

Coping with Turbulent Times in the Indian Aviation Industry

JET AIRWAYS LAYOFF

What Kind of HRM is this ?

THE CASE

- The case is about the retrenchment drama that unfolded in one of India's leading aviation companies, Jet Airways (India) Limited in Oct 2008.
- More than thousand employees were laid off.
- It was a part of major Cost-cutting exercise to tackle Global slowdown and price hike of Aviation fuel.

Jet Airways as on October 2008

- Largest in Indian Aviation Industry (\$6 billion).
- A fleet of 107 Domestic aircraft serving 1,009 daily flights.
- On 82 International routes.
- Total strength of 19,000 employees.

THE RETRENCHMENT DRAMA UNFOLDS.....

- Oct 16, 2008, Jet announced that it would lay off nearly 1,100 of its staffs to streamline operation.
- A day after it had already laid off around 800 of its cabin crew members.
- Simultaneously announced second phase of lay-off of 1100 employees, mainly from departments like flight attendant, cockpit crew etc.

THE RETRENCHMENT DRAMA UNFOLDS.....

- Amidst great furore and opposition by various organizations and political parties, Naresh Goyal , Chairman of Jet Airways, reinstated the employees a day later the great emotional drama.
- November 2008, Jet decided on a 20% cut in the salaries of its pilots, engineers, and some other staffs.

SOME SALIENT ISSUES.....

- Employees were FIRED without any PRIOR NOTICE
- The entire force of unconfirmed staff was being laid off on a 30-day compensation package
- Company took action only against lower staffs

ETHICAL ISSUES.....

Some quotes made by higher officials.....

"A total of 1,900 people are being served separation notice. 800 have already been served notice. In the next few days the others will also be served notice. It is an attempt to save the jobs of remaining 11,100 employees,"

Saroj Datta (Exe Director)

"It is a difficult decision but we had to take it,"

Wolfgang Schaeur (CEO)

Some most crucial questions unanswered....

- Where would those 1900 employees go?
- Why took action only against lower grade staffs, whereas senior management officials were not touched ?
- What would be the future of those students currently taking courses in cabin crew, captain etc?
- Why did the Jet CEO enter the competitive market, instead of playing down after foreseeing risks?

SOME OBSERVATIONS.....

- The very existence of any company is because of its employees.
- Company keeps on focusing on customer satisfaction when its own people are so highly dissatisfied.
- Employees are more than just-a-resource.

POINTS TO PONDER

- No company would know of a risk over night, its built over a period and there should not be any drastic decision which may endanger its employees.
- More accountability from top management.
- The role of HR executive is important to ascertain that people's interests are not left aside in the race for profits.
- The HR executive to ensure no discrimination in pay cut and lay off.
- Before reaching to decision, make environment conducive to acceptance of decision.