



Employee Engagement At Ryanair

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Executive Summary

This paper focuses on the role of employee engagement in organizational performance and success. Engaged employees are happy to implement the company's mission, vision, and strategy. Companies whose employees are well-engaged are emotionally attached to their jobs because they feel more secure. Besides, such companies have a culture that values the input and feedback of their employees. The paper uses the case of Ryanair to demonstrate how the lack of employee engagement can be detrimental to the business. Ryanair has recorded poor performance in recent years despite being one of the largest carriers in Europe. This is because its low-cost strategy affects employees inauspiciously. As seen in this paper, Ryanair has failed to address its employees' concerns, making the workplace environment unfavourable and resulting in numerous strikes. The company's leadership chooses to change its business practices to respond to the strikes, rather than addressing the inherent problem. For example, it takes its flights to foreign markets, ignoring the impact on the home market. This paper begins with an overview of the company and employee engagement issues. It then provides and justifies some recommendations. This paper recommends reviewing the human resource management practices at the company to fully engage employees. Other companies can learn from Ryanair's case in terms of the role of employee engagement in enhancing organisational performance.

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1.0 Introduction

Employee engagement is an important aspect of human resource management (HRM). It relates to how employees invest emotional attachment into the organisation. This paper uses the case of Ryanair to evaluate the significance of employee engagement. It begins with an overview of the company and then discusses the priority HR area that should be improved. It highlights the issues around employee engagement, including poor training programs, low pay, and the failure to address employee complaints. These poor HR practices affect the company's stakeholders, including the employees, shareholders, and customers. The paper explains what areas should be changed, as well as the costs, risks, and disadvantages. Overall, the paper finds that more engaged employees will contribute to better individual and organisational performance, which will benefit all the stakeholders.

2.0 Organisational Overview

Ryanair Holdings plc is an Irish low-cost carrier headquartered in Dublin. It operates mostly from London Stansted and Dublin airports. It is the largest airline based on flight destinations and scheduled passengers who have flown since 2016 (Business Insider India, 2022). The company carries more international passengers than others in Europe and globally. It had a total equity of €4.647 billion as of 2018 and has about 19,000 employees as of 2022 (Ryanair Holdings PLC, 2022). In the second half of 2022, Ryanair had 514 aircraft, which was 190 more than the second-largest airline, easyJet Group. In 2021, the company reported a revenue of 1.636 billion EUR. According to Statista (2023), Ryanair's profit has been declining since the 2018/19 financial year, and it made a loss in 2020 and 2021.

Ryanair has adopted a regiocentric approach to human resource management (HRM) (Gilmore & Williams, 2013). This means that it has human resource departments in different countries. However, this approach is characterised by a lack of international experience in

managing staff. Besides, senior management has control over HRM in this company. Besides, HRM is characterised by tight control, autocratic leadership, and a lack of communication.

3.0 Main discussion

3.1 The Priority Area that needs improving

Ryanair's employment-relations strategy involves focusing on low costs. Thus, the company minimises wages for its employees. It also uses the control-and-command approach and avoids unionisation. Furthermore, employees in this company pay for their meals, training, job interview applications, and uniforms (Farhoud, 2017). In recent years, Ryanair's human resource department has been facing numerous issues relating to employee complaints. Consequently, staff turnover has been high, and customer service has deteriorated (Martin, 2017). The company also avoids giving permanent employment terms because it can easily replace workers who protest the poor working conditions. In 2017, striking pilots termed Ryanair a disgrace after the company failed to address their demands for better employment terms. The cabin crew soon joined the strike. The CEO issued a memo apologising due to rostering errors, but up to 50 flights were cancelled daily. These events affected up to 315,000 passengers (Davies, 2017). Most pilots working with this company work under temporary contracts through agencies, as the company seeks to cut down costs (Davies, 2017). Unfortunately, these issues have negatively affected Ryanair's performance. Therefore, the priority area that needs changing is dissatisfied employees, who are discontented with the working conditions and are not engaged enough to remain in the organisation. This implies that the HR function is highly connected with the top management of Ryanair.

In 2018, Ryanair faced legal claims from unions because it allegedly contravened labour laws when it put the jobs of striking workers in jeopardy. The company's low-cost model makes the company mistreat its workers and there were strikes in 2018 in Sweden, the Netherlands, Ireland, Germany, and Belgium. Due to these strikes, Ryanair cancelled

hundreds of flights. In 2018, Michael O’Leary, the company's CEO, hesitantly allowed employee unionisation for cabin crew staff and pilots, even though his interest was to save the airline's business (Beesley, 2018). Subsequently, the company made a loss in the first quarter of the year. It failed to engage with workers even after committing to the unions (Davies & Brignall, 2019). Instead, the company issued redundancy notices to hundreds of workers in Dublin, Ireland. It also shifted some planes from Ireland to Poland. According to Farrell and Davies (2018), the CEO was adamant that the workers' strikes were unwarranted and that people would lose their jobs.

3.2 The Justification for Improving Employee Engagement and the Current Shortfalls

The lack of employee engagement at Ryanair needs to be improved because it can lead to better organisational performance. Employee engagement denotes what workers invest emotionally into their company. It refers to the involvement, motivation, and passion that they bring to work and can guide what the employees do (Robinson et al., 2004). Engaged employees are happy to deliver what the organisation expects from them and align their goals with those of the organisation. Physically engaged employees are willing to put their effort to ensure organisational success because they know they will benefit too. They derive their energy and motivation from working for the organisation. Similarly, emotionally engaged employees are passionate and have a positive attitude towards their job. When employees are engaged cognitively, they are more devoted to their work and do not easily quit (Llopis, 2022). More employee engagement leads to more commitment and connection to the job and the organisation.

Unfortunately, the employees at Ryanair are not engaged because their jobs are not secure and their employer does not address their needs or listen to their complaints. Several shortfalls may make it difficult to improve the organisation. First, the top management, including the CEO, is part of the problem. The HR function of Ryanair is highly connected to

the top management, and any effort to engage the employees cannot succeed (Sikander, 2019). The HR function in this organisation seems to be decentralised because every country has its own department, making employee management difficult. Another shortfall in Ryanair is that most employees do not have a permanent contract, and engaging them is nearly impossible (Emmott & Halpin, 2018). This is because it is difficult to motivate employees whose jobs are seemingly insecure. Finally, HR practices in this company impede employee engagement. For example, people's complaints are not addressed, and protests threaten their jobs.

3.3 The Impact of Employee Engagement Deficiency on the Performance or Effectiveness of the Organisation

It can be seen that the lack of employee engagement negatively impacts the performance and effectiveness of the organisation. The company has to keep changing its business strategy to compensate for the time and resources lost because of strikes (Demony & Pereira, 2022). Furthermore, less motivated employees tend to perform poorly, as seen in how the customer service at Ryanair has deteriorated (Aznizan & Ibrahim, 2019). The company also has to replace employees so many times because its HR department does not address the issues raised. As mentioned earlier, the company severally reported losses, which are attributable to the strikes and poor performance due to the lack of motivation by employees (Rodríguez-García et al., 2020). Finally, the company loses customers who are disappointed by delayed or rescheduled flights owing to internal conflicts.

3.4 The Benefits of improving the Priority Area for the Organisation, Employees, and other Organisational Stakeholders

Introducing changes in Ryanair's human resources management will be beneficial to the company and its stakeholders. First, keeping employees fully engaged will lead to better performance, as they will be motivated to work and remain in the organisation. According to

the AMO model, which stands for ability, motivation, and opportunity, the outcomes of individuals within the company depend on how well it understands its employees in the three areas (Aznizan & Ibrahim, 2019). Using this model, Ryanair can be more strategic in improving employee success. Companies that consider their employees' abilities, motivation, and opportunities can achieve their goals more effectively and make their staff function better. The use of this model can shape the performance of employees. Prioritising the three elements is better than considering one or two of these. The use of the AMO model leads to motivated employees who then contribute to better organisational performance (Taylor & Woodhams, 2022). As seen in this case, Ryanair relies on agencies to train its employees. This makes it hard to track each employee's abilities and sources of motivation. It is also difficult to identify the best people unless in a real working environment. Thus, changes are needed in employee training, which will help implement the right programmes and methods to motivate staff.

If Ryanair keeps its employees engaged, it can retain top talent because they will be attached to the organisation. When the organisation manages its employees' expectations, it makes the employees invest emotional capital. The employees will be more motivated to work and remain in the organisation. Furthermore, engaged employees are likely to be more productive, which is good for the company. Regrettably, Ryanair uses the command and control approach and ensures its employees work more than they get (Khomyak, 2021). If the workers are more engaged, they can help the company in reviewing its HR policies. Similarly, the employees will be more motivated to work, which will be good for their growth and the success of Ryanair. More engaged employees will have better mental wellness and less burnout (Shuck & Reio, 2013). The company will have reduced absenteeism and lower staff turnover. All these will be beneficial to the shareholders, who will worry less about the declining effectiveness and competitiveness of the firm. Another benefit of introducing

changes will be to the employees, who might have better pay and improved working conditions.

Finally, having engaged employees will benefit the customers. This is because employee protests and strikes are likely to reduce, and the company will not have to cancel its flights. Better customer experience will translate into more business and enable the company to be profitable (Manrai & Meadow, 2015). In this context, various stakeholders will benefit, including the organisation, the employees, and the shareholders. The employees' jobs will be more secure and the shareholders will have better returns for their investment (Anderson et al., 2004). The organisation will not only be profitable, but it will also redeem its reputation. This will attract even more shareholders, safeguarding the future of this company.

4.0 Conclusions

Several issues have been pointed out in this report regarding Ryanair's shortcomings in terms of employee engagement. Intrinsic and extrinsic rewards are lacking in this organisation. From the recruitment stage to getting a job, employees in this company seem detached from operations. Pilots have to pay for their training, work extra hours that are not paid, and do their job under harsh conditions. All these make employees lack the motivation to work and remain in the organisation. These issues are also coupled with the lack of intrinsic rewards, which are the benefits that employees feel when they progress in their careers, enjoy work, and remain motivated. The other area that needs improving relates to extrinsic rewards. Employees in this company need recognition and tangible benefits, including holiday allowances, pay rates, and bonuses. Extrinsic rewards can effectively motivate employees. Regrettably, the top leadership at Ryanair is part of the employee engagement problem. It does not want the employees to air their complaints or join unions. Thus, job satisfaction among most employees is low. Training opportunities in this company are also lacking. The lack of training opportunities limits the likelihood of professional

growth, impeling workers to apply for jobs in other organisations. Besides, workers are not motivated to be proactive and innovative because the management does not encourage them to use independent thinking. Rather, the managers follow the employees around and expect them to deliver.

5.0 Recommendations

The lack of employee engagement at Ryanair can be addressed through several approaches. The first approach would be applying strategic human resource management, which denotes the pattern of planned human resource activities and deployments aimed to help the company accomplish its goals (Armstrong, 2011). Strategic human resource management can also refer to a management approach that uses HR strategies which improve organisational performance and allow evaluation of the impact of the strategies on organisational performance (Stone et al., 2021). In this sense, Ryanair should ensure it is in touch with its employees' experiences so that it can evaluate their impact on organisational performance. The aim is to align the human resource systems and formal structure to drive Ryanair's strategic objectives.

To better apply the strategic human resource management approach, it is imperative to consider the employees to be an important resource. The resource-based view argues that the company can draw a competitive advantage from its resources, including its human resources (Rees & Smith, 2017). A business organisation is a collection of essential resources, and this theory accentuates the utilisation of the current resources and the generation of new ones. For example, in the case of Ryanair, the company should improve the working conditions, training terms, and pay for its employees. This should ensure that the most experienced employees are retained. In the future, the most experienced employees can be an important resource for training new hires. Besides, the company should have its own training program rather than having external agencies conduct all training.

Using resource-based strategic human resource management can enable Ryanair to produce a human resource advantage. The goal should be to develop strategic capability. This implies having a strategic fit between opportunities and resources, getting more value from the effectual deployment of resources, and ensuring that managers plan and think strategically, including in the human resources department (Storey et al., 2020). Based on the human capital framework, the resource-based view accentuates investment in the employees to increase the organisational value. Ryanair should develop a sustainable competitive advantage by capitalising on its human resource pool in a way that cannot be substituted or imitated by its rivals. This can ensure that employees do not quit in preference for other companies.

Based on the resource-based view, Ryanair also needs to observe the strategic goal of being flexible in how it hires and manages its employees. For example, it can invest more in its own training and waive or eliminate training charges. It can employ its vast infrastructure, the most experienced staff, and technology to ensure more vibrant human resources (Rees & Smith, 2017). In other words, the most experienced employees can enhance the organisation and will feel motivated to keep working. These recommendations consider the needs and resources of the company. The company has the human resources it needs and only has to address its issues.

The disadvantage of the above recommendations is that the company's culture has to be changed to accommodate employee views. The risk is that the company will spend more money on training and increasing pay, but motivated employees will contribute much more. In this report, a major ethical issue is a reliance on news media reports, and no primary research was conducted to see if the managers have begun addressing the issues raised. However, the news reports were essential because they helped build the case and identify the issues that needed improving.

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7.0 Appendices

Appendix 1



Figure 1: Striking workers in 2018 (Davies & Brignall, 2019)

Appendix 2

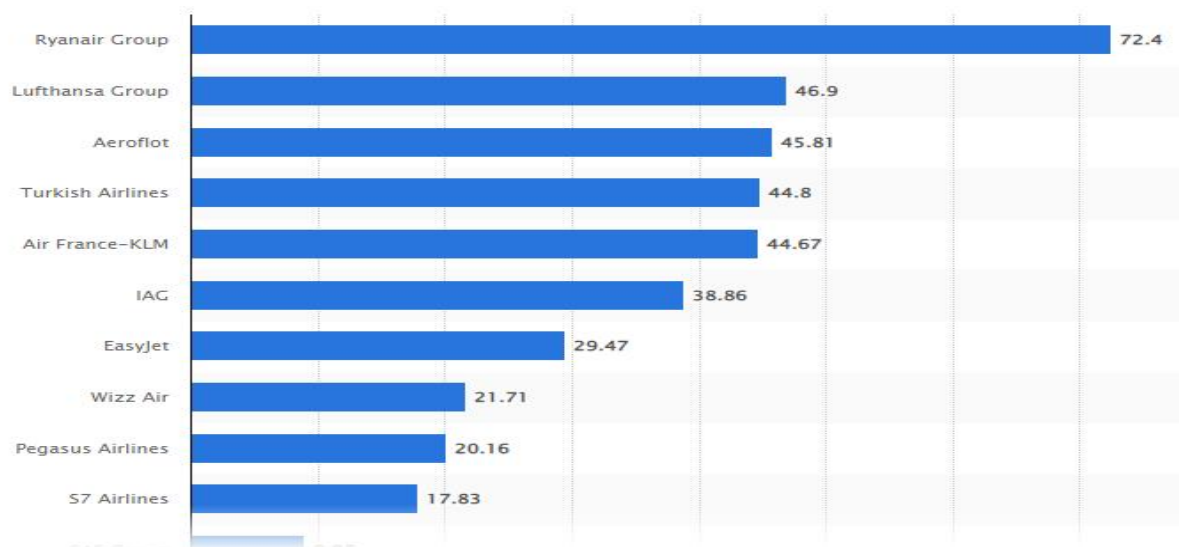


Figure 2: The leading airlines in Europe (Statista (2), 2023)