

HUMAN RESOURCES IN RYANAIR

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This article's purpose is to try to explain Ryanair's success in terms of context, Human Resources (HR) models and HR theories. The research will focus on motivational theories such as Maslow's, Mc Gregor's and Vroom's and also on aspects that affect motivation for example culture, team work and leadership. The triggers that motivate people to achieve are unique for everyone but despite what motivates the staff, it must be managed and balanced to achieve higher levels of performance (Llopis, 2012).

Palavras-chave: Ryanair, Motivation, Human Resources



1. Introduction

This article's purpose is to try to explain Ryanair's success in terms of context, Human Resources (HR) models and HR theories. The research will focus on motivational theories such as Maslow's, Mc Gregor's and Vroom's and also on aspects that affect motivation for example culture, team work and leadership. The triggers that motivate people to achieve are unique for everyone but despite what motivates the staff, it must be managed and balanced to achieve higher levels of performance (Llopis, 2012).

2. Company Background

Ryanair was founded in 1985 in Ireland and the company has grown from a small airline flying short journeys from Waterford to London, into one of Europe's largest carriers. The airline operates more than 1,600 daily flights from 70 bases, connecting 183 destinations in 30 countries and has a team of more than 9,500 aviation professionals. (Ryanair official website, 2014).

Ryanair strategy is cost leadership and the organization focuses on reducing and controlling primary expenses involved in running a major scheduled airline. The most significant contribution to the Ryanair low cost base however comes from its labour productivity. The company's compensation for employees emphasizes productivity-based pay incentives.

3. Discussion

Human Resource Management (HRM) is defined as a system of activities and strategies that focus on successfully managing employees at all levels of an organization to achieve organizational goals (Byars & Rue, 2006). Human Resources Management was created to assure the organization reaches its objectives by aligning individual goals with those of the organization, ensuring effective utilization and maximum development of employees. It is responsible for bringing people into the organization, helping them perform their work, compensating them for their labours, and solving problems that arise (Cherrington, 1995).

According to Michael O' Leary: "MBA students come out with: My staff is my most important asset. Bull****. Staff is usually your biggest cost. We all employ some lazy ***** who needs a kick up the backside, but no one can bring themselves to admit it." This

suggests Ryanair's CEO views his staff as a factor of production, an expense of doing business rather than the only resource capable of turning production factors into wealth. Human resources for Ryanair are viewed as passive, to be provided and deployed as numbers and skills at the right price, rather than the source of creative innovation (The Guardian, 2013). Legge (1995) claims that this is a typical view of Hard Model Human Resources Management.

In contrast, soft HRM focuses on the "human" aspect; people are recognized as the biggest asset (Legge, 1995). Their knowledge, skills and abilities are critical to achieve competitive advantage and impact directly the long-term sustained performance of a company. Legge (1995) also stated that employees are proactive rather than passive inputs into productive processes, capable of development, worthy of trust and collaboration, which is achieved through participation, commitment and involvement. It is possible to imply this kind of model is applied in EasyJet, another European low-cost carrier, from the statement of Alite Benson, group director of EasyJet on People Magazine: "Our employees are really crucial to the airline's success as our friendly customer service is one of the reasons our passengers choose to fly with us and our staff differentiate us from our competition".

Ryanair's employment-relations strategy is to focus on low costs via wage minimization, command and control of employees and union avoidance. Ryanair's employees may have to pay for their own training, their meals, their uniforms and even applications for job interviews (Barret, 2004). Therefore, lately the human resources at Ryanair are facing a lot of issues related to increased complaint by staff members. There is a high staff turnover and the negative reputation of the staff being rude to customers and the lack of customer service (Shay Cody, 2005). When it comes to not very decisive roles like those in which senior staffs are employed, the airline "does not encourage employees to leave, but neither tries to stop them from going away" (Bamber et al., 2009) because it can easily replace them with new people, especially from Baltic states and Poland (The Guardian, 2005).

In this adverse scenario it is necessary to resort to motivational theories in order to explain Ryanair's success (so far) and the factors that enable them retain staff in the company. In the rest of the essay I will briefly present some well-known motivational theories and link them with the current HR practices applied by Ryanair.

Motivation refers to “the reasons underlying behaviour” (Guay et al., 2010. Paraphrasing Gredler, Broussard and Garrison (2004) it is “the attribute that moves us to do or not to do something”. Only when one has a generator of one’s own it is possible to talk about motivation. One then needs no outside stimulation. One wants to do it.

In *The Human Side of Enterprise* (1960), McGregor presented two competing motivational theories about human nature he claimed dominate the managerial thought-world. Theory X says that the average human being is lazy and self-centred, lacks ambition, dislikes change, and wants to be told what to do. In this case control and authoritarianism are the emphasis in managing staff. Employee motivation, it says, is all about the fear and the pain. Theory Y states that human beings are active rather than passive shapers of themselves and of their environment. They long to grow and assume responsibility. The best way to manage them, then, is to manage as little as possible.

Ryanair management adopts a strict control over its employees, using often threats of cutting down retributions or firing in order to stimulate employees’ action (Bamber et al., 2009). Therefore, it is possible to assume that management of staff is conducted as in Theory X. On the other hand, analysing posts from Ryanair’s employees it is possible to perceive that many members of the staff claim that some of the aspects they appreciate about their jobs are the learning opportunities, the responsibility assumed performing their roles and the possibility of developing new skills, for example, sales experience. All these factors resemble more the manner staff is managed in Theory Y.

In Maslow’s motivational theory (1954) he postulated that there is a general pattern of needs recognition and satisfaction that people follow in often the same sequence (see Figure 1). He also claims that a person could not recognise or pursue the next higher need in the hierarchy until her or his currently recognised need was substantially or completely satisfied. Maslow affirms that employees’ behaviour is not just influenced by monetary rewards and reinforcement, but requires internal needs like self-esteem and self-actualisation.

Analysing Ryanair’s employees it is possible to assume that they can be at different levels simultaneously. Whilst is true that some physiological needs or safety needs might not be totally assured by the company’s policy towards workforce, some higher needs seem to be

fulfilled. This can be presumed by examining the content of Ryanair’s staff comments on the previously mentioned blog. In the sequence each step of Maslow’s pyramid will be illustrated by Ryanair’s practices.

Figure 1 - Maslow's Hierarchy of Needs



Applying Maslow to business	
Maslow's hierarchy	Business examples
Step 5 - Self-actualisation	Opportunities for creativity and personal growth, promotion
Step 4 - Esteem needs	Fancy job title, recognition of achievements
Step 3 - Social needs	Good team atmosphere, friendly supervision
Step 2 - Safety needs	Safe working conditions, job security
Step 1 - Physiological needs	Salary, decent working environment

Source: <http://www.bbc.co.uk/news/magazine-23902918>

- Step 1: Physiological needs: wage minimisation, working long and unsociable hours can negatively affect staff morale.
- Step 2: Safety needs: Ryanair recruits many of its staff through Crewlink and the workers are actually employed by Crewlink rather than Ryanair, to which the staff are merely sub-contracted (Indymedia, 2006). Outsourcing brings flexibility to the company in choosing whether or not to renew contracts as they expire. This outsourcing practice along with cancellation of routes during winter months reduces job security and can have a bad impact on employees’ motivation.

- Step 3: Social Needs: Many Ryanair employees pointed out on the blog the positive effect of having a really good atmosphere at the workplace, good relationship with colleagues, collaborative attitude between peers and team work. Harris (1986) describes a team as: “a workgroup or unit with a common purpose through which members develop mutual relationships for the achievement of goals/tasks”. Teamwork, then, denotes cooperative and coordinated effort by individuals working together in the interest of their common objective. It requires the sharing of skills and leadership and the playing of multiple roles.
- Step 4: Esteem Needs. Recognition of achievements: employees are given responsibility to negotiate new purchase contracts but they are also accountable for the outcomes. Various sanctions and incentives are available to achieve results. Commissions are paid on in flight sales to cabin crew.
- Step 5: Self-actualization: Opportunities for creativity and personal growth, promotion. Flynn–McAuley Report (1998) found that “one of the principal advantages of working for Ryanair was stated to be the prospect of promotion which is regarded as being considerably better in Ryanair than in other airport companies”. The company’s policy of promotion from within is highly regarded by employees. A considerable amount of employees also stated that one of the advantages of working for Ryanair is developing skills and abilities, for example, the opportunity to learn foreign languages, learn about the aviation field and customer service. Another relevant factor is the chance of dealing with customers and being able to actually help them.

Herzberg, in his two-factor theory (1987), states that the factors involved in job satisfaction and therefore motivation (motivation factors) are detached and different from those that guide to job dissatisfaction (hygiene factors). According to the theory, the absence of hygiene factors can create job dissatisfaction, but their presence does not motivate or create satisfaction. Herzberg determined from the data that the motivators were elements that enriched a person's job; he found five factors in particular that were strong determiners of job satisfaction: achievement, recognition, the work itself, responsibility and advancement. These motivators (satisfiers) were associated with long-term positive effects in job performance while the hygiene factors (dissatisfiers) consistently produced only short-term changes in job attitudes and performance.

This means it is necessary that Ryanair management eliminates the sources of dissatisfaction (Bamber et al., 2009) such as poor working conditions, rigid and autocratic supervision, bad

communications, lack of employee advantages, for example health care, and long work hours all composing a very demanding environment. On the other hand, it is possible to assume that some motivators are present in the daily routine of Ryanair staff such as:

The work itself: some employees claimed they enjoy working for the company because the day work is fun, the job is never boring since everyday is different, they have the opportunity to meet new people from different backgrounds, visit a lot of countries, they have travel benefits and they also claimed they appreciate the fact that they have to work hard and under pressure.

Responsibility: Empowerment is an integral part of a strategy for motivation and commitment. People respond to being asked to undertake tasks which involve assuming greater responsibility, and this is what empowerment is all about -the deliberate and orderly distribution of power and authority to different levels in the organisation (Bramham, 1994), this means that team members are seen as being capable of making decisions, of being innovative and able to contribute ideas, because they know the job better than others higher up in the organisation (Kennet, 1994).

Through the statements on the blog it is possible to imply that Ryanair's employees appreciate the high level of responsibility they assume in performing their jobs, it gives them satisfaction to know they are in charge of the welfare of passengers and that their roles are decisive to improve customer service. Besides, restrictive practices are strongly discouraged in the organisation and multi-skilling encouraged. Cabin crew are not only expected to sell a wide variety of products, but also to assist with cleaning and luggage if required (McCormick, 2010). This ability to execute a wide range of diverse tasks can provide the employees with a sense of being useful and capable and thus enhance their morale (Harris, 1986).

In reference to Vroom's expectancy theory (1964) an employee is motivated in doing his/her job if his/her effort will lead to a performance, such a performance will be rewarded and the value of reward is highly positive. The expectancy theory has three key elements: expectancy, instrumentality, and valence. A person is motivated to the degree that he or she believes that (a) effort will lead to acceptable performance (expectancy), (b) performance will be rewarded (instrumentality), and (c) the value of the rewards is highly positive (valence).

Vroom suggests that motivation, expectancy, instrumentality, and valence are related to one another by the equation: $Motivation = Expectancy \times Instrumentality \times Valence$. According to Flynn and McAuley report, “most employee groups consider that they work hard for the Company, harder and more effectively than workers in other airport-based companies.” (Flynn and McAuley, 1998, p. 14). Therefore, it is sensible to imply that Ryanair’s managers encourage staff to perform harder (Expectancy), in the belief that success will bring reward, such as the promotion opportunities, (Instrumentality) and that the reward is worth having (Valence).

Another important factor that affects motivation is culture. Corporate culture can be defined as the system of conviction, values, traditions and practices, which are spread and shared by different individuals within the organisation (Legge, 1995).

McShane and Glinow (2005) state that corporate culture helps workers to comprehend organisational situations through a superior sharing and a more effective and efficient communication, achieving better levels of cooperation with each other. Some of the benefits of organisational culture are competitive advantage derived from innovation and customer service, consistent and efficient employee performance, team cohesiveness, high employee morale and strong company alignment towards goal achievement.

Culture in Ryanair is youthful, casual and irreverent. Few Ryanair staff are over 35 years of age (McCormick, 2010). It is supremely cost conscious and also confrontational, litigation with opponents is widespread, be they governments, the European Union, airport authorities, other airlines, unions, regulatory authorities or passengers themselves (McCormick, 2010). The corporate culture of the staff is also illustrated in the Flynn–McAuley Report (1998) that states that “it is clear that most employees in Ryanair identify strongly with the company and its management. They are proud of its achievements and success. They are confident that the company will continue to grow and this will provide additional career opportunities for them.” The Flynn–McAuley report shows that the corporate culture of Ryanair is strongly supported by the staff and seeks to outperform other airlines and airport companies and that the strong management style in the airline is highly regarded by the employees.

As Melewar (2006) stated the founder of the company can affect the corporate culture since today’s brands are inextricably linked to the leader’s image. (Lazarus, 2003). This has a direct

influence on the reputation of the organization. (Hall et al. 2004). Hence, Leadership is considered as an essential topic in the dynamic business world.

Leadership is the process in which an individual influences other group members towards the attainment of group or organisational goals (Shackleton, 1995).

Daniel Goleman (2000) distinguished six leadership styles to be utilised by the leader to the team's and company's needs. The styles are coercive, authoritative, affiliation, democratic, pacesetter and coaching. An important discovery that Goleman made was that good leaders adapt to the changing conditions in their environment: they are resonant.

Michael O'Leary was able to develop a unique culture for his organisation, mobilising people towards a vision. O'Leary has built and sustained a low cost organisational culture and this culture is the core of Ryanair and influences on how it operates and conducts its business. This visionary attitude suits the authoritative style of leadership and can be represented by a "Come with me" approach from the leader. On the other hand O'Leary is also known for strict control on employees, applying a more 'autocratic' style, where the leader is in total command and control of the team. Ryanair's CEO uses also the "do what I tell you" philosophy to manage staff, demanding immediate compliance, which resembles the coercive leadership style from Goleman.

At Ryanair the power of leadership is not only visible through the actions of its CEO but also through the manner the front line managers deal with staff. Some of Ryanair's employees stated in the blog that their bosses were determinant to improve their satisfaction towards the job and the company.

4. Conclusion

This article has examined renowned motivational theories in order to try to explain what are the main factors that allow Ryanair to be successful in terms of Human Resources Management even though they currently hold a very bad reputation when it comes to managing staff.

It can be concluded that the sustainability of Ryanair relies on the fact that some employees are motivated to work in this major airline company because they feel aligned with the culture and the style of the job. Most employees are young so they might appreciate the fact that their

work days are sometimes unpredictable, they enjoy the learning opportunities, the possibilities of meeting new people, new places and working in a very friendly atmosphere that values the importance of teamwork and gives employees a sense of responsibility.

In the current economy most businesses are obliged to re-examine their cost base and some traditionally accepted costs need now to be analysed whether they are strategically necessary. However, in the industry it is paramount not to focus so uniquely on costs. In order to sustain this organisational success, Ryanair needs to appreciate the competition in the airline industry and implement strategies that can allow gaining the potential advantages of developing partnerships with their workforce. This different approach towards staff can enhance customer service and company's profit.

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