Qantas Airways Limited Organizational Structure and Performance

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Qantas Airways Limited is an Australian-based organization that provides passenger and freight air transportation services both locally and internationally. It is a world-class carrier that is among the oldest airfreight providers in Australia. Qantas has pioneered services across Europe and North America. Empirical reports show that the organization operates in more than 44 countries across the globe and has more than 32,500 employees. Besides, the organization also provides travel, holiday tours, catering, engineering, and maintenance services in addition to express ground handling and cargo services to its clients. Moreover, Qantas Airways offers logistics services, which include courier and interstate trucking services in the air cargo industry. The company, founded in 1920 with headquarters in Mascot, Australia, currently operates more than 303 aircraft. The primary business segments of the airline include Qantas International, Domestic, Freight, Qantas Loyalty, Jetstar Group, and Corporate. The recent financial reports revealed that the airline had an underlying profit before tax of $976 million. This is an improvement over the previous year's performance, with nearly 15% growth in profit margin.

Organization Structure

The management hierarchy at Qantas Airlines is divided into three distinct categories: top, secondary, and ground levels, respectively.

Top-level

The structures of multinational corporations have a distinct system of divisional functioning in their hierarchies. Qantas has a similar structure. The board of directors is at the top, comprising more than eight members, with the president as the head. The board heads various committees that carry out many activities at the organization's apex. These activities include audits, security, health, remuneration, and nominations, among others. The formal separation of management of Qantas Domestic and Qantas International has assisted in ensuring independence in running each business segment in a manner that makes it easier to understand and respond to market conditions and business priorities. Separation is also a significant part of promoting division of labor and specialization. Both divisions need separate chief executive officers. Besides, the organization ensures the maintenance of high levels of operational efficiency through the installation of non-

executive directors on the boards.

Secondary level

Business executive teams are at the apex of this level. They formulate plans and strategies for implementing the policies formulated by the board of directors at the top level of the organization. Besides being the link between the top-level managers and the ground people, middle-level officers are charged with easing technical operations that are essential for the proper functioning of the airline. The middle level has twelve divisions, which include IT and technology, human resources, legal affairs, Jetstar, finances, loyalty, domestic, and other departmental heads within the section. These sections are headed by professionally qualified managers whose mandate is to carry out all activities and tasks that require adequate skill development and activities that cannot be naturally undertaken by employees at the ground level.

Ground Level

Ground level is the lowest level within the Qantas organization's structure. It comprises employees working at lower levels on planes, at airports, and on runways, among other areas. However, it is critical to recognize that an airline can only operate efficiently when its employees at the ground level can work hard with due diligence (Qantas Airways Limited, n.d.).

The organization complies with all the available regulations and laws, and it performs its business in an ethical manner and with integrity. Industry reports have consistently revealed that Qantas Airlines Limited has an incredible framework of governance, which is critical in creating, protecting, and enhancing shareholders' value. Thus, it remains one of the most effective airline carriers, both domestically and internationally, with the support of highly qualified managers and well-motivated employees across all the ranks of the organization's hierarchy.

Mega Environmental Analysis

PESTLE analysis is a critical tool for analyzing the organization's external environment. It assists in evaluating the influence of the external environment on the performance of the organization.

Political factors

These primarily comprise the factors related to the governmental influence on the operations and performance of Qantas Airlines Limited. Analysis of various political factors shows that various actions undertaken by the government influence different regions in the world. For instance, political strife and instability in the Middle Eastern region are major challenges that affect the performance of Qantas Airlines Limited. The organization also failed to generate adequate revenue due to the political

unrest that characterized Bangkok, Thailand. Thus, the political perspective provides that for the efficiency of operations, generation of maximum revenue, prosperity, and progress, Qantas needs a stable and positive attitude from the national leaders of the countries in which it operates.

Economic Factors

Empirical studies show that the performance of a business heavily relies on the prevailing economic circumstances. These comprise various systems involved in the production, distribution, and consumption of wealth. For example, market forces are key determinants within capitalist societies, where the means of production are owned by the private sector. However, this varies widely from capitalist societies, where the state owns and formulates plans that coordinate and control means of production. As a result, economic factors posit critical implications for the performance and success of Qantas Airlines in various senses. For instance, the organization's performance efficiency regarding revenue generation has adversely been influenced by the declining economic performance of Australia's national economy. Over recent periods, the Australian economy has been experiencing recessions, which have negatively influenced people's per capita income, thus resulting in lower demand for the organization's services. The consistent decline in the company's revenues is a testimony to the lower demand for air tickets due to the poor performance of the economy. These economic conditions have adversely affected the performance and operations of the company, leading to sustained losses over periods as well as dwindling revenues.

Social factors

These comprise behaviors, customs, societal values, norms, and beliefs. Social factors, by their very nature, are fluid, thus requiring organizations to be able to adapt their business practices according to the changes in society's expectations. Similarly, social trends and conditions characterize and influence the performance of the airline industry across the globe, thus affecting the operations and practices of Qantas Airlines to a considerable degree. A critical analysis of the airline industry reveals that social trends have a significant influence on the airline business. For instance, the latest research shows that people often prefer using low-cost carriers. This is a significant phenomenon with critical ramifications for carriers such as Qantas Airlines, which primarily provides its clients with premium-class services.

Technological Factors

The emergence of technology has had a crucial influence on business operations and practices across industries. Technological factors can influence the performance of a business either positively or negatively. Some of the areas that have been greatly affected by technological evolution include telecommunication, automobiles, and computers, among others. Within the airline industry, technology has taken over processes such as airline ticket bookings, which have become digitized.

Qantas Airlines has been apt to adopt technological changes that have critically assisted it in remaining relevant in the industry. In fact, Qantas Airlines was the first carrier to apply satellite technology to perform the landing. Overall, the performance and success of companies such as Qantas Airlines rely heavily on technology; thus, for the organization to stay ahead of the competition, it must focus on consistently adopting current technological developments.

Legal Factors

These factors also significantly influence Qantas Airlines in many ways. For instance, the organization is required to pay the carbon tax, which is a legal formality that it must fulfill as an airline operator to perform its services. Various laws and regulations govern airline operations, thus affecting Qantas Airlines.

Environmental Factors

Environmental factors have a significant influence on the airline industry in various ways. For instance, the airline industry authorities and regulatory boards have well-stipulated and structured regulations for handling environmental ineffectiveness among airline operators. Qantas Airlines aims to achieve reductions in CO_2 emissions to half by 2050. According to research carried out in 2012 by Coorey and O'Sullivan, nearly 95% of the company's current carbon emissions originate from its flying operations.

PORTER's Five Forces Analysis

It affects the operations and performance of airline carriers, particularly Qantas Airlines, in various ways, as discussed below.

Competitive Rivalry

The airline industry is experiencing a considerable competitive rivalry. These have been characterized by subsidiaries, mergers, and acquisitions. The organization established Jetstar as a low-cost carrier that targets customers within the lower market segment in 2003, which culminated in the creation of a two-brand strategy. The establishment of the two brands was a strategy for the company to be able to access various market opportunities through the deployment of superior products for each market segment, thus enhancing the organization's competitive strategy. However, since the establishment of the low-cost carrier, other airline operators such as British Airways and Singapore Airlines have also followed the step, thus presenting a considerable threat by providing even lower costs and superior customer service. Besides, Qantas has also been experiencing significant competition in the Australian market from its rival, Virgin Airlines. Latest reports show that the competition between

these two firms is quite severe to the extent that their operations often attract higher losses.

Threat of New Entrants

The airline industry's huge initial investment requirements have ensured new firms' low entry. The situation becomes worse considering the fact that new entrants are unlikely to perform better. As a result, the airline industry has stringent entry barriers. The price wars between the existing companies make the industry unattractive for new entrants. Potential new entrants face the challenge of the availability of landing slots within airports in Australia. Established airline operators have already reserved the available slots. Thus, new entrants are not likely to obtain such slots, especially in airports with huge passenger demand.

Threat of substitutes

The airline industry has numerous substitutes, such as trains, cars, and cruise ships, which are cheaper than flights. Nonetheless, when it comes to time and speed, air travel has an absolute advantage, thus reducing the threat of substitutes.

Suppliers Bargaining Power

Large airlines such as Qantas majorly rely on Airbus and Boeing as their major suppliers. A report released by Qantas in 2014 revealed that the company was planning to spend nearly $17 billion worth of capital investments to acquire next-generation aircraft that are fuel-efficient. Further, due to the high dependence of the company on the prevailing oil prices to make profits, oil suppliers, therefore, have huge bargaining power. Besides, hedging prices are quite limited, and a significant rise in prices is likely to manipulate the cost of fuel for the company. Therefore, suppliers have significant bargaining power in the airline industry.

Buyers' Bargaining Power

The price-based preference that characterizes Qantas' operations provides consumers with tremendous bargaining power. Since most airlines provide similar services, consumers will often select the service provider that provides value for their money. The availability of information technology tools makes it easier for consumers to compare prices and flight services before finally selecting a particular carrier. The buyers' bargaining power even increases due to the low switching costs that characterize the airline industry.

Organization’s Culture

Qantas Airlines should instill in its employees the spirit of a warrior, a fun-loving attitude, and a servant’s heart. It must remind its employees to appreciate their customers each day. The staff must consider customer service as their primary role. This will enable customers to continue to prefer using Qantas Airlines as their best choice. The staff must consider greeting the clients with a smile at each step from the point of booking through the point of exit. Through the warrior spirit, the organization must equip employees with the tools necessary for handling any situation. Being fun-loving ensures that the staff does not become too serious, and a servant’s heart will assist employees in providing more than customers paid for. When hiring new employees, Qantas Airlines should ensure that they embed these values and make them run across the organization. Inculcating this culture into the organization will be critical to the success and prosperity of Qantas Airlines.

Goals, Plans, and Strategies

The 2009 Qantas annual report reveals a critical vision for Jetstar and Qantas Airline; “The World’s Best Low Fare Carrier” and “The World’s Best Premium Airline.” In the bid to achieve the organization’s vision and mission, Qantas Airlines recognizes its employees as critical in driving its five significant strategies, which include:

1. Safety – strengthening the safety management structure within Qantas, installing processes and efforts that aim at improving safety consciousness across the organization and constantly reviewing safety manuals and procedures to ensure that they meet standards (Bright & Cortes, 2019).
2. Right aircraft, right routes
3. Customer Service Excellence
4. Operational efficiency
5. Two strong brands (complimentary)

Differentiation Strategy

Qantas’s premium brand matches the differentiation strategy in Porter’s three generic strategies model. The premium price offers Qantas customers value that makes them feel superior. According to a sustainability report published in 2008, Qantas emerged as the leader regarding safety and security in its industry. The organization operates more than 330,000 flights annually, and thus, it is hard to avoid incidents that may arise. Therefore, this provides Qantas with confidence in its world-class safety programs and systems that give it an edge over its rivals. Besides, Qantas offers full in-flight entertainment options on all of its international services. Moreover, the company has club lounges fully equipped with all essential facilities in all its destinations across the globe. Qantas also operates a group route network that operates in more than 173 destinations in conjunction with partner

airways. Therefore, all these activities make Qantas Airlines conspicuous to customers and enhance the value of its products.

Cost leadership strategy

This strategy is applicable to Jetstar, which focuses on the low-cost consumer segment to enable the carrier to establish itself in a different sphere. The fact that most airlines are currently focusing on low-cost customer segments makes it ideal for Qantas to attract more customers through Jetstar. Jetstar Airlines focuses on reaching the lowest price in comparison to other airlines; thus, the company is identifying critical strategies such as partnering to tame the major competitors.

Challenge

The aviation industry is perhaps the most global of all. Therefore, whenever a foreign airline lands in Australia, it imports work practices and labor costs. The major challenge facing Qantas Airline at the current period is the emergence and establishment of Virgin Airline, with significant productivity levels and lower labor costs in the Australian market, where Qantas has been enjoying monopoly status for a considerable period. While Qantas Airlines is struggling to attract the interest of investors, Virgin enjoys strong financial backing from international business persons and organizations (Qantas Airways Limited, n.d.).

However, it is important to note that Qantas has a considerable advantage over Virgin. It is Australia's national carrier and thus is an iconic symbol of Australia's aviation history. The government must, therefore, realize that the company's grievances are legitimate. Although the Australian government does not own any stakes in the company, it cannot restructure and access foreign capital markets, unlike Virgin Airlines, a condition imposed on the company by the Qantas Sale Act.

Nevertheless, these reforms must be far-reaching and affect other airline industry segments. Australia is characterized by numerous restrictions that are out of date. The Air Navigation Act, for instance, restricts international air competition within the local Australian carriers. As a result, the act restricts ownership of international Australian airlines. Therefore, the government must consider adopting an open skies policy to replace these restrictions that date back to the 1920s to enable international carriers to operate in Australia. The government must remove ownership restrictions that are a characteristic of Australian international airlines.

Conclusion

Qantas Airlines is Australia's national carrier with the largest number of international flights, fleet size, and international destinations. The organization also has various subsidiaries that service regional centers and some truck routes across Australia under its umbrella. Qantas Airline also owns Jetstar

Airways, which serves the low-cost consumer segment both within and outside Australia.

Qantas Airways is a private limited company that is limited by the Qantas Sale Act to foreign ownership of up to 49%. The Act further restricts foreign airlines.

The intense competition, high fuel prices, and industrial disputes have negatively affected the company's profitability, leading to a full-year loss of $245 million in 2012. Over the years, Qantas Airlines has been focusing on partnerships as a strategy to reduce operational costs, generate additional revenue, and acquire access to various markets across the globe. The carrier has numerous destinations in Africa, North America, Europe, Asia and Oceania. However, despite the considerable changes that have boosted the performance, competition remains the major challenge affecting the operations of Qantas Airways.

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