BENCHMARKING HUMAN CAPITAL STRATEGIES OF DOMESTIC AND FOREIGN AIRLINES: EVIDENCE FROM NIGERIA

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Abstract

The object of this research is to investigate the human resource management strategies in the Nigerian Airline Industry. A comparative study was conducted in Nigeria's airline industry to examine the extent to which Domestic Airlines (DAs) and Foreign Airlines (FAs) operating in the country are using Human Resource Management practices. The findings reveal that real differences exist between the domestic airlines and foreign airlines with respect to barriers to their human resource practices. Kruskal Wallis and ANOVA tests performed show that for the foreign airlines, lack of tangibles and non-supportive management culture are the strongest barriers to the FAs human capital practices while for the DAs, all the barrier factors mentioned are significant at 0.05 level of significance. The study recommends among others that there should be total commitment by the top management, continuous training of employees and knowledge of what accounts for the success of HRM practices in airline organisations.

Keywords: Human Resource Management, Domestic Airlines, Foreign Airlines, Nigeria.

Introduction

Benchmarking has become increasingly important, as organizations strive to compete globally by improving quality and reducing costs (Brillinger, 2001). For many, this means observing, adapting and re-applying best practices from others within the same industry sector (Appleby and Mavin, 2000). Following the lead of several scholars, benchmarking is defined here as continuous examination of practices against those organizations regarded as practice leaders (Bamberger and Feigenbaum, 1996; Goldwasser, 1995; Sanchez *et al*., 1999). Hence, unlike popular conceptions, industry sector is not important delimiter. The complexity of benchmarking the human capital strategies of others due to higher barriers to imitation than those of product innovations has led many organizations to ignore the human resource (HR) function. More recently, competitive pressures have helped forge new understandings regarding the need for strategic human capital strategies (Boxwell, 1994). Underpinning this movement is the understanding that human capital may be the only sustainable competitive

advantage (Brillinger, 2001). Domestic airlines (DAs) in Nigeria have greatly benefited from the influence of foreign airlines (FAs).

In the airline industry, Nigeria has been a model of economic woe (Diepiriye and Okereke-Onyiuke, 1997). There has been a continuous decline in Nigeria's airport operation. This development has largely not been fueled by foreign direct investment from multinational FAs. These companies which brought with them their capital and technology and technical-know how has not capitalized on the vast economic benefits in the Nigerian airline market because of its political problems. This has negative implications on the industry.

Historically, DAs have focused on their technical and capital resources at the expense of their human resources (Diepiriye and Okereke-Onyiuke, 1997). They have viewed their human capital as playing a strategic role in the success of their business plans. Though the trend is changing for the better, DAs still have a lot to learn from the human capital strategies of their foreign counterparts.

The purposes of this study are:

1. To investigate the form of human resources practices prevailing in the selected domestic airlines (DAs), their role and effectiveness in the survival and growth of Nigeria's domestic airlines (DAs);
2. To identify similarities and differences between the HR practices of domestic airlines (DAs) and foreign airlines (FAs) in Nigeria;
3. To explore how DAs can emulate the successful strategies of FAs.
4. To offer insights on how managers can better manage HR practices in their respective airlines.

The rest of the paper is structured as follows. First, we present an overview of the Nigerian airline industry, exploring the issue of deregulation of the industry. This is because, deregulation brought about foreign entrants into the industry. Research questions and methodology are then stated. We next analyze the data for the study. The results, concluding remarks, managerial implications are then discussed, followed by the limitations of the study.

The Nigerian Airline Industry

The deregulation or partial deregulation of the airline industry occurred in Nigeria during the first quarter of the 1980s. Before the advent of deregulation in Nigeria, all economic aspects of airline operations were strictly controlled and regulated. The barriers to entry or exit into any city air market was high, new entrants into the industry were controlled, fares were fixed and regulated, frequencies, profits were controlled; industry regulators controlled and regulated all aspects of activities except its costs.

Deregulation of the airline industry in Nigeria was brought about by combination of forces or factors. Nigeria Airways was the only airline existing in Nigeria. Though a limited liability company, Nigeria Airways, the national carrier, was owned by the federal government. As a parastatal, its performance was easy and quick to be pre-determined. The National carrier at the deregulation of the industry had in its fleet four A310s, three B-707s, eight B-737s, two B727s, and two DC-10-30S (Diepiriye and Okereke-Onyiuke, 1997). With such an equipment mix, the national carrier had difficulties meeting with passenger demand. Passenger spill over from flights coupled with gross mismanagement of the airline compounded the prevailing situation. Flight delays became routine and appeared to have been

adopted as standard operating procedure. Flight cancellations were common. Passengers virtually had to physically fight and struggle to catch their flights. The use of seat numbers to guarantee passenger seats was a failure. The difficulties to get a seat on a flight became national issue. These, coupled with the pressures of influential Nigerians ready to have a trial at the air transport market, pushed for a deregulation of the industry, to make for easier entry into the market.

Deregulation offered greater operating outlets to several new comers, first pioneers being Okada Air and Kabo Air. The relaxation of entry requirements into the market saw an astronomical increase in applications for and approval of operating licenses. By the end of the 1980s the number of carriers had gone beyond manageable limit. By mid 1990s, the number of licensed air operators was 144 operators (Diepiriye and Okereke-Onyiuke, 1997). As expected, deregulation brought in many new entrants into the market. Consequently, there came price/fare war. Carriers tried to edge each other out of the market by charging abnormally low fares. The competition was so fierce that the industry itself was threatened. The industry regulators then intervened.

As entry into the market became easy so did exit become easy a characteristic of deregulation. Many who had picked up operating licenses are yet to get airborne. Many companies had left the market just as they entered. The casualty list is long and the industry is in serious state of distress. The cause of high failure rate in the airline industry is not only as a result of excessive competition. The existing economic climate in Nigeria to some extent is a contributory factor. All airline inputs except fuel and salaries are in foreign currency with only thirty per cent in local currency (Diepiriye and Okereke-Onyiuke, 1997). Existing exchange rate compounds the problems. With these and several other problems, airline operators subsidized their operations from earnings from elsewhere. At the end of 2003, only 36 airlines are operating in Nigeria.

As mentioned earlier, deregulation of the airline industry guaranteed increased choice but not lower fares. During a period of low economic activity, abnormally high fares will drastically reduce patronage and thus earnings. Without reasonable earnings, carriers will be unable to meet their costs. In an industry where demand is highly elastic, price increment will result in more than a proportionate decrease in patronage.

The circumstances which precipitated the deregulation of the airline industry in Nigeria are quite different from the forces at play especially in the United States. However, the common factor in both cases was the responses to industry need and or public interest. In the US it was the industry that championed the deregulatory process while in Nigeria, it was the government's response to industry and public needs as well as pressures for potential new entrants into the market. Airlines have to develop strategies for sustained growth in order to survive in the deregulated environment. Survival strategies in a deregulated global air transport market dictate alliances and mergers between players in local, domestic, national, regional and inter-continental markets, as is the practice nowadays.

The implications of deregulation of an airline industry are numerous. They include:

1. The exit from the market by carriers classified as weak;
2. Entry of new and smaller carriers on routes abandoned by bigger carriers;
3. Low competitive fares resulting from increased competition;
4. Airlines offering better and improved service;

5. The likelihood of having airlines that are better managed and operationally efficient;
6. Easy exit and entry into the market;
7. Carriers concentrating on routes they have competitive advantage;
8. Bigger carriers' preference for long and high density routes;
9. Airlines forming alliances for strategic reasons;
10. Carriers competing vigorously on routes considered strategic to them;
11. A fight for competitive advantage first in strategic operational aspects.

Table 1 shows passenger traffic at the nations 20 airports.

Table 1: Passenger Traffic and Aircraft Movements at the Nations Airports.

YEAR	***No of Passengers (Millions)***	***No of Aircraft (000)***
1995	4.06	126.04
1996	4.52	126.27
1997	4.83	124.89
1998	4.41	128.02
1999	5.01	130.10
2000	5.84	135.72
2001	6.01	140.01
2002	6.2	141.63
2003	7.1	171.45

Source: *Federal Office of Statistics Annual Abstracts (1995-2003) Editions.*

Passenger traffic at the nations 20 airports in 2003 was 7.1 million, giving an indication of growth in the aviation sub-sector (FAAN, 2004). Statistics on passenger traffic at the nations 20 airports show that the domestic sector recorded 5.4 million passenger movements, eight international airports handled 1.6 international passengers. This performance by the sub-sector is an improvement at 14.11 per cent over the previous year when total passenger traffic stood at 6.2 million.

In the same year, 171,452 aircraft movements were recorded within the country compared to 141,634 in 2002, representing a difference of 15.07 per cent (FOS, 2003). The import of these statistics has serious implications on the economy.

Research Questions

The research will address the following questions;

1. What are the emphases of DAs and FAs on HR strategies?
2. How does human capital improve/affect competitiveness in the airline industry?
3. What relationships exist between DAs and FAs human capital strategies in the Nigerian airline industry?

Research Methodology

Design of Sample Size

The sample for this survey consisted of 15 airlines (8 domestic and 7 foreign airlines). Table 2 shows the profile of the respondent airlines and their characteristics and the list of airlines surveyed are displayed in Table 3.

Table 2: Respondents Companies and Number of Employees

No of Employees	No of Airlines
≤ 50	7
> 50 < 100	6
≥ 100	2

Source: Field Survey.

Table 3: List of Airlines Surveyed.

Domestic Airlines (DAs)	Foreign Airlines (FAs)
1. Sosoliso Airlines	1. Dutch KLM Airlines
2. Aero Contractor Airlines	2. Alitalia Airlines
3. Kabo Airlines	3. British Airways.
4. Albarka Airlines	4. Swiss International Airlines
5. Chanchangi Airlines	5. Lufthansa Airlines
6. Belview Airlines	6. Air France Airlines
7. EAS Airlines	7. Virgin Atlantic Airlines
8. ADC Airlines	

Source: Field Survey.

Data for the survey were collected via a well structured questionnaire. The questionnaires were mailed to the human resources manager and his deputy or the personnel responsible for human resources and the operations manager and his deputy, of these airlines. Two months later, letters of reminders were e-mailed to non respondents. Finally, a follow up visits were undertaken to meet those who still had not responded. Two responses were solicited from each sampled airline. It was acknowledged that bias in data collection may stem from the use of a single respondent in this study. However, this key informant strategy led to inclusion of deputies as to provide a more reliable source of information and help to ensure that the respondents have the necessary knowledge to respond (Phillips, 1981). Because a HRM system requires company-wide focus, it was assumed that these informants have a good knowledge of the HRM status in their airlines.

A total of 60 questionnaires were mailed out. The response rate was 75 per cent or 45 completed questionnaires. Two questionnaires were invalid because the answers were not properly applied in the questionnaires. Therefore, 43 questionnaires representing 72 per cent

response rate were used for analysis. The response rate for DAs was slightly higher than that of FAs at 55.8 per cent (25 questionnaires) and 44.2 per cent (20 questionnaires) respectively. The response rate is acceptable, as it meets the general industry standard of 32-35 per cent for such surveys (Phillips, 1981).

Data Analyses

The data collected were compiled, coded, tabulated and analyzed using an SPSS (Statistical Package for Social Scientists) software program. In displaying the results it was decided to follow Lawler *et al.*'s (1992) method of presentation for two reasons. First, their approach is simple, direct and easy to understand and, second, it helps make a sensible comparison between the two samples.

In using the SPSS software, data were created in the data editor with the associated variables and the chart menu selected for the graphical representation of the variables. The bar chart menu was then selected for the bar chart graphs. Also, for the percentage analyses, the same procedure was used by putting data in the data editor with their associated variables and then clicking on the percentage menu in the dialog box of the software for the analyses. Interpretations from the results were then carried out.

To find out the similarities and dissimilarities on the facilitating factors and barriers to the human capital practices of the two airline groups, both Kruskal Wallis test (K-W) and one way of variance (ANOVA) were employed among the two airline groups on a five-point Likert scale. For scoring purposes as to the questions regarding the facilitating factors and barriers to human capital strategies, a five-point Likert scale was employed with a score of 1 assigned to 'extremely important' and a score of 5 assigned to 'extremely unimportant'. However, a zero score was introduced in the scale to capture the cases where respondents have 'no opinion' or 'not applicable'.

The One-Way ANOVA procedure produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal.

To perform the ANOVA and Kruskal Wallis test with the SPSS software, the raw data were entered into the data editor and one way analysis of variance selected from the analyze menu. After the ANOVA analyses were computed, the results were highlighted and then Kruskal Wallis test performed. Kruskal Wallis test is a nonparametric equivalent to one-way ANOVA. It tests whether several independent samples (in this case, the various airlines) have the same thing in common (the human capital strategies, in this case) and assumes that the underlying variable has a continuous distribution, and requires an ordinal level of measurement.

In analyzing the questions and reasons for asking such questions in the questionnaire, only the most vital questions used in the data analysis are explained. The respondents were asked to elucidate what reasons inform their airline to implement human resource strategies so as to know what dimensions received more attention and to have an understanding of the *vision* of the airline in implementing HRM practices and what it intends to achieve. In asking the respondents how successful the information sharing programs in improving organizational performance of their airline is, the idea behind the question was to enable the researcher evaluate the airline's overall performance, the information variable being used or

expected to be used and how employees are likely to contribute toward the success of the company.

To evaluate the importance each airline places on power sharing among employees, respondents were asked to specify what particular importance they placed on specific power sharing traits. The essence of the question was to enable the researcher to determine the extent to which the airlines are moving decision to lower level management.

To highlight more on the extent of decisions being moved to lower management, respondents were thus asked to evaluate how successful or unsuccessful the power sharing approaches they were using in improving organizational performance. The essence of this question was to identify the variables that greatly affect performance both positively and negatively as a result of HRM practices in the airlines.

In evaluating what motivates employees to put in their best towards attaining organizational success, respondents were asked to state the number of their employees that were covered by certain reward system and how successful such reward systems are at enhancing organizational performance. The question sought to help the researcher in identifying the reward systems that enhance the performance of employees thus leading to increased productivity and also to know the most successful and effective reward system(s) being used by the airlines sampled. Questions on what certain conditions facilitates or serves as barriers to HR practices in the sampled airlines were asked the respondents so as to highlight the conditions that support or oppose HR practices in the airlines sampled.

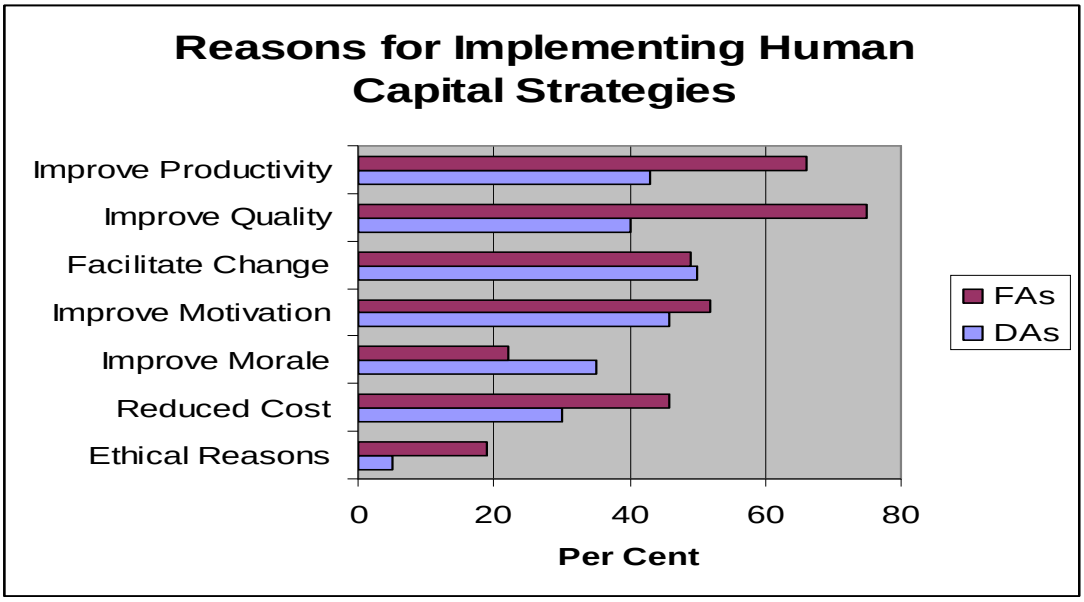
Discussion of Findings

Reason for Human Resource Practices

As stated earlier, human capital strategies/programs appear to be the most effective way to attain a number of corporate objectives. The most widely cited reasons for human capital involvement programs are productivity and quality improvement, morale enhancement, employee motivation, management change, cost reduction, and social and ethical responsibility (Wimalasiri and Kouzmin, 2000).

Figure 1 illustrates the responses to the question on "the reason for considering human capital strategies. The essence of this question is to know what the airline has in mind in embarking on human capital strategies. The results suggest that domestic airlines (DAs) do not seem to have fully grasped the desirability of human capital interventions in improving productivity, quality and cost reduction.

Figure 1: Reasons for implementing Human Capital Strategies



Of the foreign airlines (FAs) respondents, 66 per cent believed that productivity could be improved through employee involvement schemes, whereas only 40 per cent of the DAs respondents believed so. Quality improvement (75 per cent) is another outcome of human capital involvement practice in the FAs context, but for the DAs on 40 per cent believed that quality could be improved through human capital schemes. Of the DAs respondents, 35 per cent said that morale could be improved, whereas in the FAs sample only 22 per cent believed so. Relatively, the FAs seem to have a better understanding of the positive effects of employee involvement practices on such variables as productivity and quality improvement, cost reduction and motivation. DAs, too, believe in the positive impact of employee involvement practice, but not as many as their FAs counterparts.

Information Sharing Process

Without adequate knowledge of the airline's overall performance, future plans and goals, the knowledge about the information being used or expected to be used, employees are unlikely to be able to contribute toward the success of the airline. The question about how many of the airline's employee are currently involved in each of the information sharing programs is to enable the researcher evaluate the airline's overall performance, their future plans, the information being used or expected to be used and how employees are likely or unlikely to be able to contribute toward the success of the company.

Figure 2: Employee Involvement in Sharing Information

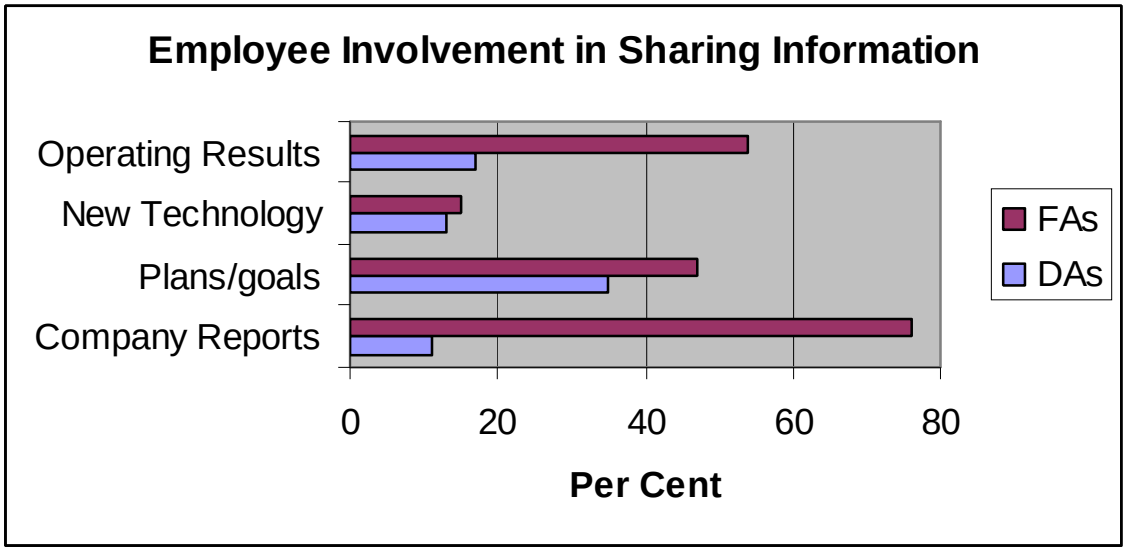


Figure 2 provides responses to the question on the types of information being shared. One may be surprised to note that DAs do not wish to consider their employees as important stakeholders of the airline. Information about airline performance, which eventually becomes public information, is given only to a handful of employees. Only one per cent of the airline shared financial information with more than 60 per cent of their employees. The comparative figures with the FAs clearly show that FAs are far ahead of DAs in willingness to share information. Of the FAs, 76 per cent share their financial information with more than 60 per cent of the employees and 54 per cent share their operating results with their employees. The corresponding figures for DAs sample are1per cent and 17 per cent respectively. Sharing all or most of this type of information is a necessary precondition for high levels of employee involvement (Lawler *et al*., 1992). In such circumstances employees will get involved in the decision-making process (given an opportunity) only if they affect their immediate job duties. In this context, DAs find it difficult to make transition to effective employee involvement because there appears to be a profound lack of trust in the ranks of employees. Employees in DAs, compared to FAs, have very little reason to trust management.

Power Sharing Programs

In order to determine the extent to which airlines are moving decision making to lower levels, the survey asked about the existence of a number of specific approaches. Table 4 shows that, in all five employee empowerment approaches, the two samples vary markedly.

Table 4: Power Sharing Practices

HR Practices	None (0)		Some (1-40)		About Half (41-59)		Most (60-99)		All (100)	
	FAs	DAs	FAs	DAs	FAs	DAs	FAs	DAs	FAs	DAs
Quality Circles	34	64	53	29	7	3	5	5	1	0
Group/TQM	14	71	65	19	11	5	8	3	3	3
Job Enrichment	25	43	66	49	6	3	2	5	1	0
Work Teams	53	51	46	23	1	12	0	5	0	9
Feedback/ Consultation	23	66	46	20	5	8	11	5	16	2

Source: Field Survey Results.

Note: Numbers in parentheses are percentages.

Quality circles, group participation and survey feedback seem to be relatively more popular in the foreign airlines than the DAs. The most popular power sharing approach in DAs is work teams (23 per cent respondents said that more than 40 per cent of employees are currently involved in work teams). The figure drops to just 1 per cent in the FAs sample. Effectively, work teams are insignificant in FAs. Quality circles have not received much attention in DAs. Only 8 per cent use them covering more than 40 per cent of employees, whereas in the FAs, 13 per cent use some form of quality circles in most airlines. Of respondents, 64 per cent stated that they did not have any form of quality circles. The corresponding figure for the FAs was 34 per cent. Similarly 66 per cent of the DAs do not have feedback systems, whereas in the FAs that figure drops to 22 per cent indicating the FAs' willingness to exchange information with their employees. On the whole, the power sharing approaches in the FAs are at a more advanced stage than they are in the DAs sample.

The Success of Power Sharing Practices

Table 5 presents the results of a question that asked how successful or unsuccessful the power sharing approaches were in improving organizational performance. The pattern of responses in Table 5 is consistent with that of Table 4. Although comparatively DAs are less enthusiastic about power sharing, success rate is quite notable. No approach was rated as unsuccessful by more than 5 per cent of respondents in both airlines. Compared to DAs respondents, more FAs were undecided about the level of success. Teams, group participation and quality circles were found to be favorites of DAs respondents. Of DAs respondents, 98 per cent said that work teams were successful in improving organizational performance. In the FAs only 60 per cent were of the opinion that work teams were successful. Group participation (70 per cent) and feedback (73 per cent) were rated as successful practices in the FAs.

Table 5: Success of Power Sharing Practices

HR Practices	Very Unsuccessful FAs	DAs	Unsuccessful FAs	DAs	Undecided FAs	DAs	Successful FAs	DAs	Very Successful FAs	DAs
Quality Circles	1	0	11	0	36	23	60	48	17	4
Group/TQM	1	0	0	0	26	16	62	53	32	11
Job Enrichment	0	0	4	0	40	32	49	46	22	7
Work Teams	1	0	0	0	39	2	69	44	29	16
Feedback/ Consultation	0	0	5	0	25	25	60	50	10	5

Source: *Field Survey Results*.

The overall results reported in Table 5 are quite exciting. The respondents of both FAs and DAs clearly feel that power sharing approaches are likely to improve organizational performance, although the number of airlines using them is relatively low in DAs (Table 4). The success or failure of power sharing approaches depends, to a large extent, on whether senior managers become the proponents or champions of the practice, the level of investment of effort and resources in launching the practice and whether the employees could see the practice as being in their best interest.

Performance-based Rewards

Basing rewards on organizational performance is one way to ensure employees are involved and care about the performance of the organization (Lawler *et al*., 1992). It is very difficult to maintain a committed workforce if the rewards are not commensurate with the effort exerted in performing a job. The respondents were asked to indicate how many of their employees were covered by each of the four pay/reward systems in order to achieve the objective of ensuring that employees are involved and care about the performance of the organization. The results are shown in Table 6.

Table 6: Performance-Based Rewards

HR Practices	None (0) FAs	DAs	Some (1-40) FAs	DAs	About Half (41-59) FAs	DAs	Most (60-99) FAs	DAs	All (100) FAs	DAs
Individual Incentives	10	31	70	29	8	12	8	9	4	19
Team Incentives	41	19	48	29	6	26	3	15	3	11
Profit Sharing	37	51	26	37	4	3	16	3	17	2
Stock Ownership	36	0	15	0	3	0	17	0	29	0

Source: *Field Survey Results*.

Note: Numbers in parentheses are percentages.

As shown in Table 6, in DAs, the two most popular rewards are individual incentives and team incentives. In the FAs, profit sharing and stock ownership were found to be most widely used approaches. In the DAs, stock ownership was not available to employees whereas in the FAs, the figure available to employees was 29 per cent. Similarly, only 2 per cent of DAs allowed all employees to share corporate profits. Individual and, to a lesser extent, team incentive plans are usually not supportive of employee involvement and this is consistent with DAs employees lackluster attitude toward HR practices. On the other hand, the FAs employees' lesser emphasis on individual incentive plans and greater emphasis on profit and share ownership programs indicate their commitment to HR practices. The lack of compelling incentives for employees participating in an employee involvement program may undermine attempts to bring about organizational change (Ahlbrandt *et al*., 1992).

Success of Reward for Performance

Those airlines using various reward systems for performance were asked to rate the success of their practices in enhancing organizational performance. Both FAs and DAs rated pay-for-performance as successful. The essence of this question is to know the most successful and effective reward system(s) being used by the airlines sampled.

Table 7: Human Capital Program

HR Practices	Very Unsuccessful		Unsuccessful		Undecided		Successful		Very Successful	
	FAs	DAs	FAs	DAs	FAs	DAs	FAs	DAs	FAs	DAs
Individual Incentives	2	0	5	0	19	7	62	70	12	23
Group Incentives	0	0	5	0	34	8	51	66	10	26
Profit Sharing	0	0	4	3	25	8	45	47	26	4
Stock Ownership	1	0	4	0	23	0	49	0	23	0

Source: *Field Survey Results.*

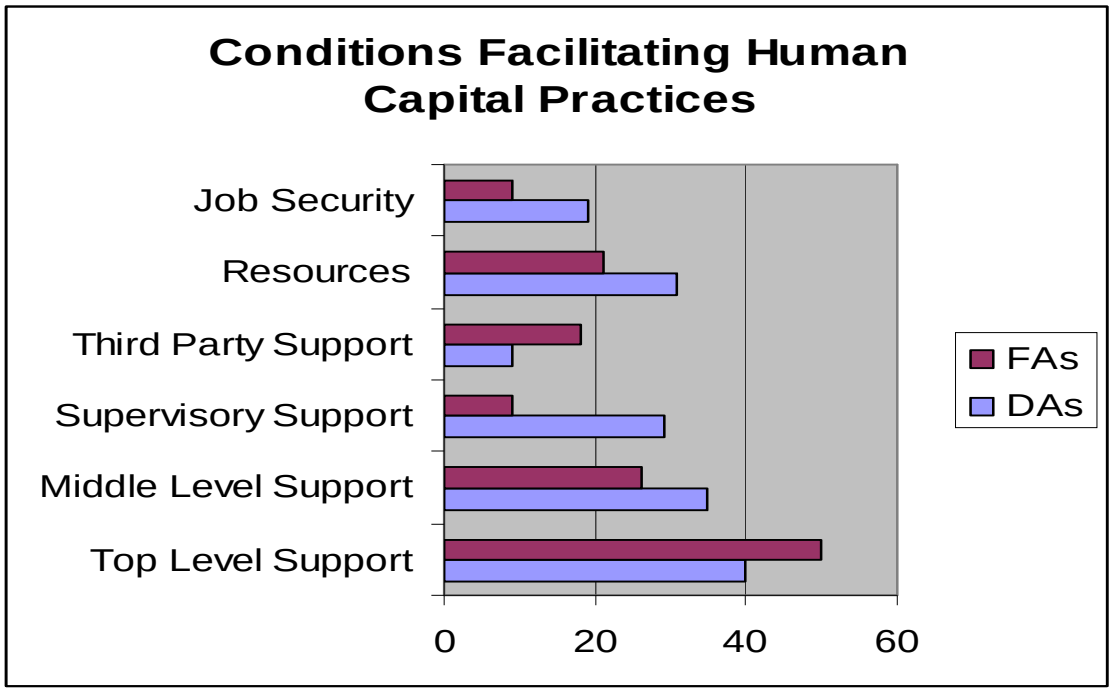
As shown in Table 7, the highest success ratings go to individual incentives (93 per cent rated successful or very successful) and group incentives (92 per cent rated successful or very successful) in DAs. For the FAs, priority goes to profit sharing (74 per cent) and stock ownership plans (72 per cent). Thus, DAs respondents felt that individual incentives, group incentives, and profit sharing could play a major role in promoting organizational improvement. The FAs were less emphatic on group incentives than their DAs counterparts.

The overall results are quite interesting. The respondents felt the reward system practiced in their respective airlines were clearly responsible for the success, if any, of their human capital interventions.

Implementing Human Capital Programs: Facilitators and Barriers

With reference to conditions facilitating HR practices, respondents were asked to declare the degree to which given an organizational conditions currently facilitate HR practices in their airlines. Figure 3 presents information about how the two airlines' samples differ across the six types of facilitators.

Figure 3: Conditions Facilitating Human Capital Practices



In both samples, top management support appears to be one of the important conditions that facilitate HR practice. Of the FAs respondents, 50 per cent, and 40 per cent of DAs respondents endorsed top management support as a prerequisite for successful implementation of HR schemes. Of the DAs sample, 35 per cent said that the middle level management support was desirable whereas only 26 per cent of the FAs respondents expected the middle management support. Both supervisory management support (29 per cent) and resources (31 per cent) were high on the DAs respondents' agenda.

Job security appeared to be more important to DAs (19 per cent) than their FAs counterparts (9 per cent). DAs respondents' emphasis on middle management support, supervisory support, resource availability and job security indicates that they were still doubtful about the expected success of the HR practices and, therefore, they needed a great deal of support from such sources.

Marchington *et al*. (1994) suggested that management relations involving top, middle and supervisory management are a significant factor explaining waves of human capital involvement. HR practices will not be successful if employees perceive management's behaviour as unethical, irrational, irresponsible and inconsistent. As Schoonover (1993)

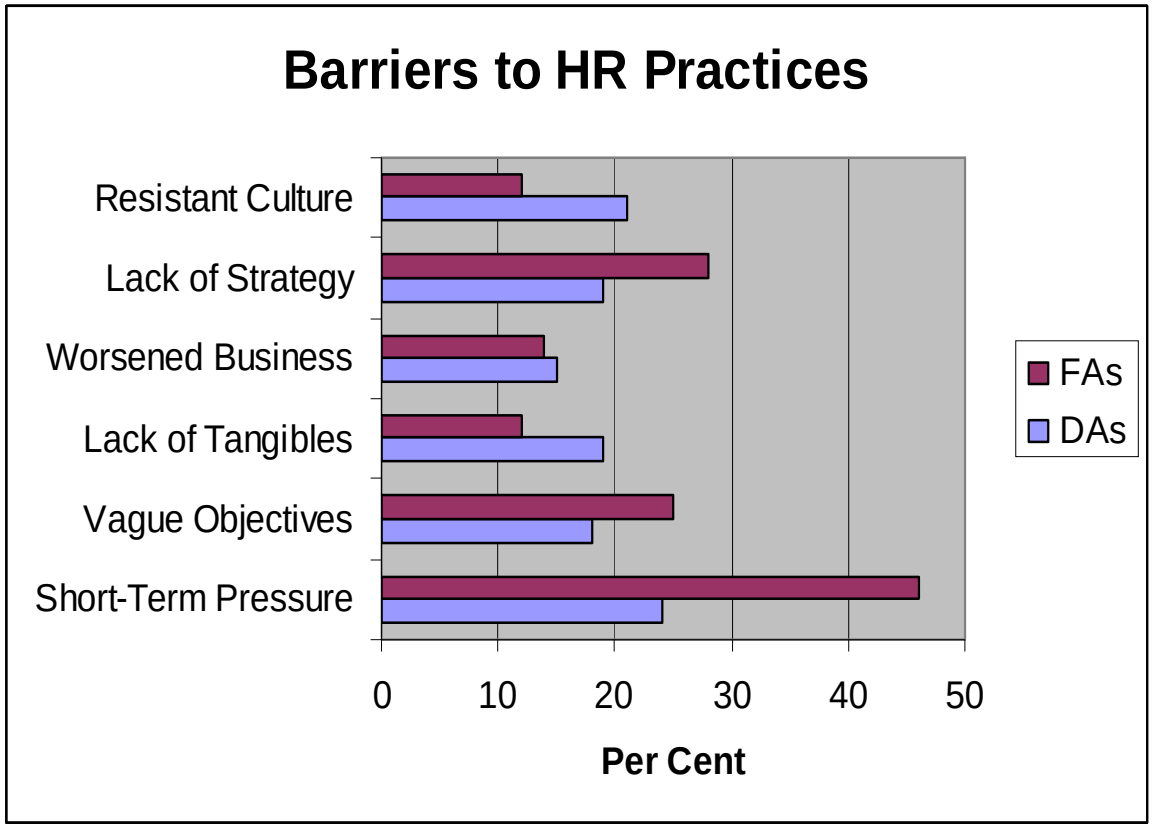
points out management must embark on HR programs and be committed to adopting a philosophy of cooperation, participation and decentralization of decision-making processes.

Barriers to Human Capital Program

Whether human capital programs are successful depend, in part, on whether the prevailing organizational conditions are appropriately managed the satisfaction of employees. In this respect, the respondents were asked to indicate the extent to which a given set of conditions poses barriers to human capital efforts.

Figure 4 shows the percentage of respondents that reported given conditions being 'great' or 'very great' obstacles to human resources practices. In the FAs sample, short-term performance pressure (46 per cent), lack of long-term strategy (28 per cent) and lack of tangible improvements (19 per cent) held out to be the major obstacles. In the DAs sample, in addition to short-term pressure (24 per cent) and lack of tangible improvements (19 per cent), management culture (21 per cent) appeared to be the major obstacles.

Figure 4: Barriers to HR Practices



The FAs respondents felt that lack of tangible benefits and non-supportive management culture were less important obstacles than they were for the DAs respondents. The reason is that DAs are still at the initial stage of introducing employee involvement programs and their

corporate culture is yet to appreciate the benefits of employee involvement interventions. Both studies indicated that there should be clear, unambiguous, long-term objectives grounded in a well-planned strategy with total commitment on the part of management.

To find out the similarities and dissimilarities on the facilitating factors and barriers to the human capital practices of the two airline groups, both Kruskal Wallis test (K-W) and one way of variance (ANOVA) were employed among the two airline groups on a five-point Likert scale.

Table 8: Conditions Facilitating Human Capital Practices.

FACILITATING FORCES	MEAN SCORE (DAs)	MEAN SCORE (FAs)
Job Security	4.88[a]	3.71[a]
Resources	4.74	4.83
Third Party Support	3.83	4.45
Supervisory Support	3.98	3.76
Middle Level Support	3.67	3.82
Top Level Support	3.52	4.61

Source: *Results Based on Field Survey Data.*

Note: [a] Based on a five point scale score (1) extremely unimportant, and (5) extremely important.

Table 9: Barriers to Human Capital Practices.

BARRIERS	MEAN SCORE (DAs)	MEAN SCORE (FAs)
Resistant Culture	4.51[a]	3.48[a]
Lack of Strategy	4.38	4.83
Worsened Business	3.51	4.45
Lack of Tangibles	3.78	3.76
Vague Objectives	3.63	3.97
Short-Term Pressure	3.11	4.36

Source: *Results Based on Field Survey Data*
Note: [a] Based on a five point scale score (1) extremely unimportant, and (5) extremely important.

Table 10: Significant Level (P Values) for Conditions Facilitating Human Capital Practices [a].

Facilitating Conditions	K-W [*] (DAs)	K-W [*] (FAs)	ANOVA [*] (DAs)	ANOVA [*] (FAs)
Job Security	0.11	0.04	0.09	0.02
Resources	0.16	0.08	0.12	0.18

Third Party Support	0.02	0.14	0.00	0.17
Supervisory Support	0.19	0.04	0.08	0.01
Middle Level Support	0.14	0.09	0.12	0.15
Top Level Support	0.07	0.22	0.17	0.34

Source: *Results Based on Field Survey Data*.

Note: [a] Using Kruskal Wallis and one way analysis of variance (ANOVA)

- Significant at Level 0.05

Table 11: Significant Level (P Values) for Barriers to Human Capital Practices [a].

BARRIERS	K-W * (DAs)	K-W * (FAs)	ANOVA * (DAs)	ANOVA * (FAs)
Resistant Culture	0.16	0.03	0.09	0.01
Lack of Strategy	0.10	0.22	0.12	0.17
Worsened Business	0.07	0.17	0.05	0.13
Lack of Tangibles	0.15	0.02	0.11	0.00
Vague Objectives	0.12	0.16	0.07	0.12
Short-Term Pressure	0.11	0.31	0.13	0.18

Source: *Results Based on Field Survey Data.*

Note: [a] Using Kruskal Wallis and one way analysis of variance(ANOVA)

[*] Significant at Level 0.05

The results of Kruskal Wallis and ANOVA in Table 10 clearly indicate that all conditions, except for one (third party support), mentioned for the domestic airlines above facilitates human resource practices in these airlines while for foreign airlines, all conditions except for job security and supervisory support facilitate human resource practices in these airlines. The results however, show that for human resource management practices to achieve the desired results (high organizational performance) management of both airline groups should focus on the conditions that highly significant at 0.05 level of significance. There is thus, a significant difference among these two airline groups concerning conditions that facilitate their human resource management strategies.

It appears from Table 11 that real differences exist between the domestic airlines and foreign airlines with respect to barriers to their human resource practices scored by respondents. Using Kruskal Wallis and ANOVA to find out if these differences are statistically significant or not shows that for the foreign airlines, lack of tangibles and non-supportive management culture are the strongest barriers to the foreign airline human capital practices while for the domestic airlines, all the barrier factors mentioned are significant at the 0.05 level of significance based on the points of view of their (DAs) respondents.

Conclusion

From the results of the study, we can conclude that the HR practices in Nigerian domestic airlines are still in its infancy. The DAs are yet to realize the full potential of HR programs. However, most of the DAs believe that it can help improve their organizational performance. This indicates that HRM philosophy is being gradually accepted by the DAs in Nigeria, and will be a significant factor for gaining global competitive advantage in the future.

The present study covered only eight aspects of HRM practices and, therefore, the comparative analysis is severely limited by the number of variables used. The eight dimensions that were included in this survey are:

1. The reasons for the introduction of Human Resources (HR) practices in Nigerian domestic airlines (DAs);
2. the extent to which information is shared with the employees;
3. the extent to which organizational power is shared;
4. the success (or failure) of power-sharing practices ;
5. the determinants of performance – based rewards;
6. the success (or failure) of pay-for-performance practices;
7. facilitating factors; and
8. barriers to HR practices.

The results reveal that DAs need to realize that the organizational profile of a rigid pyramid, where managers control all work and decision-making, has to give way, sooner or later, to a flexible, team-oriented structure where managers support increased employee involvement and innovation. Employee involvement programs should not be considered as short-term projects; change and total employee involvement can only occur over a period of time.

The most interesting finding of the research is that DAs (Figure 2) are very reluctant to share organization-specific information with employees. The most plausible reason may be mistrust. Among other things, company-wide involvement depends on trust between management and employees. Ways to win peoples trust include practicing openness and sharing as much as management knows about the organization. What seems to be happening in DAs is that managers often accept the need to share power, but, in practice, are concerned about losing their influence over subordinates. Clark *et al*. (1972) observed that total employee involvement in HRM practices is one prescription for excellence, which cannot be achieved without sharing the organizational power with employees.

In order to attain genuine HRM practice an appropriate match between organizational needs and an approach to employee empowerment best suited to meet those needs must be determined. The choice of empowerment approaches (quality circles, TQM job enrichment, work teams, feedback and consultation) to be used is a function of the degree to which senior managers provide employees with access to business information, training to use the information; authority to take appropriate action; opportunity to make valuable contributions; and recognition and rewards for accepting and exercising the responsibility in a desirable manner.

Ideally pay-for-performance should support and reinforce collective productivity, group maintenance and the assumption of responsibility. As Acampora and Boissoneau (1994) point out, to compete in the global market organisations need the support of an

informed, motivated, team oriented workforce and a good reward system plays a crucial role in sustaining a motivational environment that is conducive to enable the actors to remain committed and productive. Airlines that develop and adopt new, non-conventional reward systems such as gain-sharing, skill-based pay and flexible benefits, encourage productivity, quality, innovation and commitment on the part of employees.

A seniority or individual/job-based pay system is unlikely to be effective in a group-based, self-directed work environment (Cotton, 1993). FAs seemed to have moved in the right direction by developing and adopting new, non-conventional reward systems such as profit sharing and stock ownership. Many FAs focus upon the value of the used teams within the work environment.

Managerial Implications

The results of the survey have several managerial implications. Evidence from the study reveals that HR managers of the Domestic Airlines should be looking out for multi-skilled individuals like the FAs, as they usually have a wider range of skills and competencies. They (DAs) should offer attractive rewards like stock options, profit-sharing, etc in order to fully utilize the potentials of their workforce. DAs should introduce more autonomy and employee empowerment into their organisation.

Information sharing, bottom-up initiatives, teamwork or emphasis on group results should be strongly encouraged for the DAs corporate culture. Like the FAs, DAs should learn to use tools like SWOT (strengths, weaknesses, opportunities and treats) analysis to identify skills and competencies required by their employees.

Also, DAs should be aware of what constitutes successful HRM practices, know new managerial techniques as applied by other airlines, particularly FAs and know when to change to these tools due to competition in order to have competitive advantage. More should be known about the detailed mechanisms which really account for the success of HRM practices in Airline organisations. Continuous training of employees' in the area of TQM program is advocated to enable employees understand and know the elements that facilitate TQM implementation. Lastly, there should be total commitment by top management to the HRM programs as this is a major driving force as indicated by the research.

Limitations of the Study

Due to small sample size, limited industry coverage, caution should be exercised when generalizing the findings. Replication of this study in other industries is thus recommended. Future research should also include more variables so that the operationalization of the findings becomes more relevant.

It is also important to note that while the dimensions used to assess the HR practices of these airlines were found to be important indicators of HR practices, there may be other dimensions of HR practices that are also important. Further research should be carried out to identify other dimensions of human resource management in the airline industry.

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