

Human Capital Management Policy Features of Air Transport Enterprises in Poland and Ukraine

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The aim of the paper is to analyze features of the air transport enterprises' human capital management (HCM) policies in Poland and Ukraine and work out the appropriate conclusions. An analysis of theoretical approaches to the enterprise HCM policy was performed in the article. A comparative analysis of a turbulent environment factors and its impact on human capital management of the leading airlines in Poland and Ukraine was made. The HCM policy top priority objectives of Polish and Ukrainian airlines in crisis conditions are analyzed by comparing the current situation. The article covers the analyzed period before the armed conflict in the east of Ukraine.

Keywords: human capital management policy, air transport enterprise, turbulent environment, factors, objectives.

Introduction

In a turbulent environment in which a lot of airlines currently operate, the management is forced to constantly seek new solutions or improve the existing ones taking unconventional decisions. The basic requirement for the management of an air transport enterprise is the ability to think strategically, which requires a multidisciplinary approach to strategic processes, i.e. processes involving a large number of unknown or uncertain factors. Human capital management is one of the strategic areas of an air transport enterprise's activity.

To develop their human capital and make it more competitive, air transport enterprises develop and implement a human capital management policy (HCM policy). In turn, HCM policy, if developed appropriately and used efficiently, is a necessary tool for improving competitiveness of the enterprise.

Theoretical approaches to the human capital management policy

Scientific researches in the sphere of human capital management problems were conducted by such famous scientists as: Armstrong, Baron, Beatty, Becker, Huselid, Juchnowicz, Lewicka, Listwan, Mykhajlova, Nikolajchuk, Poczowski, Rostkowski, Tomaszewska, etc.

As of today, the specialized scientific literature provides scarce insight into the human capital management policy. It is primarily connected with the fact that many researchers consider the concept of human capital management as a continuation of the concept of human resource management. Therefore, within the concept of human capital management, they continue to use the term “personnel policy” or “human resource management policy”.

Formulation of human capital management policies, on the one hand, promotes respect for the most important values to the organization and, on the other hand, supports the internal integration of all activities in the field of human capital management. In practice, however, the development of such policies in some areas is extremely difficult as to the fact of doubtful theories and views dissemination (Rostkowski, 2014).

For example, according to T. Bazarov, “The most important part of the strategy-oriented policies of an organization is its personnel policy. The personnel policy is aimed at providing an optimal balance between the processes of staff turnover and maintaining the number and quality of staff in accordance with the needs of the organization, the requirements of the effective legislation, and the state of the labor market” (Bazarov, 2005).

HR policies are continuing guidelines on the approach the organization intends to adopt in managing its people. They define the philosophies and values of the organization on how people should be treated, and from these are derived the principles upon which managers are expected to act when dealing with HR matters. HR policies therefore serve as reference points when employment practices are being developed, and when decisions are being made about people (Armstrong, 2006).

D. Ulrich believes that the personnel management policy is the coordination of work (Ulrich, 1997). Implementation of the personnel management policy, according to this author, will be made virtually through effective coordination of information flows.

Human capital management policies are common to all functions of human capital management guidelines including the most important elements of ethics, efficiency and image of the organization (Rostkowski, 2014).

In fact, for the air enterprise management HCM policy represents a unified approach to the HC management based on the values of the company that promotes the culture of the organization, decentralization and delegation of authority to managers.

F. Selznik (Selznik, 1957) emphasized a key role of clearly formulated values for the organization: "The organization structure depends on the accepted ideology, i.e. a set of values that define the policy of the company, its specific aims and methods".

M. Armstrong believes that the values expressed in an overall statement of HR policies may explicitly or implicitly refer to the following concepts (Armstrong, 2006):

- equality: treating employees fairly and justly by adopting an 'even handed' approach. This includes protecting individuals from any unfair decisions made by their managers, providing equal opportunities for employment and promotion, and operating an equitable payment system;
- consideration: taking account of individual circumstances when making decisions that affect the prospects, security or self-respect of employees;
- quality of working life: consciously and continually aiming to improve the quality of working life. This involves increasing the sense of satisfaction people obtain from their work by, so far as possible, reducing monotony, increasing variety, autonomy and responsibility, and avoiding placing people under too much stress;
- working conditions: providing healthy, safe and so far as practicable pleasant working conditions.

Certain areas of human capital management policies of the enterprise are characterized in Table 1.

Health and safety policy is one of the most important components of the general human capital management policies. The International Labor Organization (ILO), in the document ILO ILO-OSH 2001, Guidelines on occupational safety and health management system (ILO-OSH 2001), promotes a policy as an element of the safety management system.

Policies are the responsibility of the air transport organization's management presented in the statements and documents, which represent the requirements

for the organization in acquiring and using resources defining the liabilities of managers and the goals of safety (Kaprowicz, Klich, 2011).

Table 1. Characteristics of the areas of enterprise human capital management policies

Area of policies	Characteristic
Equal opportunities policy	Equal opportunities for all employees regardless of sex, race, religion or marital status, prevention of discrimination of the disabled.
Diversity management policy	Recognition of cultural and individual differences in work; development of benefits that provide these differences.
Remuneration policy	Payments by market rates Payments by performance indicators Distribution of revenues – participation in income (value added) or profit of the organization Provision of the fair remuneration system Equal pay for the work of equal value, based on market considerations Use of incentive schemes Provision of additional benefits to employees, including flexible additional benefits Immaterial incentive
Employee development policy	The development of skills and abilities of employees to maximize their contribution and development of their potential.
Involvement and participation policy	Forming interest of all employees in the enterprise success.
Employees and employers relations policy	Realization of employees' right to create trade unions, to regulate collective and contractual relations regulation.
New technologies policy	Implementation of new technologies.
Health and safety policy	Organization of labor protection and safety in work places.
Policy of attitude to sexual harassment	Arranging protection against sexual harassment.
Smoking policy	Applying smoking restriction measures.

Source: prepared by the author on the basis of (Armstrong, 2006).

Health and safety policy is a clear definition of responsibilities, powers and responsibility. It indicates the development of organizational processes and structures according to the safety objectives in every aspect of functioning and development of knowledge and skills necessary for personnel of the air transport enterprise to perform their work.

Indeed, the human capital management policy is one of the main areas of the enterprise activity which covers the development of the organizational principles of working with people, forming and efficient use of human capital, ensuring the effective human development of employees and the enterprise as a whole. This is one of the main areas of social and economic policy as directly related to the activation of human factor and efficiency of economic and social programs.

Impact of turbulent environment factors on the human capital management policy

Today, the air transport enterprises of Poland and Ukraine work in the conditions of instability and turbulence. The article covers the analyzed period before the armed conflict in the east of Ukraine. All modern organizations, to a lesser or greater extent, operate in the conditions of dynamically following and, more importantly, unpredictable changes in the environment, as well as internal conditions (Koźmiński, 2004).

The author believes that the increasing tendencies for turbulence are visible now in the business environment of the air transport enterprises in Poland and Ukraine (Table 2).

Table 2. Factors of the environment turbulence development of the air transport enterprises in Poland and Ukraine

Factor	Observed in Poland	Observed in Ukraine
Novelty of changes – the important events affecting the enterprise more and more diverge from what was known in the past.	<ol style="list-style-type: none"> 1) Adoption of the 19th annex (2013) to the Chicago Convention. Compliance with the requirements of international aviation organizations. 2) Fields of activity of the air transport enterprises in the human capital management, defined by International Air Transport Association (IATA) at IATA GAHC Summit 2011. 	<ol style="list-style-type: none"> 1) Adoption of the new Sectoral Agreement in the aviation industry of Ukraine for 2013–2015. 2) Adoption of the 19th annex (2013) to the Chicago Convention. Compliance with the requirements of international aviation organizations. 3) Fields of activity of the air transport enterprises in the human capital management, defined by International Air Transport Association (IATA) at IATA GAHC Summit 2011.

Factor	Observed in Poland	Observed in Ukraine
Environment intensity – maintaining connections between the company and its partners in the environment consumes more energy and attention of management.	Difficult financial situation of the leading national air carrier PLL LOT.	Bankruptcy of major competitors – airlines “Aerosvit” and “Donbasaero” in 2013.
Pace of changes in the environment	Positive dynamics of the Polish economy development among other EU countries.	Unstable socio-political situation in Ukraine in 2012–2014.
Degree of environment complexity	The need to act in the conditions of the European air transport liberal market.	Preparation of the air transport market to signing the agreement on “Open Sky”.

Source: prepared by the author on the basis of (Ansoff, 1979).

Research indicates (Rybak, 2003) that modern enterprises are facing four challenges that will determine their competitiveness and significantly influence the growing importance of human resource management in the enterprise. They are:

- global challenges – arise from development and restructuring of the global market, involve the employees’ preparation to work in foreign markets, which is on permanent training and improvement of employees; it also requires making changes to the organizational structure that will enhance the stimulation of innovation, independence and creativity of employees;
- qualitative challenges – associated with greater customer requirements and intensified competitive struggle for the client, leading to continuous improvement of the design, product, and service quality;
- technical and structural challenges – which are the result of technical progress, entailing changes in the organization, such as growing importance of teamwork, changing role of managers, full use of employees’ potential, increasing responsibility for work;
- social challenges – arise from changes in the labor market and changes in the structure of employment, social values and emerging ethical requirements.

Human capital management policies of the air transport enterprises in Poland and Ukraine consider all these challenges including the areas of human capital management in the aviation sector defined by international aviation organizations. The following spheres of the air transport enterprises activity in human capital management were defined by International Air Transport Association (IATA) at IATA GAHC Summit 2011 (Gianasso 2011) and improved at IATA GAHC Summit 2012:

- attracting and retaining talents in aviation;
- development of a new generation of global aviation leaders;
- providing exemplary service while reducing costs;

- strategic management of compensations and benefits;
- use of the certification to prove competence of aviation personnel;
- attracting personnel by maximizing the use of advances in technologies.

Trainings based on IATA programs are realization of human capital development policies by international certification. This offer includes the following trainings (LOT site):

1. Basic Cargo, relating to basic issues of goods service on the air transport.
2. Dangerous Goods Regulations (DGR), relating to the principles and possibilities of transporting dangerous materials. After completing the training, the participant receives a certificate which entitles him to handle dangerous goods.

Trainings are conducted by qualified employees of the Bureau of Cargo and Mail PLL LOT S.A. In addition, DGR training is approved by Civil Aviation Authority of Poland. Both trainings end with an examination and issuance of relevant certificates.

In turn, Ukrainian JSC "UIA" airline implement their human capital development policies through functioning of their own aviation training center, which is certified by the State Aviation Service of Ukraine (Certificate dated 02.06.2013, the certificate of aviation security of 04.27.2012) and IATA (certificate concerning the course "Dangerous Goods").

It also implements the use of certificates to prove the competence of aviation personnel, which was approved by the International Air Transport Association (IATA) at IATA Global Aviation Human Capital Summit 2011 (Gianasso, 2011) and improved at IATA GAHC Summit 2012.

Impact of the turbulent environment complexity factor on the Polish and Ukrainian air transportation market is different. It is connected with the fact that the Polish air carriers operate in the conditions of the liberal air transport market with quite a stiff competition, including the human capital sphere. In contrast, the Ukrainian air carriers operate in the closed environment of the air transport market and only prepare for the possible signing of the agreement on the "Open Sky".

Open sky policy is used in the air transport market of the EU. It also has an impact on human capital management. Polish air transport enterprises have to meet international standards in the field of aviation and administrative personnel management in the development of human capital management policy.

The process of liberalization of the Polish air transport market began in the early nineties of the twentieth century with the change of the economic system. It started from the abolition of the state monopoly on the provision of air transport services. From the point of view of that sector deregulation, the Polish accession to the negotiations for membership in the European Community (later the European Union) was important. The signing of the Association Agreement and the commitment to implement the next steps by adapting Polish law (in particular

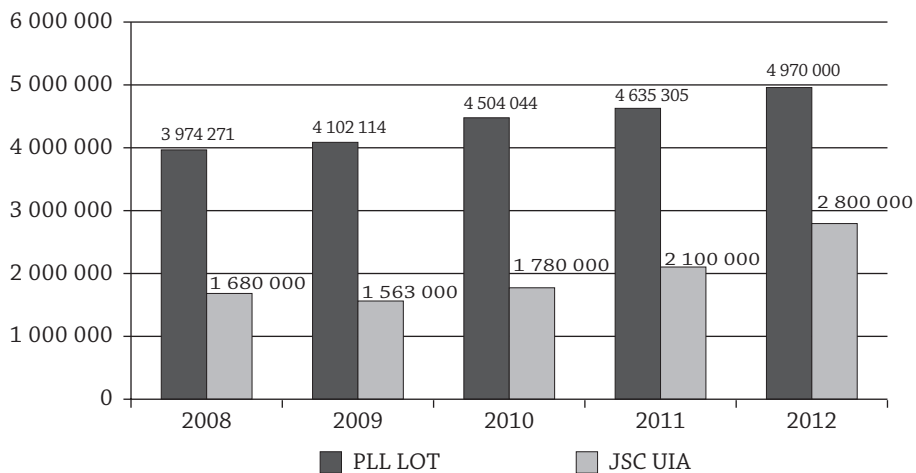
competition law) to the standards of the European Union created a framework for the deregulation of the air transport in Poland (Szymajda, 2002).

Among 24.45 million passengers in regular traffic handled by the Polish airports in 2012, the most part, i.e. about 28%, traveled on board of PLL LOT and EuroLOT S.A. (within the trips performed in favor of PLL LOT). A significant market share was also reported of Ryanair (23%) and Wizzair (20%). Successive carriers, Lufthansa and OLT Regional Express, gained 7% and 3% market share, respectively (RULC Polski, 2012).

In general, 14.1 million passengers were carried through Ukrainian airports in 2012. The number of passengers who used the Ukrainian air carriers services during the 2012 amounted to 8.1 million people (RSAA of Ukraine, 2012).

The dynamics of changes in the number of passengers carried by PLL LOT and JSC UIA is presented in Figure 1.

Fig. 1. The dynamics of changes in the number of passengers carried by PLL LOT and JSC UIA in 2008–2012



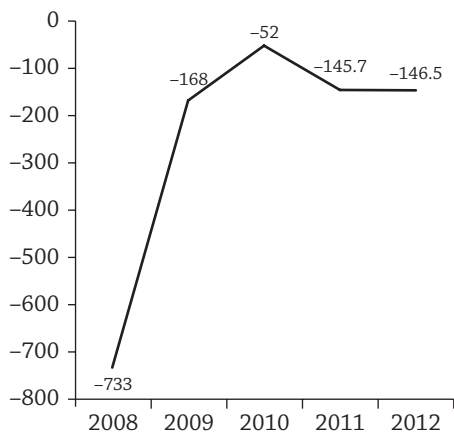
Source: calculated by the author on the basis of PLL LOT web-site; Pytlos 2013; Palamarchuk 2012; JSC UIA web-site.

As shown in Figure 1, PLL LOT carries almost twice as many passengers as JSC UIA. The author believes that it is explained by different market capacity of the air transport passenger traffic in Poland (24.45 million.) and in Ukraine (14.1 million.). The ratio is 1.7:1. However, considering this ratio, JSC UIA is not inferior to PLL LOT by the national market share. For example, in 2012, JSC UIA had a 20% share of the Ukrainian market of air transport passenger traffic, while PLL LOT had a 28% share of the Polish market.

Currently, 'Lot' Polish Airlines (PLL LOT) operates on 92 routes from Poland. At the end of 2012, the company unexpectedly asked the State Treasury for public aid in the amount of PLN 1 billion as a result of a very bad financial situation (Figure 2.a). This demonstrates the influence of the turbulent environment intensity factor, when difficult financial situation hinders good relations with customers and partners.

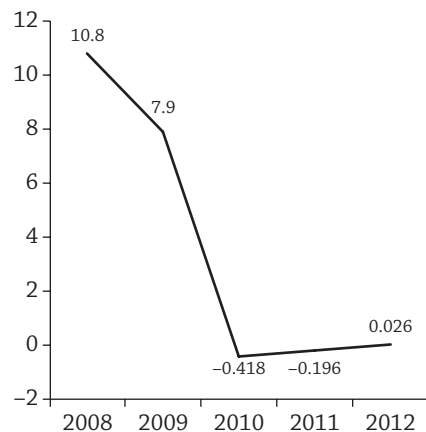
Among the reasons for that, PLL LOT referred to the management turnover, politicization of positions and low competences of the supervisory board, which resulted in faulty business decisions. Now LOT should use appropriate adaptive policy in the field of human capital management during the economic crisis.

Fig. 2a. The negative dynamics of changes in net profit of PLL LOT in 2008–2012 (PLN millions)



Source: calculated by the author on the basis of (PLL LOT web-site; Pytlos, 2013).

Fig. 2b. The dynamics of changes in net profits of JSC UIA in 2008–2012 (UAH millions)



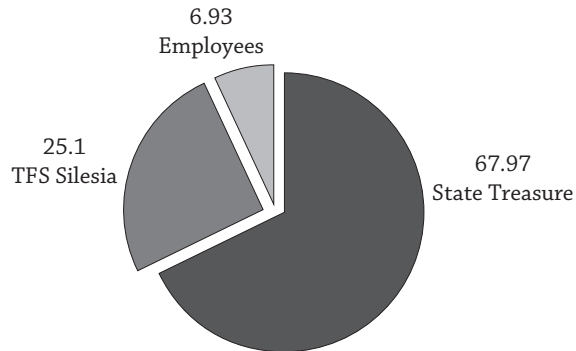
Source: calculated by the author on the basis of (JSC UIA web-site; Smida, 2011).

A certain adaptation policy in the field of human capital management has to apply to Ukrainian JSC UIA airline as well. This carrier does not have great super-profits, but, after the unsuccessful years 2010 and 2011, it managed to break even and then make its activities profitable (Fig. 2.b).

The share capital of PLL LOT amounts to 447,673,700 zł. It consists of 4,476,737 shares with a nominal value of 1 zł each. Shareholders of PLL LOT are presented in Figure 3. This PLL LOT shareholder structure has remained virtually unchanged since 1992. In 1999, there was an attempt to acquire the shares of the Polish carrier by the Swiss company SAirGroup Holding. Today, in view of the airline's difficult financial situation, the airline is planned to be privatized.

The presented PLL LOT shareholder structure demonstrates the implementation of the employee remuneration policy through participation in the profits by the airline. In addition, all shareholders presented in Figure 3 are the stakeholders of the airline. The other stakeholders include passengers as customers, partners that cooperate with the airline, and public.

Fig. 3. Shareholders of PLL LOT and% of the air carrier shares in 2013



Source: calculated by the author on the basis of (PLL LOT web-site).

Table 3 provides further insight into the situation of the shareholders of the leading Ukrainian carrier, JSC UIA.

Table 3. JSC UIA shareholders %

Shareholder	CJSC «MAY» 1992–2010		JSC «UIA» 2010		JSC «UIA» 2011–2012		JSC «UIA» 2013–2014	
	Government	61.58		61.58		–		–
Private company	EBRD	9.9	UIAB Holding GMBH	9.9	UIAB Holding GMBH	25.84	Ontobet Promotions Ltd (Cyprus)	25.83
	Austrian Airlines	22.52	UIA	22.5	UIA	22.52	JSC Capital Investment Project (Kyiv)	74.16
	Aer Cap	6	JSC Capital Investment Project (Kyiv)	6	JSC Capital Investment Project (Kyiv)	51.64		
Employees	–		–		–		–	

* from June 2012 “Ontobet Promotions Ltd” is the owner of JSC “Investment Projects Management” (JSC “Capital Investment Project” (Kyiv)

Source: prepared by the author on the basis of (Dorotych, 2013; Comments.ua, 2012).

In contrast to the leading Polish carrier PLL LOT, Ukrainian JSC UIA is currently a completely private company, and its shareholder structure does not include the government and employees, which indicates a lack of practical implementation of the policy of employee participation in profits through ownership of shares of the airline. In addition, the frequent changes of the owners in recent years have added a negative impact on the stability of human capital management policy of the airline.

Human capital management policy objectives

As of today, the air transport enterprises work in an unstable economic situation. Therefore, it is necessary to address the problems of HR policy in crisis conditions (Sidunova) by:

1. Forming a team of adaptive managers able to work and implement a program for survival and development of the enterprise.
2. Saving the human resource potential of the organization, i.e. managers, professionals, and workers that are valuable to the enterprise.
3. Restructuring the HR potential of the company in connection with:
 - organizational changes in the restructuring of the enterprise;
 - implementation of the innovative investment projects;
 - diversification of manufacture;
 - reorganization of the enterprise.
4. Reducing social and psychological stress among personnel.
5. Providing social protection and employment of displaced employees.

So, as you can see, human capital restructuring plays a crucial role among these challenges. It was the way followed by PLL LOT. For example, in 2012, in order to preserve the most valuable personnel and dismiss other employees on reasonable conditions, the airline has adopted a policy of regulation of relations between employers and employees. Today, the carrier employs 413 pilots and 642 cabin crew employees. Overall, the company employs more than 1700 people including the rest of the employees. There was developed an agreement between the employees and employer. They could start redundancies from March 2012. In the first stage of the restructuring plan, 360 employees left the company, including 230 people who were made redundant and 130 people who have benefited from the voluntary redundancy program (Pytlos, 2013). It applied only to the people working on the ground. The employer's decision about redundancies did not affect the pilots and cabin crew. Most trade unions initialed the agreement. For its realization, the signatures have been submitted by representatives of three trade unions: Solidarity, Trade Union of Cabin Crew and Trade Union of Communication Pilots. The company has nine trade unions (Zwolnienia LOT).

The author believes that JSC UIA had to implement the program of survival and development of the enterprise as its top priority, especially in 2010–2011, when the company was unprofitable, and work hard on social guarantees for its own employees in connection with the bankruptcy of the airline's competitors, i.e. "Aerosvit" and "Donbasaero", in 2013.

Conclusions

Thus, the success of the air transport enterprise activity and improvement of its competitiveness depend on the effectiveness of the HCM policy implementation. As all the qualitative and quantitative performance indicators (profit, loss, labor productivity, etc.) are closely related to the HCM policies in effect.

On the basis of this research, we can conclude the following features:

- The HCM policy of the air transport enterprises in Poland and Ukraine is developed in areas with similar theoretical background;
- The development and implementation of the HCM policy are more typically impacted by such turbulent environment factors as: 1) the intensity of changes and the degree of the environment complexity – in Poland, and 2) the novelty of changes and the pace of changes in the environment – in Ukraine;
- The most top priority task for the Polish leading air carrier is human capital restructuring, and for the Ukrainian one – program of survival and development of the enterprise, and social guarantees.

The air transport enterprises in Poland and Ukraine are recommended to pay more attention to the stakeholders' interrelation and implement the Stakeholders interrelation policy within General HCM policy detailed elaboration.

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