

ECONOMY THROUGH OUTSOURCE INTERVENTION STRATEGY AT AN AIRLINE

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ABSTRACT

The present research paper has aimed to analyze the significant role played by the outsource intervention strategy at service sector which was incorporated by the corporate sectors besides the other organizations / institutions etc., at global level. The service sector contributes significantly for the growth of national economy in various forms. The service sector is inclusive of many organizations like public utility services e.g., airline, banking, insurance etc. The present study has aimed to assess those areas known as critical areas identified at an airline like operational crew, technical and the other non technical areas where the outsource could effectively contribute to enhance the functional performance. The organization selected for the purpose of this study is a hypothetical airline. The analysis has indicated that due to the adoption of the outsource strategy; the airline organization has derived substantial economies. The generalizations drawn could be applied to the other organizations also. The strategic decisions of the airline management has indicated that certain areas could be outsourced, which brings the overall enhancement in productivity. The study has also incorporated the scope for further research at various sectors like manufacturing, public utility services like airlines etc.

Keywords: *Outsourcing, Service Sector, QWL, Core Areas, Performance, Intervention and Productivity.*

Introduction

The implementation of the economic reforms have given wide scope for corporate sectors not only at manufacturing sectors but also at service sectors to induct various strategies to enhance the overall performance. In this process, the adoption of outsource as an intervention strategy has contributed very significantly in various ways. The meaning of the concept, outsource could be stated as the organizational practice that involves the transfer of an organizational functions to a third party i.e., external providers those who have the required competencies. The concept of globalization has emerged due to liberalization of economic policies like disinvestment policy, transfer technology, technical knowhow, modernization, automation, expansion and diversification into various other sectors. The aviation policy with specific reference to the airline transportation has resulted in induction of private airlines like East West Airlines, VIF Airways, Deccan Airways etc.

Need

All the Government policies through various regulatory mechanisms have resulted in significant changes in the existing organizations and also access to the multinationals to carry out the business operational activities across the global borders. The competitive scenario has necessitated the public sector airlines like Indian Airlines Limited and Air India Limited in Government and necessitated the various airline organizations in private sector like King Fisher, Air Deccan, Jet Airways, etc., to adopt various restructure strategies like financial restructure, restructure of human resource, modernization, automation, install the latest technological transfers, capital restructure etc., for the purpose of development in the long run otherwise the problems like survival has to be faced. Many entrepreneurs existing as well as new have felt that there exists huge profitable potentiality in service sector organizations. The management of various organizations has formulated various proactive strategies with provision for flexibility and implemented various schemes like cost cutting measures, identification of unutilised or underutilized resources like manpower, and the other resources. In this process, certain

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areas like core areas, secondary areas and auxiliary areas are identified. The professional experts in the organizations assess their present functional systems and planned to implement the restructure plans. The one of the important strategies adopted by the organizations is Business Process Outsourcing (BPO). In the process of streamlining of various activities, the assessment of cost benefit analysis by the functional experts of the concerned organizations provides certain clues to separate the existing process into various categories like core, secondary and auxiliary where scope exists for the improvement of performance. The Business Process Outsource could be stated as the delegation of certain activities or processes to other external persons who may be the individual persons or firms or organizations those who are capable to supply the required manpower as per the required specifications necessitated at the organizations concerned. The organizations through this delegation of certain process activities to the external providers can concentrate on very essential and core activity process keeping in view the overall performance improvement from the long term perspective.

Importance

The significance of service sector has gained prominence. The contribution of service sector in generation of employment, integration of all kinds of resources, providing the exchequer to the Government in the form of taxes, duties etc., have resulted in significant development to the national economy. Asherefilliyan (2008) has attempted to discern and delineate the growth performance, challenges and opportunities of such a promising sector of Indian economy. The positive impact of service sector is much more in case of multinational companies. While the employment in the outsource sector has meant that young adults are reaching their career milestones and financial goals much earlier than before, surveys and anecdotal evidences show that employees in the service sector experience high levels of stress as a result of working in closely monitored environments under the immense pressure to meet ambitious performance targets. The management of the organisation obviously utilise its own human resources at various levels at all core areas and also at other secondary areas, and the remaining areas are delegated to the external providers. The qualified technical knowhow and also low category of labour is available in India. Apart from this, the supply of qualified manpower is unutilized and underutilized. In some cases especially in software / hardware related fields, there is brain drain due to lack of recognition, lucrative jobs with suitable jobs. The cost of labour including the talented technical expertise in Asian countries is low. The unemployment situation is also on increasing side. There is no recognition for true merit being another reason. Though BPO sector has opened up vast career opportunities for young adults, employment in this sector has strong impact on young people's lives. The quality of work life of BPO staff differs significantly which could be stated as positive and also negative. The Quality of Work Life (QWL) has different meanings for different people; few consider it as industrial democracy or co-determination with increased employee participation in the decision-making process. For others particularly managers and administrators, the term denotes improvements in the psychological aspects of work to improve productivity. Quality of work life is related to the welfare of employees at work and it is different from job satisfaction. The BPO at service sector motivates the green horn, experienced, empowers women, provide scope for faster development for career growth. The BPO process staff engaged at different organizations may not have the job security. The employees at BPO always have to cope up with the latest technology and should be market driven.

Objectives

The major important objectives stated for the purpose of the study is to analyse the role of outsource at service sector:

- To study the perceptions of the respondents in relation to outsource activities.
- To study the QWL of outsource staff whether improved.
- To recommend ways and means for further improvement.

Organizations Selected

The organizations selected for the purpose of the study are airlines that belong to both public and private sectors, located at Hyderabad and Secunderabad. The names of the organizations have not been revealed due to maintain the confidentiality as pre condition stated by the respective organizations.

Scope

The scope of the study is confined to the outsource activities implemented at airline organizations that belongs to government and also the private entrepreneurs irrespective of size, nature and operational activity processes. It has covered all functional areas where the services of the external providers are utilised in order to take the benefits of the economies of scale.

Statement

The organizations that adopt the outsource intervention strategy can able to derive various economies through effective utilization of its core, secondary and auxiliary resources at all functions. In this process, the outsource contribute very significantly by the effective utilization of resources.

Area of the Study

The investigator has chosen the area of the study related to all functional areas like commercial, operational, security, cabin crew ground support etc., at the selected airline organizations at Hyderabad, Telangana State.

Literature Review

It is observed that the available research has given scope for further research keeping in view of the present market driven scenario of the concerned organizations. The review of literature clearly shows that the concept of QWL is explored from different angles by industrial psychologists, management theorists and academicians all over the world and voluminous research work has been taken up. At the same time, it should be noted that the human aspect of an organization is very often subjective, qualitative and dynamic, with one's own aspirations and intentions. The research paper reviewed by Mary C., Lacity, (2009) has focused on the determinants of IT outsourcing, IT outsourcing strategy, and mitigating IT outsourcing risks, off shore outsourcing, business process outsourcing and the rise, decline and resurrection of application service provision, future challenges, client supplier relationships etc. Bin Jiang, Amer Qureshi, (2006), has provided the roadmap of future research on outsourcing results. Bhimrao Ghodeswar, Janardan Vaidyanathan, (2008) have stated that the concepts related to the terms e.g., outsourcing helps the organization to achieve higher levels of value creation for the final customer. Drivers of outsourcing emanate from organizational initiatives, improvement focus, financial and cost objectives, or growth objectives.

Methodology

The study is basically an exploratory, descriptive, diagnostic and analytical. It is exploratory in the sense means the problem identified has been explored deeply; related descriptive content is analysed with respective motivational terms like Quality of Work Life (QWL); and it has been diagnosed basing upon the perceptions; and finally the analysis is carried out basing upon the data collected and the inferences are drawn accordingly. The **sample size** determined is one hundred and twenty. The total number of respondents is 120. The structured questionnaire is administrated on the subjects. The responses are edited, tabulated. The simple statistical technique like per cent is adopted. The researcher has also adopted other techniques like "Observation" of the work force of various companies related to the outsource practices. The Likert Five Point Scale is adapted for the purpose of the measurement. The response pattern is presented in tabular form. The inferences in detail have been stated only in those cases where attention is required.

Table 1

Sample Size: 120

S. No	Statement	%
1.	The outsource strategy contributes significantly for development of the airline organization.	82
2.	The contribution of airline when compared to the other sectors is good.	88
3.	Employment generation through outsource is very significant in airlines industry.	88
4.	The policy makers have inducted the outsource at all functional areas at the airline organization	85
5.	The outsource of business process of the airline organization benefitted a lot.	90
6.	The wastage/ idle / unutilized resource are reduced at the airline organization.	82
7.	Possibility of conflicts between parent company staff and outsource staff.	95
8.	No job security to the outsource staff.	92
9.	Outsource staff are more responsible to their own company.	89
10.	The motivational polices of the airline organization are not applicable to outsource staff.	95
11.	The cooperation between the airline and outsource staff is not favourable.	82
12.	The outsource staff should always update their skills to survive.	76
13.	The pay / perks of the outsource staff are comparatively less.	68
14.	The outsource staff also consists women manpower significantly.	72
15.	The quality of work life of outsource staff at airline is excellent	87
16.	The career growth of outsource staff is unsatisfactory.	98
17.	The induction of outsource is healthy sign for the economic development of the airline organization.	74

Source: Primary Data.

Inference

The Table No.1 has indicated that the respondents have felt on the identified statements mostly in a positive way. The outsource strategy adopted by the airline organizations has contributed significantly to the development. It is found that though there is possibility of conflict between the regular staff of parent company and service providers from outsource company, but it creates inspiration among all the staff members and in this situation, all will work for common goal. The QWL of all the staff is on the healthy way without any deviation. The career growth of BPO staff depends upon their performance excelled at various organizations.

Limitations

- The study has confined to the airline organization located mainly at Hyderabad and Secunderabad, may or may not suitable to the other organizations located at other places like at other states / countries. This is mainly because of demographic, socio- economic and cultural differences existed.
- The investigator has also faced problems like security, time, cost and efforts in the process of data collection from varied sources.

Suggestions

The BPO staff should be properly motivated with suitable merit rewards like job enlargement, enrichment and also sanction of financial rewards. The BPO staff should be given the opportunities to show their creativity and innovation which results in savings – time, money and efforts. The performance of the BPO staff should be correctly assessed in order to identify their present performance, capabilities to shoulder the new tasks, which are proactive. All these process oriented activities contribute significantly for the development of performance which results in the enhancement in the overall profitability that finally contribute in development of Indian economy.

Futurology

The outsource is more advantageous especially in public sectors and the other institutions in the sense that the BPO provider supplies the competent resources to the various organizations according to the requirement which enables the organizations to increase the overall efficiency which finally contribute for the development of the organizations. The researchers should continuously monitor the progress in various fields at various organizations besides software companies in order to analyze the gaps in the performance related activities. Thus the outsource can be implemented at all organizations like manufacturing, service oriented and other sectors like public utility services like transport organizations operated by the Government, both central or state i.e., bus services, rail services, etc., besides the outsource can also effectively implemented by the private sector, joint sector and also organizations / institutions which functions under the concept of Private Public Participation. It is inferred that the outsource strategy would results in development of performance and the overall productivity.

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