been set to reduce emissions that airlines are required to follow. However, governments also see air routes as a means of connecting global markets and therefore often allow flight expansion plans around the world.
- **Economical:** EasyJet is famous for its low cost and short haul flights. Due to this feature, the company has now reached a huge number of customers every year. However, easyJet prefers to fly to low cost airports and close to major cities. It always uses the same type of aircraft so the maintenance costs are not very high. During the flights it does not offer food service but sells food and drinks directly to customers.
- **Sociocultural:** EasyJet was the first company to create an online booking system, an idea that gave it a huge advantage over competitors who created their own online booking system later on. As a consequence, the customer's social behavior has also changed over the years. EasyJet customers mostly always check in online to check in their hand baggage as well.
- **Technology:** the main service that an airline must provide to its customer is safety and to do so easyJet studies the most advanced technologies, both in terms of aircraft design and passenger control.

3.1 BREXIT

Brexit is having and will have a strong impact on the company. To date, there is still a lot of uncertainty about the new regulations and especially about the consequences of Brexit. EasyJet is preparing for every possible scenario, however, relations between the United Kingdom and the European Union are currently uncertain and imprecise. Airlines have been particularly affected by Brexit because their main service is the transport of people and goods between countries, and Britain has a huge presence in the skies (around 35%). Airlines like easyJet will face a huge challenge in the near future after Brexit. The main issues to consider are agreements on air services, security, borders, air traffic and the environment. Finally, British companies must have a special license, guaranteed by the European Union, to travel to Europe and to obtain it easyJet may be forced to renovate its property.

Two types of **scenarios** are likely:

1. A **global agreement** will be signed for flights from the United Kingdom to Europe. In this case, European routes are expected to remain unchanged in the future and easyJet will continue to be a significant competitor in the market.
2. **No agreement** between the two parties (the United Kingdom and Europe). This means that the United Kingdom flight policy will remain independent, without having any rights or benefits in Europe.

Because of this ambiguity, easyJet has created three new offices in Austria, Switzerland and the United Kingdom to continue to allow flights to the two contending countries. This was certainly a great way to stem the damage of Brexit and keep hiring staff.

3.2 COVID-19

EasyJet managed to counter the effects of COVID-19 thanks to 2.4 billion pounds raised between shares, sales and leasing of aircraft and loans. However, the effects of the pandemic have had enormous impacts on easyJet as on all other airlines, as the entire fleet was on the ground for 11 weeks. After the meeting of the general board of directors, the decision was made to cut 30% of the staff in the whole company.

Travel restrictions have had a hugely negative result in this market, as well as **social distancing** measures and hygiene of the plane. As a result of negotiations and aids, the company has recovered well, and the strong business model and the general budget allow us to hope for a rapid recovery. Seasonal losses proved to be small. Revenues for the year 2020 fell to £ 3,009 million compared to 2019 (£ 6,385). The group lost 835 million pounds.

4. People Resourcing Strategy

The *People Resourcing Strategy* is also called “employee resourcing” or “resourcing” and indicates the activities aimed at ensuring that the company has the people it needs internally and also takes care of everything related to the staff. These activities include planning, recruiting and selecting employees, employee turnover, management of absences and company objectives.

According to “resourcing”, business strategy is directly dependent on its ability to find resources in terms of people. This means that the best companies have the most talented and valuable people. People Resourcing is an essential branch of Human Resource because it allows to reach the **quantity and quality of workers** required in a company, but also to choose the most suitable and talented people for the team (i.e. those who share the culture and objectives of strategic business).

The goal of this strategy is to guarantee the company greater corporate strength than its competitors, by recruiting, training and retaining its employees. New employees are attracted to the possibility of being hired in a company that uses this strategy. In fact, the company grows its employees by providing courses, giving them greater opportunities, rewards and benefits, as well as creating a positive interpersonal relationship. All of this creates **trust** and **commitment** between the two parties involved.

For the People Resourcing Strategy it is important to understand the objectives of the company and to do this it will be necessary to determine:

- The **number of people** to be hired.
- The **skills** to be sought to meet the corporate objectives.
- The **impact** on the company of the corporate reorganization.
- Corporate culture change plans

Human Resource Managers who follow this strategy must, in addition to looking for people who share company values, also help create a strategic business plan. This strategy begins with recruiting but continues afterwards with the analysis of objectives and planning. To recognize business development needs as appropriate skills and behaviors, performance management plans can be used to encourage employees and managers to make the most of their experience. In People Resourcing it is possible to find specific strategies for:

- Plan human resources for the company, both current and future.
- Decide what the company can offer, its potential or existing employees, to persuade them to join the company or remain in the company.
- Long-term plans to ensure recruitment processes meet company criteria.
- Maintain and retain people within the team.

- Create flexibility plans to be able to adapt to every possible future.
- Manage and retain talented people within the company to ensure their future succession.

5. EasyJet Resourcing Strategy

EasyJet's primary strategy is to reduce unnecessary personnel costs but improve productivity more than existing ones. *Resourcing* is very important in companies and its main purpose is to raise awareness among employees in their role and in their workplace. EasyJet not only manages and solves internal problems using these strategies, but it also makes sure that these plans are implemented in the future for human resources.

One of the company's main goals is to **hire** and then **train employees** through specific courses on different topics and thematics. Employees and managers are trained above all on the use of advanced technologies, such as global positioning equipment. This helps the company by working with trained and efficient staff well prepared about modern techniques and strategies, thus by increasing productivity at a low cost. Furthermore, the **salary** offered by the company is high and this keeps the workforce satisfied, continuously efficient and productive. Throughout continuous training, easyJet workers have the opportunity to develop their careers and this is one of the main objectives of easyJet's human resources.

Resourcing planning indicates the present and future needs of the company and the planned recruitment with continuous analysis. To understand easyJet's resourcing planning process it is useful to evaluate the supply and demand for work:

- **Business strategic plan:** for easyJet this includes defining various levels of future business and a commitment in order to acquire new skills. Human Resources Planning in this case must be in line with easyJet's main goal, which is to provide quality services.
- **Resourcing Strategy:** development of the human and intellectual capital of personnel to gain an advantage over competitors. In this case, easyJet wants to achieve a sustainable advantage by reducing the cost of unnecessary personnel and improving worker productivity.
- **Plan a scenario:** study modern trends and strategies and adapt them to the requirements of the sector and the market.
- **Forecasting of supply/demand:** planning of required manpower and skills for the future.
- **Turnover examination:** job turnover analysis to predict the offer, this is one of the most important phases of the strategy.
- **Analysis of the working environment:** that is the place where employees work and achieve the set goals. EasyJet seeks to provide an optimal and peaceful working environment to allow workers to reach the highest levels of productivity.

- **Resources:** the planning and progress of human resource strategies to prepare workers to achieve the set goals.
- **Loyalty:** one of easyJet's main objectives and the most difficult to achieve because there is a high turnover in the company.
- **Productivity:** final execution of human resource plans to increase productivity.

6. Conclusions

The aim of this assignment was to provide an overview of the Human Resource Management strategies of easyJet airline, taking into account the effects of the COVID-19 pandemic and of Brexit. In light of the findings above mentioned, we can conclude that studying Human Resources Management is crucial because every crisis introduces a “new normal” for each industry and in this case for easyJet airline. EasyJet has made several decisions in relation to the management of the company, such as cost-cutting, fourlogough of employers, moving the offices of the company to new countries. These arrangements have benefited the company somehow and have led to a change on several aspects. It is now challenging to anticipate the effectiveness of those measures, however based on the current data of last months, I can conclude that crysis brings also new opportunities of change and improvement, in which also management needs to rediscover its roles by devising a new policy; and that is where management proves the post-modern symbiosis of management and leadership in the capital market.

The relationship with employees is fundamental in the People Resource. If the relationship is solid it will provide efficient productivity, instead if the relationship is weak the company will have more difficulty in achieving its goals. At easyJet, employee relations play a key role and the company is well aware of a worker's contractual and legal rights. In the company, the contract between employee and employer is stipulated according to the laws governing the aviation sector and monitored even after signing. However, easyJet differs from its competitors in its goal of providing quality services to conquer the market, to gain customer trust and to ensure excellent rights and benefits to its employees. All this lying about the administrative transparency that has always distinguished this company. The company strives to maintain excellent relationships with employees in their workplace, maintaining its strategy of providing quality products. EasyJet's workforce provides the company with a huge competitive advantage over other companies in the industry and although COVID-19 and Brexit have had a very important impact, it will soon be able to rise again thanks to the values it still pursues today. Its winning strategy is the consequence of high employee and customer satisfaction, low personnel costs and a high personality.

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