



GOPALAN COLLEGE
OF ENGINEERING AND MANAGEMENT
WHITEFIELD, BANGALORE



Department of
Aeronautical Engineering
GCEM, Bangalore

Course Title : AVIATION MANAGEMENT

Course Code:

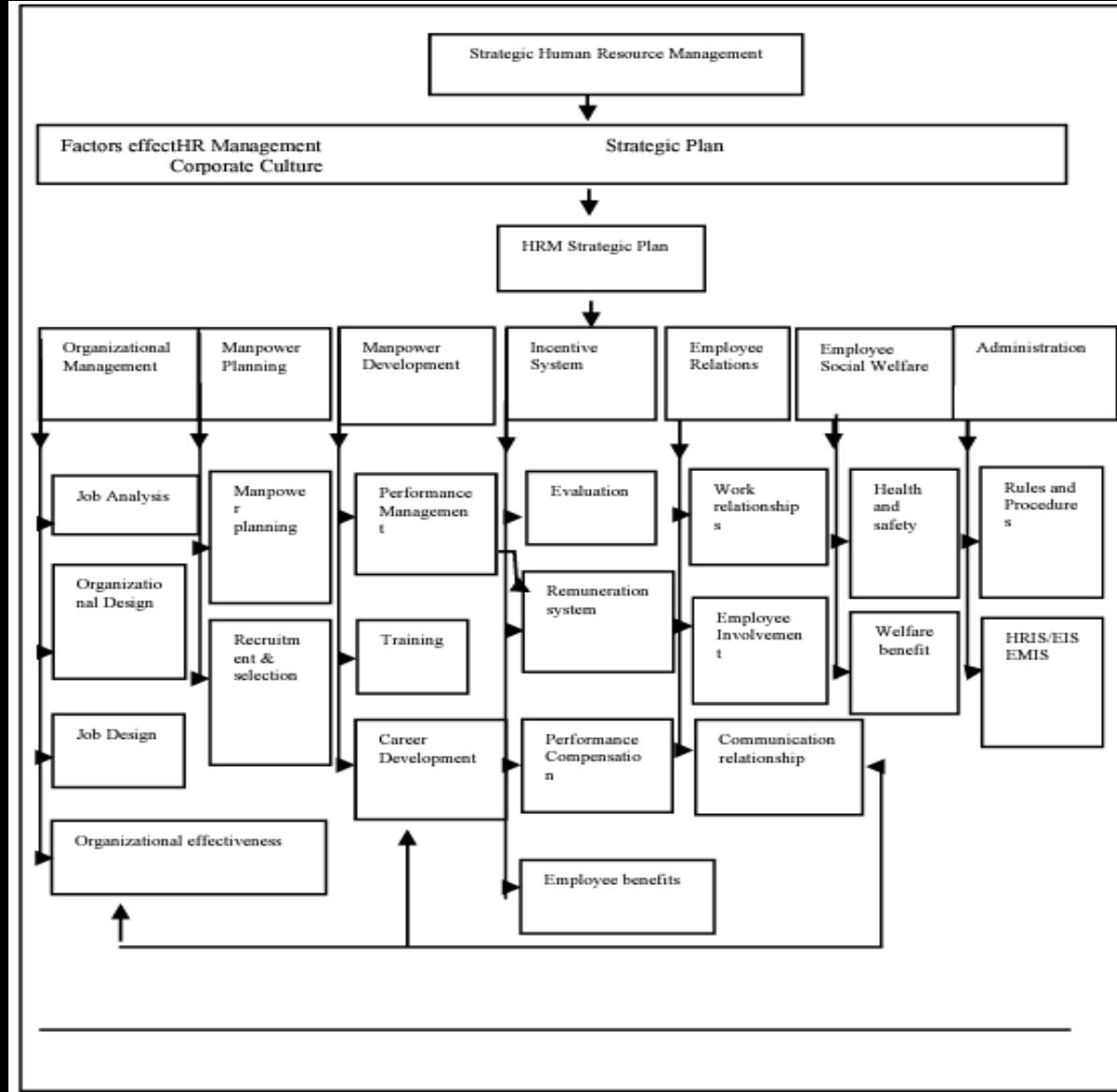
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Module - 2

Contents

- **Human Resources Management**
- **Organizational Behavior**
- **Accounting for Management**
- **Airline Economics**
- **Customer Relationship Management**

Human Resources Management



Human Resources Management

The functions of HR:

- **Business partnership** e.g. as part of the business strategy, planning for short and long term objectives, working with senior leaders and management, reporting and management processes.
- **Human Capital Management**, e.g. people as assets, hiring, training, change management, legislation, policies and procedures.
- **Resourcing and talent planning**, e.g. recruitment, attracting the right people, brand compliance, equality and diversity.
- **Learning and development**, e.g. compulsory training and refreshers, job specific training, industry- related qualifications, CPD (Continuous Professional Development), professional qualifications
- **Support**, e.g. admin, self-service portals

Human Resources Management

Role and responsibility of HR:

- **Recruitment**, e.g. advertising, interview, appoint, induction
- **Employee retention and engagement**, e.g. on-boarding, reviews, targets, KPIs (Key Performance Indicators) reward, compensation and benefits, development, progression, incentives
- **Employment legislation**, e.g. protected characteristics, data protection, background checks, employment rights, health and safety
- **Manage employment procedure**, e.g. role of line manager, absence, leave for special circumstances, grievance, disciplinary, complying with company standards, redundancy, termination, retirement, off boarding

Organizational Behavior

Organizational Behavior is the study of human behavior in organizations to make more active human performance to achieve organizational objectives as well as human objectives. Organizational Behavior aims at finding out those ways in which people will contribute in best possible manner.

The study of Organizational Behavior involves understanding, prediction and control of human behavior and the factors which influence the performance of people in an organization. It is concerned with the behavior of individuals and groups not the behavior of all members collectively.



Organizational Behavior

Nature and Feature : The following is the nature of organizational behavior :

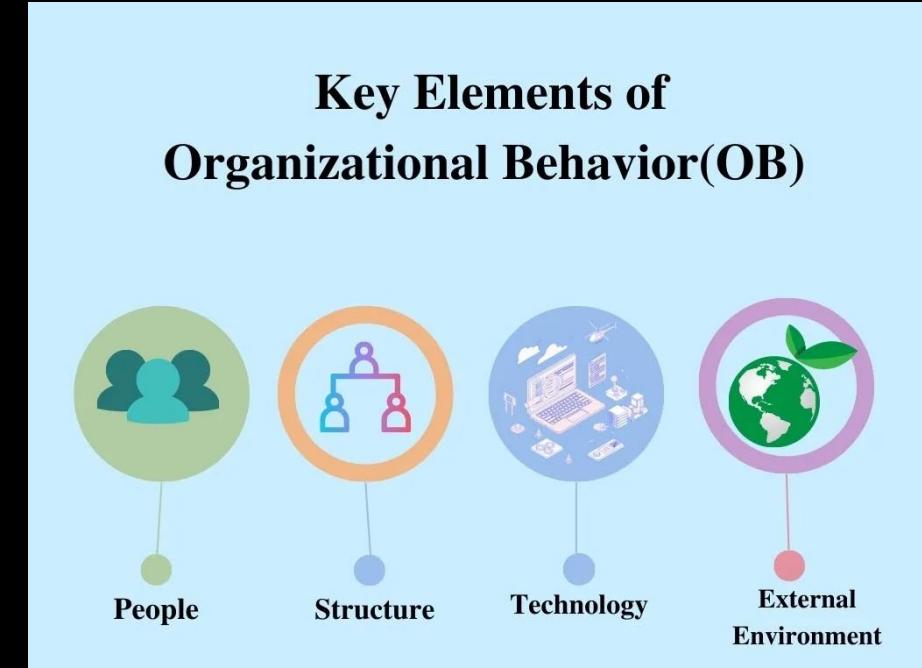
1. **Multidisciplinary study** : Organizational behavior is a Multidisciplinary Subject. Organizational of behavior uses and applies principles, practices thoughts and theories of various disciplines such as : Law, History, Psychology, Political science, Economics etc. So Organizational behavior is a Multidisciplinary Subject.
2. **Science as well as Art** : Organizational behavior is a science because it applies principles and concepts objectively.. Organizational behavior is also an art because its application changes as and when required. Organizational behavior searches concepts and solutions according to the situation and need.
3. **System Approach** : Organizational behavior uses system approach. System approach provides a useful framework for understanding how the elements of any organization react among themselves and with their external environment. Organizational behavior uses system approach because it takes into account all the variables affecting Organizational functioning.
4. **Contingency Approach** : Today's business world is full of uncertainties, i.e., in most Organizational situations, outcomes are affected by many factors.

Organizational Behavior

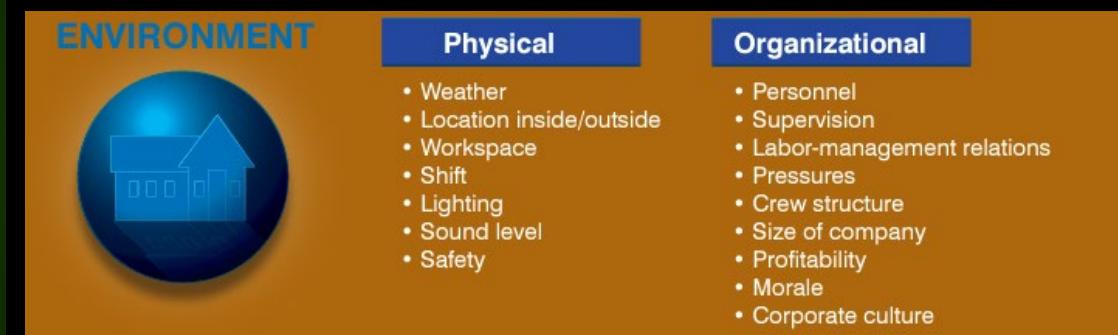
Elements in Organisational Behaviour:

- Philosophy and Goals
- Formal and Informal Organisations
- Social Environment
- Control System
- Attitudes and Situation

Key theories: Maslow's hierarchy of needs, Herzberg's two-factor theory, McGregor's Theory X and Y



Organizational Behavior



A list of human factors that affect AMTs

Suprith M, Dept. of Aeronautical Engineering, GCET.

Organizational Behavior

1. Safety Culture Enhancement

Safety Workshops: Regularly conduct workshops and training sessions focused on safety protocols, emergency response, and risk management.

Safety Audits and Drills: Perform frequent safety audits and organize emergency drills to ensure everyone is prepared for potential incidents.

2. Customer Service Excellence

Customer Service Training: Provide comprehensive training programs for frontline staff, focusing on conflict resolution, effective communication, and empathy.

Feedback Mechanisms: Implement systems for passengers to provide feedback on their experiences, and use this data to improve services.

3. Team Coordination and Collaboration

Cross-Functional Meetings: Schedule regular meetings between different departments (e.g., ground staff, cabin crew, air traffic control) to improve coordination and address any operational issues.

Joint Problem-Solving Sessions: Encourage collaborative problem-solving sessions to tackle common issues and enhance interdepartmental cooperation.

4. Employee Well-Being and Stress Management

Wellness Programs: Introduce wellness programs that include stress management workshops, physical fitness activities, and mental health support.

Flexible Scheduling: Offer flexible work schedules where possible to help employees manage work-life balance, especially for shift workers and those with irregular hours.

Organizational Behavior

5. Effective Communication Channels

Daily Briefings: Hold daily briefings for teams to discuss flight schedules, potential issues, and important updates.

Internal Communication Platforms: Use digital platforms for instant communication and updates to ensure everyone is informed and connected.

6. Technical and Skills Training

Continuous Education: Provide ongoing training opportunities for technical skills relevant to aviation, such as advanced aircraft systems, new technologies, and regulatory changes.

Simulation Training: Use simulators for pilots, air traffic controllers, and other key personnel to practice and improve their skills in a controlled environment.

7. Operational Efficiency Improvement

Lean Processes: Implement lean management techniques to streamline operations, reduce waste, and improve efficiency.

Technology Integration: Invest in technology solutions like advanced scheduling systems, automated check-ins, and real-time data analytics to enhance operational efficiency.

8. Inclusivity and Diversity Initiatives

Diversity Training: Conduct training sessions to raise awareness about the importance of diversity and inclusion within the workplace.

Inclusive Policies: Develop and enforce policies that ensure a diverse and inclusive environment, promoting equal opportunities for all employees.

Airline Accounting

Revenue Management

Ticket Sales: The primary source of revenue, including different classes (economy, business, first class) and fare types (refundable, non-refundable).

Ancillary Revenue: Income from baggage fees, seat selection, in-flight sales, etc.

Frequent Flyer Programs: Accounting for miles accrued and redeemed, which represents both a liability and an asset.

Expense Management

Operating Expenses: Costs directly related to flight operations, including fuel, crew salaries, maintenance, and airport charges.

Non-operating Expenses: Interest, taxes, and other financial costs.

Capital Expenditures: Investments in aircraft, IT systems, and infrastructure.

Cost Allocation

Direct Costs: Directly attributable to flight operations (e.g., fuel, crew, landing fees).

Indirect Costs: Shared across multiple flights or departments (e.g., administrative expenses).

Airline Accounting

Depreciation and Amortization

Aircraft Depreciation: Typically calculated based on flight hours, cycles, or a straight-line method over an aircraft's useful life.

Intangible Assets: Amortization of items like routes and slots.

Financial Reporting

Regulatory Requirements: Compliance with international (e.g., IFRS) and local accounting standards.

Segment Reporting: Often required to report financial results by different business segments (e.g., passenger, cargo).



Airport Financial Management

- Airport Expenses
- Airport Financial Accounting
- Operating Expenses
- Operating Revenues
- Planning And Administering
An Operating Budget
- Budget Appropriation
- Private Investment

Airport Expenses

- **Operation and Maintenance Costs**

Operation and Maintenance costs consist of those expenses that occur on a regular basis and are required to maintain the current ops at the A/P. Such expenses typically include wages and salary of A/P employees, costs of utilities such as power, water, and telecommunications, and a broad range of regularly needed supplies.

- **Capital Improvement Expenses**

Capital Improvement Expenses are very large, periodic expenses which contribute to A/P infrastructure improvement or expansion. Capital improvement expenses include the costs of major construction projects such as airfield and terminal expansion, the acquisition of major utilities such as air rescue and fire fighting vehicles, and the purchase of land for future expansion.

Airport Financial Accounting

- Revenues from operations of the Airport are used to cover the airport O&M expenses
- Financial accounting is employed to manage the balance of operating revenues and expenses.
- A/P accounting involves the accumulation, communication, and interpretation of economic data relating to the financial position of an A/P and the results of its ops for decision-making purposes.
- A/P accounting differs from accounting procedures found in business firms because A/P differ considerably in terms of goals, size, and operational characteristics. As such, it is difficult to derive a unified accounting system that can be used by all A/Ps.
- System tailored to the needs of a large commercial A/P might be impractical for a small GA A/P or vice versa as A/Ps have different definitions of what elements constitute operating and non-operating revenues and expenses and sources of funds for A/P development.

Operating Expenses

AIRFIELD AREA EXPENSES

- O&M expenses associated with the airfield area include:
- R/Ws, T/Ws, apron areas, A/C parking areas, & A/F light system maintenance
- Service on airport equipment
- Maintenance on fire equipment and airport service roads
- Utilities (electricity) for the airfield.

TERMINAL EXPENSES

- O&M expenses associated with the terminal include:
- Buildings and grounds—maintenance and custodial services
- Improvements to the land and landscaping
- Loading bridges and gates—maintenance and custodial services
- Concession facilities and services
- Observation facilities—maintenance and custodial services
- Passenger, employee, and tenant parking facilities
- Utilities (electricity, air-conditioning and heating, and water)
- Waste disposal —maintenance.
- Equipment (air-conditioning, heating, baggage handling)—maintenance

Operating Expenses

HANGARS, CARGO FACILITIES, OTHER BUILDINGS, & GROUNDS EXPENSES

- O&M expenses include:
- Buildings and grounds—maintenance and custodial services
- Improvements to the land and landscaping
- Employee parking—maintenance
- Access roadways—maintenance
- Utilities (electricity, air-conditioning and heating, and water)
- Waste disposal —maintenance

GENERAL & ADMINISTRATIVE EXPENSES

- General and administrative expenses include:-
- Payroll expenses for the maintenance, ops, and admin staff of the A/P
- Other operating expenses for materials and supplies
- Non-operating expenses including the payment of interest on outstanding debt, contributions to govt bodies, and other miscellaneous expenses

LIABILITY INSURANCE

- Large % of A/P expenses are derived from insurance to cover various areas of liability
- A/Ps and their tenants have the same general type & degree of liability exposure as the operator of most public premises
- People sustain injuries from obstructions, automobiles are damaged when struck by A/P service vehicles on the A/P premises. Claims from such accidents can be for large amounts
- But claims from A/C accidents are huge. The passengers might be killed or severely injured and expensive A/C damaged or destroyed, not to mention injury to other persons or other types of property at or near an A/P

Liability in such instances can stem from

Defect in the surface of the Runway

Failure of A/P mgt to mark obstructions properly

Failure to send out the necessary warnings and to close the

A/P when it is not in usable condition

- A/P operators require that all tenants purchase their own insurance as appropriate for their particular circumstances and with certain min limits of liability
- Generally, A/P operator is included as an additional insured under the tenant's insurance coverage; however, this does not relieve the A/P operator from securing its own liability protection under a separate policy.

OPERATING REVENUES

1-AIRFIELD AREA

- A/F or air side of the A/P produces revenues from sources that are directly related to the operation of A/C:
- Landing fees for scheduled and unscheduled airlines, itinerant A/C, military or govt A/C
- A/C parking charges in hangars, paved and unpaved areas
- Fuel flowage fees from fuel suppliers

2-TERMINAL AREA CONCESSIONS

- Terminal concessions include all of the nonairline users of the terminal area:
- Food & beverage concessions (restaurants, snack bars, lounges)
- Travel services & facilities (lockers, flight insurance, restrooms, car rentals, and telephones)
- Specialty stores & shops (boutiques, newsstands, banks, gift shops, clothing stores, duty-free shops)
- Personal services (beauty and barber shops, shoeshine stands)
- Amusements (video arcades, movie and TV rooms)
- Display advertising
- Outside terminal concessions (parking, ground transport, hotels)

OPERATING REVENUES

3-AIRLINE LEASED AREAS

include revenue derived from the air carriers for

- Ground equipment rentals
- Cargo terminals
- Office rentals
- Ticket counters
- Hangars
- Operations

Maintenance facilities

4-OTHER LEASED AREAS

All of the remaining leased areas at A/P that produce revenue are brought together under other leased areas such as

- Freight forwarders
- Fixed-base operators
- Governmental units
- Businesses in the A/P industrial area

5-OTHER OPERATING REVENUE

Includes revenues from

- Operation of distribution systems for public utilities, such as electricity
- Contract work performed for tenants
- A/Ps also generate non-operating revenues, including

Interest earned on investments in governmental securities

- Local taxes
- Subsidies or grants-in-aid
- Selling or leasing of properties owned by A/P but not related to A/P ops

Customer Relationship Management

CRM in passenger airlines extends beyond traditional sales, service, marketing and loyalty to include all of the touch points in a passenger's travel experience.

