

## HR in the aviation industry: time to develop a new generation of leaders

At a time of great uncertainty and rapid change in many industries, aviation stands out as one of the fastest growing and most dynamic sectors in the global economy. With the industry landscape shifting constantly, the momentum of this change looks set to accelerate in size and scope, calling for a new generation of air transport leaders. To stay ahead of the game, airline CEOs need to be able to think in possible scenarios and rapidly adapt their business models to changing market conditions while providing their organizations with clear guidance. Most importantly, they will need to ensure that they have the right leadership qualities on board and that they adopt appropriate talent management practices.

According to a survey of key decision-makers in human capital across the worldwide air transport industry conducted by Egon Zehnder International together with IATA in October 2011, the overwhelming majority of respondents do not feel able to predict the management skills required in the future. Moreover, 56 percent believe that the existing internal pool of talent is not sufficient in size and quality to supply future leaders who possess the competences described above. While quality of leadership has become an important differentiating success factor in the air transport industry, many players are still struggling to master the pivotal management mission of identifying and developing leadership talent. To bring about necessary changes, HR leaders should prepare for a role in the co-driver seat.

### Challenges in leadership development

Although continuity in leadership has proven a strong asset in the complex air transport industry in the past, there is now widespread belief that today's market calls for a new type of leader. Indeed, 95 percent of respondents see a strong shift in leadership competencies against a background of severe competitiveness and accelerated change dynamics in the airline industry. Gaps in leadership competencies are perceived, for example, in areas such as change leadership or innovative thinking. To close these gaps, strengthening the internal talent pipeline through holistic, highly professional talent management as well as recruiting external top performers is widely considered a promising way of bringing fresh thinking and experience into the industry.

However, the survey revealed that current talent management systems are still very much focused on silo functional careers, with limited practice of senior talent gaining new experience by crossing functions or even sectors. Many of the HR experts surveyed also foresee problems related to recruiting leaders from outside aviation. Indeed, 70 percent do not think that leaders from the non-airline sector would make it to a senior position. On top of internal resistance to outsiders, participants also report that the airline industry's image as an employer has suffered in recent years. Furthermore, aviation is widely perceived as uncompetitive in terms of compensation versus other leading industries, which makes it much harder to attract top outside talent. As many as 80 percent of respondents nevertheless consider it a key priority to increase cross-industry and professional diversity in their talent pool. Unfortunately, however, many airline & travel companies currently fail to manage diversity – be it professional, international, cultural, demographic or gender-based – in a systematic and business-oriented manner.

### **HR's role in developing a new generation of leaders**

Human resources leaders can play the role of strategic architects and advocates of cultural change, aligning strategic business priorities with future talent needs in terms of experience, competencies and personal qualities.

Although most CEOs recognize the ability of HR leaders to drive cultural change and foster a new generation of leadership talent, most HR executives currently lack the influence required to implement substantial changes. Only 33 percent of respondents said that the HR function already acts as a driver of change and a strategic business partner. Other industries have shown that a strong thought partnership between CEOs and HR leaders often lead to positive changes. To move into the co-driver seat for the major transformations ahead in this fast-changing industry, HR needs to play a leadership role in talent strategies. Perhaps more importantly, however, aviation needs to open up to external recruitment and implement the onboarding procedures necessary to integrate leaders from diverse backgrounds.

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