

IATA Aviation Ground Handling Report 2019

Attracting, developing & retaining talent





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Executive Summary



The aviation industry is poised for a sustained period of growth over the next 20 years, with global passenger numbers set to double to 8.2 billion by 2037¹. Accommodating increasing passenger numbers and cargo volumes will require operators to reinforce the industry's talent pool. Previous IATA research suggests that ground operations is one of the key sectors anticipating extremely high demand for talent in the coming years.

A recent global study conducted by IATA² estimated that today there are approximately 135,000 employees worldwide that require continuous aviation training within

ground operations organisations. The most important training areas within ground operations include Safety & Regulations, Security and Operations.

This report is based on a global study of 300 structured telephone interviews followed by 14 in-depth telephone interviews conducted with HR leaders of major airlines and ground operations organisations. All research participants were selected following careful consideration of their responsibilities and to ensure representation of all major geographic regions, as well as a range of business sizes.

The three key themes uncovered by the study are:

The 'tipping point' for employee retention is six months

- Most ground handlers report that, on average, it takes new employees 4 weeks to complete mandatory airport training. The employment cost alone for a large global ground handler for staff in training may be up to \$192 million per year.
- Ground handling companies suggest that once employees have stayed with the company for six months, they are likely to stay with them longer and build a career with them.

The greatest competition for talent is not within the industry

- Ground handling employees do not typically leave organisations to advance their careers within the aviation industry; rather, employees look outside the industry (e.g. to foodservice or retail) for jobs with more favourable working conditions, even if pay is only slightly better.

Attracting talent is the biggest challenge faced by aviation ground operations sector

- Without accounting for advances in automation in the next three years, approximately 83,000 more employees will be required in this sector by 2022*. Acquiring talent is a ubiquitous challenge, and is especially pressing when hiring for 'below the wing' roles.

83,000
more employees
required by 2022



¹<https://www.iata.org/training/Pages/passenger-experience.aspx>

²2018 Global Aviation Training Market Study, conducted for IATA by B2B International

*Employees Required in The Sector

Approximately 83,000 more employees will be required in the ground handling sector by 2022, representing an increase of +19% (excluding any future advances in automation). The greatest challenge faced by HR leaders in this sector is recruiting suitable staff.

Part 1:

The Attraction Challenge

“Education levels are increasing, aspirations are increasing so there is a challenge of finding employees who are interested in performing these labour-intensive roles. So, it’s a more demographic challenge.”

– *HR Leader, Major Ground Handling Organisation*



In 2018, global unemployment levels fell to 5%, the lowest point for four decades³. With this, the resulting supply shortage for entry level jobs has meant that that ground handlers are having to fight harder than ever before to attract talent to the sector.

Globally, education levels are rising and career prospects widening, particularly in emerging economies. For many within the potential talent pool for ground handlers, the aviation industry does not have a high profile. There is little awareness of the breadth of jobs available and few clear career paths from the bottom-up.

The greatest ‘draw’ to ground handling roles is therefore salary and there is little else to encourage loyalty to the employer (or to the industry as a whole). Such recruitment challenges also impact retention and training, with high turnover rates seen across the sector, as well as a high proportion of ground handlers’ training budgets being spent on new hires.

Whilst recruitment struggles are felt globally, certain challenges are region-specific. For example, in some emerging economies, there is a culture for unskilled workers to work several jobs in parallel to generate the maximum possible

income. Often, airport work is perceived as low-priority, resulting in employees who are often unreliable, turning up late or not at all, impacting the day-to-day operations of the business.

More than ever, the hiring managers of ground handlers are recruiting based on attitudinal traits rather than exclusively pursuing a specific skillset. For many entry-level jobs, the basic skills can be learned in the first few weeks of employment. There are however two significant skills gaps which cannot be solved through training in the short-term.

³UBS, Haver Analytics



Language Proficiency

There are often language barriers in emerging economies, resulting in training challenges. Employees need to have a basic understanding of the local business language before being able to embark on any job-related training. This is also becoming a more pressing challenge in Europe, where ground handlers heavily recruit from other countries to fill entry-level roles.

Interpersonal Skills

Most often discussed in relation to customer service roles, HR leaders interviewed for the study reported that younger entrants to the industry may lack the interpersonal skills required to converse with customers and deal with issues. While automation is picking up pace with online check-in facilities, automated bag drop adoption is at different stages globally. Furthermore, some suggest that 'above the wing' technological advancements will lead to customer service roles to become focused on premium service, as airlines seek to differentiate from one another and accommodate the passenger segments most likely to value direct personal contact.

Key skills that ground handlers are seeking for future customer service roles include confidence, and the ability to upsell and tailor the service. This marks a shift from the current traits of friendliness, the ability to cope under pressure and proficient language skills.

The Future of Recruitment

As recruitment in the industry has proved a challenge in recent years, major ground handlers have had to innovate and streamline their recruitment processes. Ground handlers are using three key strategies to overcome challenges in recruitment:

1

Digital transformation of the recruitment process

Some large ground handling organizations are using data, artificial intelligence and gamification (the use of game-like tools such as point-scoring or competitions) to support the selection process to ensure those presenting desirable attitudinal traits are more easily identified. Others reported interviewing candidates via video calls to streamline the recruitment process.

2

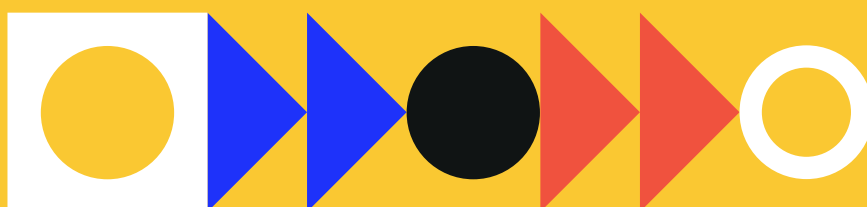
Exposing the nature of the work

Candidates often do not appreciate or fully understand the nature of various aspects of the job, such as working long night shifts. One ground handler has begun to interview candidates at night, in line with the start times for night shifts. The idea is that this is likely to give the candidates a flavour of the shifts that they might be working, so that they can decide if the role suits them or not.

3

Resource utilisation and technological investment

With the aim of reducing the amount of human resource required in the future, some organisations are focussing on the automation of processes such as check-in and innovations on the ramp such as self-docking air bridges. Without considering advancement in technology, the industry will have to find an additional 83,000 employees by 2022 to accommodate anticipated cargo and passenger growth. Ultimately, investment in technology should help to reduce the number of required employees, though ground handlers do not see technology completely replacing the need for human resource.



"I think what we find increasingly is with the young people coming in to the workforce, their self-confidence is becoming greatly reduced, especially their ability to communicate face-to-face with people. Now maybe this is part of the 'Facebook/WhatsApp generation' - I'm not too sure, but we've seen - especially over the last five years - a big drop in that sort of capability."

– HR Leader, Major Ground Handling Organisation

Questions For The Industry

- How can ground operations organisations become more efficient (using existing human resource and / or technology solutions) to reduce the total number of employees required?
- What impact will GenZ entering the workforce have, particularly around fulfilling customer services roles?

Part 2:

Training the Workforce

“Typically, check-in staff need at least three weeks training as they need to do induction training and training on the airline system. The staff will come on after four weeks; however, it would take another four to six weeks for them to be fully trained. On-the-job training is critically important. If we are paying four weeks ahead and for the first month the employees are not performing at full productivity, we are not really getting our cost back, especially if they stay less than a year.”

– HR Leader, dnata



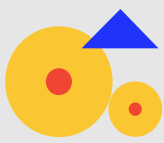
Training is often considered as a more peripheral challenge to ground handlers in the light of recruitment and retention challenges, however this does not mean that it doesn't impact their operations. One major ground handler estimates that they employ around 20,000 new staff into entry-level roles per year simply to replace leavers. On average, training for entry-level jobs is around four to six weeks but, in some cases, it can be up to six months from starting the job to reaching full productivity. Those who continue in-role beyond this time are significantly more likely to stay in the business long-term and can carry out their work with less supervision.

The complexities of each airline enforcing different rules and procedures makes the challenge of training a much harder one. The introduction of IGOM (IATA Ground Operations Manual), and the Ground Operations Training Programme for frontline staff by IATA may go some way in addressing this challenge, but not all airlines and handlers are currently working to standardised global practices.

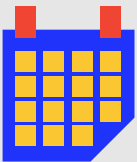
While the industry attempts to introduce digital training methods to accommodate the generational shift in new entrants (i.e. GenZ and Millennials) large swathes of the current workforce struggle to adopt new technologies. Particularly affected are those who have been in the industry for a long time and are used to manual operations. What's more: most training is carried out by an experienced member of staff, but as operational efficiency is crucial, day-to-day operations are prioritised over training new hires.

Ground handlers suggest that this often means that individuals selected to deliver the training of new hires are those who are injured, struggle to use technology or are simply underperforming, thereby calling into question the quality of the training being received. There is a clear opportunity to improve 'train the trainer' initiatives.

The cost of training these 20,000 new employees per year is extremely high.



\$26 Million The research suggests that doing so would cost a minimum of \$26 million in salary alone for the first two weeks when new starters are likely to be conducting mandatory airport training.

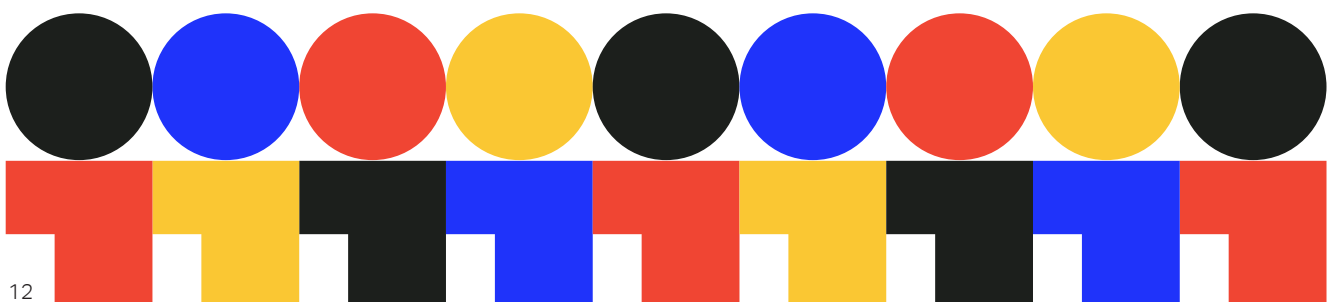


\$192 Million The total salary bill for these employees over a six-month period is likely to reach (or exceed) this figure, excluding all other costs of employment and notably the cost of training.



\$52 Million The approximate cost of training 20,000 new staff based on our research.

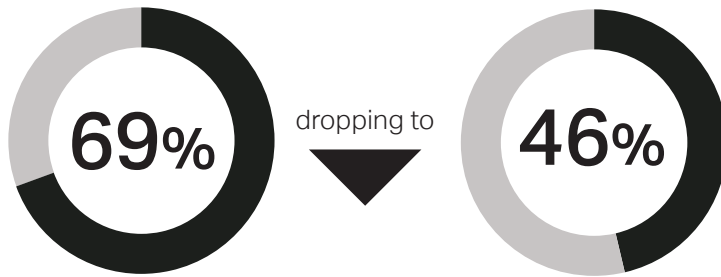
Due to the limited talent pool, it is taking longer to train new entrants as the majority have no prior experience in the aviation sector. Many ground handlers feel their hand is being forced by the challenges of today's labour market and are faced with having to hire workers who would otherwise not meet minimum skills requirements (and therefore need to be upskilled immediately post-recruitment). Some steps are being taken to simplify entry-level training, for example, using simple pictures and videos to overcome challenges such as language barriers.



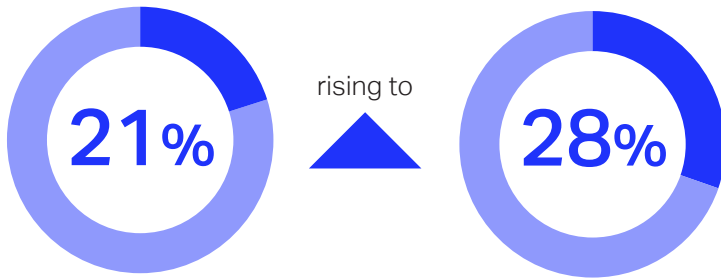
What does the future hold?

On-the-job training will continue to be crucial to support operations. However, traditional, in-person, classroom-based training is predicted to become less important in the next three years, as online, app-based training and programs using simulators and virtual reality (VR) are increasingly utilised.

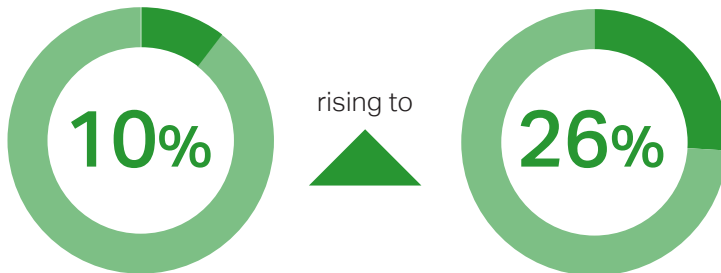
In-person:



E-learning:



Blended:



Digital training is more flexible and can be completed during downtime, allowing employees to digest the material ad hoc and in manageable volumes. This approach also allows training content to make use of cartoons, pictures and graphics to overcome language barriers and to boost engagement.

“Digital training will become more important, for two reasons. Firstly, the world lives on its phone now and if you want to connect and engage with people then that’s what you have to do. Secondly, in terms of efficiency of training, you’re able to train people whenever and wherever you can, whereas if you’re just classroom-based it’s very hard to take somebody out of the operation for one week and put them in a classroom. If they’re learning digitally they could learn at their own speed, and therefore can be trained up while they’re working with little interruption to operations.”

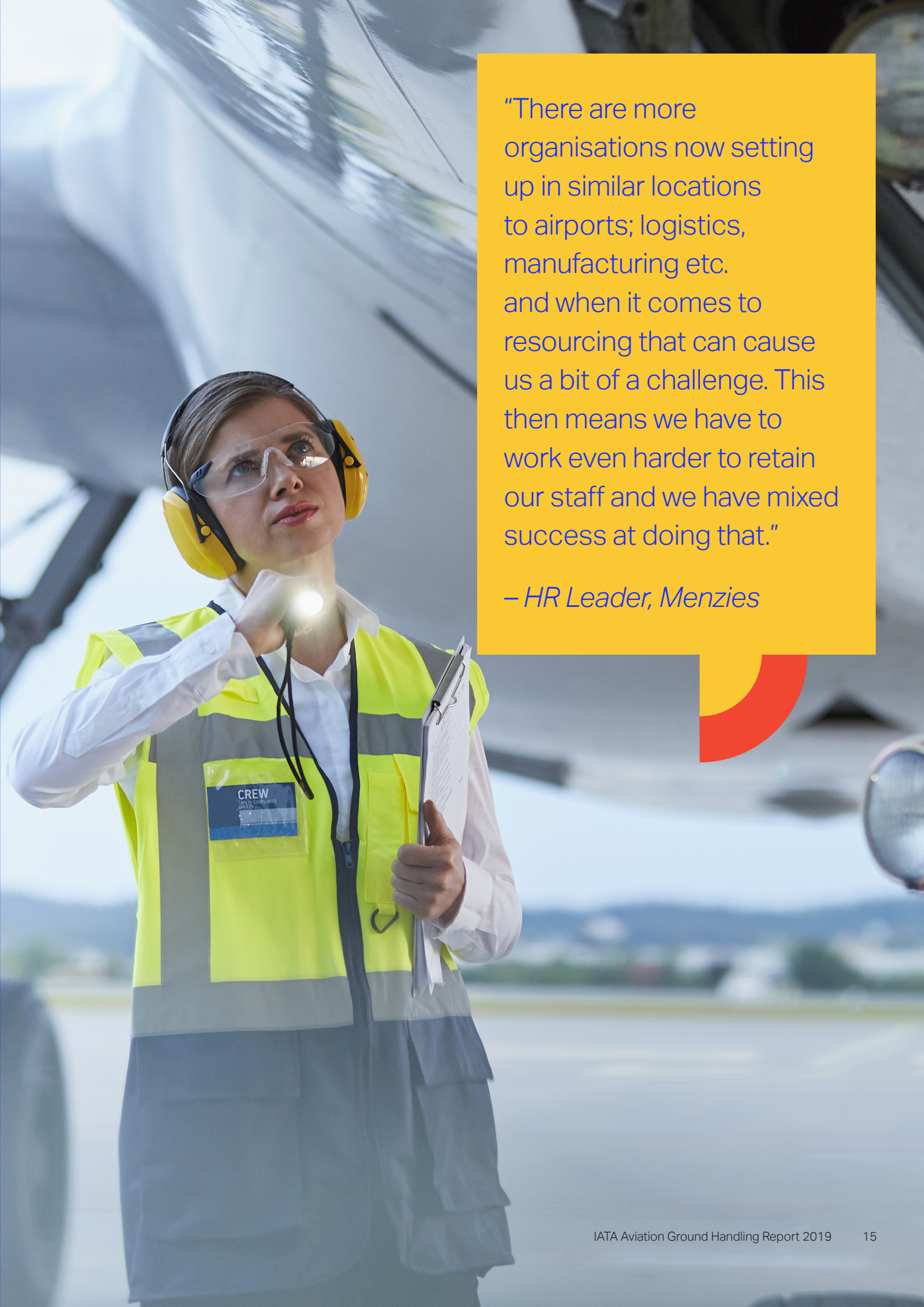
– HR Leader, Major Ground Handling Organisation

Questions For The Industry

- How can ground service providers, airlines and airports work better together to develop more standardisation?
- How can we ensure that existing employees become digital-ready?

Part 3:

Retaining Talent in the Industry



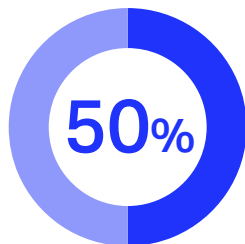
“There are more organisations now setting up in similar locations to airports; logistics, manufacturing etc. and when it comes to resourcing that can cause us a bit of a challenge. This then means we have to work even harder to retain our staff and we have mixed success at doing that.”

– *HR Leader, Menzies*

"There are challenges around aligning our business with the future values of the workforce. Are we really just about moving baggage? We need to build a strong brand, so that we have a chance to recruit effectively. We need to curate the work experience by making work simple, intuitive and more digital, and enabling people to get up to speed with their roles. We want to deliver talent-led change by becoming a more talent management-focused organisation."

– HR Leader, Global Ground Handler

Most ground handlers have a staff turnover rate of between 30% and 50%. Ground handlers are therefore not only having to employ more staff to meet increasing demand, but also replace huge numbers of employees each year due to turnover. Airlines also feel that service levels are impacted by these high turnover rates.



Up to **50%** staff turnover in the ground handling sector

The competition for human resource for ground handlers is not typically the aviation industry. Workers (especially those in entry-level and 'below the wing' roles) look outside the industry for better-paid jobs with more favourable working conditions. Below the wing ground handling roles are often physical, offering low pay, and long, anti-social hours. Employees are likely to move to companies in logistics, retail or foodservice as the pay is often similar or better, as are the working conditions and schedule.

Our research found that ground handlers are developing strategies to overcome the high turnover of their employees, and to differentiate themselves from competitors. These strategies can be outlined in three key themes:

1. Developing employer brands and improving company culture

Ground handlers discussed several initiatives designed to improve employee engagement, which included:



Team building exercises



Improved rostering



Improved facilities



Leadership training



On-the-job 'perks'

2. Providing competitive compensation and benefits packages

Some ground handlers offer wages slightly higher than the minimum wage to attract employees, while others invest in benefits such as discount platforms to improve employee engagement.

3. Creating clear career paths for entry-level staff

Many enter the industry simply to 'be employees', not due to a desire to work in aviation. Ground handlers reported developing clear career paths to demonstrate the potential progression throughout the organisation for any employee, regardless of their starting role.

"We offer an academy approach: we allow all employees to become the future CEO. We strongly believe in investing in all employees and seeing them as a talent asset. At the beginning, we educate them to fulfil the role from a technical standpoint, e.g. with licenses. Very soon thereafter, we start with leadership training, social elements. So even at the lower level, we offer specific training to enable them to continuously grow. That's the value of being part of our organisational family".

– HR Leader, Major Ground Handling Organisation

Questions For The Industry

- Could ground handlers reduce turnover and its associated costs by redirecting investment into areas which promote employee engagement and working conditions, e.g. training, automation, worker pay /benefits, and "smarter" recruitment methods?
- How can ground handlers effectively develop their employer brands to reinvigorate perceptions of the industry compared to 'competing' sectors such as foodservice and retail?

Conclusion

The anticipated rapid growth of the industry means that ground handlers must continue to recruit and retain high numbers of staff. To keep on top of human resource with the anticipated growth of the industry will be a challenge as ground handlers are competing not only with other companies within aviation, but with retail, logistics and foodservice businesses.

To achieve success in the ground handling sector, organisations are working to simplify and streamline key areas of the employee lifecycle, as well as improving the initial screening process to avoid hiring people who will likely leave after a few weeks. Ultimately, doing so will enhance the ability of the sector to attract, train and retain high quality staff, to make jobs both above and below the wing as efficient as they can be.

The research was conducted for IATA by B2B International a global, independent b2b research firm.

