

Chapter 2: Critical Review of Pakistan Civil Aviation

2.1. Critical Analysis of the CAA:

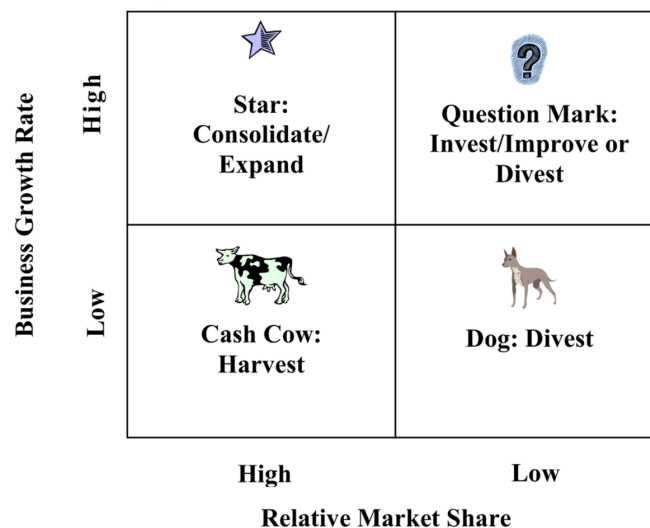
2.1.1. Portfolio Analysis-BCG Matrix

A framework created by Boston Consulting to evaluate the strategic position of the of the brand or the business portfolio and its potential is known as BCG Matrix. The general idea of this analysis is to help understand, which brands or the firm should invest in and which one should be divested. Portfolio Analysis is the process of reviewing the elements of the securities or products in the business portfolio. All the risk and return are calculated, review is done.

There are few steps to analyze the portfolio:

- Portfolio
- Stock
- Allocation of the Stock
- Bond allocation
- Evaluate specific funds
- Advisor fees

In Aviation Industry the BCG model can be used by the Airlines to analyze their product or by different service provider like G-dnata to evaluate the services they are providing. This can give a good overview of the product or the service, how good the product or the service is? This can also help to evaluate they how good the airline or the service providing is good in their revenue and spending



2.1.2 SWOT Analysis

A process to detect the internal and external forces which act on the company. For example, here we are talking about the weakness and strengths as internal factor and threats as external factors. SWOT stands for Strengths, Weakness, Opportunities and threats. Large scale industries use SWOT analysis to assist them to make new technology. Large scale industries use SWOT analysis to assist them to make new planning for the upcoming future.

Using a SWOT analysis, employees can improve their future readiness while also learning about their weaknesses and weak points. Organizations can improve by using SWOT analysis to address their problem areas.

The Pakistan Civil Aviation Authority's SWOT analysis reveals the following strengths:

- It is a semi-government system; thus this action gets government support.
- It recognizes both internal and external capabilities.
- Because it is a strategy-type study, the personnel is knowledgeable.
- They are Pakistan's strongest regulating authority for aviation.
- They can maintain aviation on their own because they don't have any rivals

who can compete with them.

- The constitution prohibits privatization.
- The company maintains its equipment.
- The steadfastness of clients due to the lack of competition in aviation

THE THREATS TO CAA PER THE SWOT ANALYSIS:

Below is a list of the threats:

- Reducing government involvement would increase income.
- To boost productivity, decision-making should be improved.
- If competitors don't properly concentrate on their tasks, competitors may

expand.

The services offered by CAA don't meet the needs, according to the SWOT analysis of weaknesses.

- It is impacted by governmental influences in a number of ways.
- The CAA's delayed decision-making is helping low-level competitors succeed.

- SWOT ANALYSIS OPPORTUNITIES:
- They can quickly increase the certification for their advancement.
- Since they don't have any rivals, they should focus on increasing productivity to advance.
- They ought to introduce their new services with a number of changes.

2.1.3: PESTLE ANALYSIS AND ENVIRONMENTAL ANALYSIS

When conducting environmental scanning as part of strategic management, a framework of macro environmental factors known as PESTLE analysis is used.

PESTLE analysis uses the analysis below to get an insight of the state of the company.

POLITICAL ANALYSIS:

Pakistan is a nation that is still evolving. It is constantly striving for improvement. Politics have a significant impact on the organisation. The CAA's reputation is impacted by the laws and regulations that were broken through legal corruption. After noticing this, the government declared that, in order to preserve organization's bright future, we would not engage in organisational disputes.

ECONOMIC ANALYSIS:

CAA is more impacted by revenue. because CAA receives money from all around the world. Global income generated by CAA aids in its development. Every flight that enters Pakistani airspace is subject to a 1.5\$ per kilometer fee.

SOCIAL ANALYSIS:

Due to numerous social and cultural developments, Pakistan has a very complex social landscape. There are currently many students choosing to study aviation, which benefits the CAA. Terrorism has a terrible impact on us and has the potential to destroy the aviation industry because so many airlines have ceased operations as a result of it. CA should plan for HAJJ and UMMRAH effectively because it is an Islamic nation.

TECHNOLOGICAL ANALYSIS:

One of the most crucial factors in the analysis of CAA is technology. The reason why CAA is succeeding more and more each day is due to technology. The technological factor greatly aids CAA in all areas.

ENVIRONMENTAL ANALYSIS:

The environment has a significant impact on the CAA. because the time of flights must be affected by the weather. Similar to this, severe crosswinds during the monsoon cause flight on alternate airports.

LEGAL ANALYSIS:

The laws of our expanding nation need to be changed. like as

- The customer emphasized their entitlement to conduct business at airport premises, as the CAA is required to do so in order to maintain transparency.
- It should be mentioned that the CAA will let licensed individuals to fly for personal trips.

2.1.4 Financial Analysis:

This step is used to assess the organization's financial health. Investors can decide whether it is safe to invest in CAA based on the financial situation. The stakeholders can determine whether the organisation is safe or not thanks to this phase. By looking at its balance sheet, cash flow statement, and income statement, which are shown below:

: FINANCIAL ANALYSIS:

This step is use to recognize the financial conditions of organization. The financial condition assist the investors to in making decisions whether investing in CAA safe or not. This step helps the stakeholders to know that organization is safe or not. By looking at its income statement, balance sheet and cash flow statements are given below:

BALANCE SHEET OF 30TH JUNE 2017:

In 2017, the total comprehensive income for the year was 182,974,013 RS

CASH FLOW ACTIVITIES:

- Cash and cash equivalents at the beginning of the year= **2,721,688 RS**
- Received from government of Pakistan= **3,427,915 RS**
- Net cash generated from financing activities= **3,427,915 RS**
- Net increase in cash and cash equivalents= **2,721,688 RS**
- Cash and cash equivalents at the end of the year=**16,334,045 RS**

INCOME STATEMENT:

- Inspection and other services= **332,337 RS**
- Non Aeronautical Revenue= **6,174,197 RS**
- Revaluation gain and investment property= **1,306,090 RS**
- Aeronautical revenue= **63,606,779 RS**
- Total income= **71,419,403 RS**

MARKETING STRATEGIES:

We were able to complete the flight inspection and calibration in CAA thanks to the marketing strategy and customer assistance.

Develop and put into action commercial strategies, such as business development and marketing, to spur the expansion of the aviation industry.

Below are a few further marketing tactics:

The CAA needs to take its service improvements seriously.

- They also keep their level above that of others.
- They shouldn't skimp on the comfort and services provided to their clients.
- They ought to refrain from hiring any one solitary reckless person.
- CAA should compare its services to those of other organizations.
- All of their personnel should be honest in their work.

Marketing and Sales Strategies

- Sales tactics include developing competitive advantages, process innovation, pricing and revenue management, and selling psychology. to excite and cultivate devoted clients.

- Airline and Airport Products: Airline and Airport Environment Airport operations for airlines; changes in the world that airports and the airline industry are undergoing, as well as how they are affecting future market growth.
- Marketing Management: The 4Ps vs. the 7Ps new market mix and thrust sectors for a successful global aviation market development. • Global Airport/Airline Marketing Strategy.

HR Analysis

HR stands for "human resources." Analysts in human resources gather and research data on the occupations, problems, and expenses that affect businesses. Typically, a bachelor's degree in business or human resources is necessary for HR analysts. Re

Specialists in human resources are in charge of finding, selecting, and placing employees. They might also be in charge of payroll, benefits, training, and employee relations. They coordinate the work of specialists, consult with executives on strategic planning, and serve as a conduit between a company's management and its workforce.

- A strong emphasis will be placed on learning and talent development activities as well as Training Needs Analysis (TNA).
- An independent evaluation would finish the survey of the entire hierarchical structure based on the profession mapping. The survey's topics would include operational strategy, business strategy, and strategic vision.
- Revision of the Ethical Committee and development of new Ethical Management programme.
- A focus on corporate social responsibility and occupational health and safety.
- Completion of job descriptions and the identification of skills (JDs)
- A solo HR performance assessment would be guided by videos that are approved for HR management.
- Worker manuals have been created.

- Concerns identified through the system for employee suggestions would be revised and emphasised.
- Active management of CA clubs, schools, sports, and exercises is required.
- It is important to evaluate CAA policies and procedures in light of HR best practises.
- The information system for human resources should be implemented.
- The proper procedure should be established for the creation of the contract and work charges, among other things.
- To improve the attitude of employees, counselling will be confirmed, and a grievance management system will be used.

MAJOR COMPETITOR OF ORGANISATION:

Competitors are those opposite groups that try to compete with us in any field. In this way, CAA has its competitors which are listed below:

- ICAO
- IAA
- EASA
- IATA
- Federal Aviation Administration
- ESA
- Casa
- Flying in Ireland
- Jaa Training Organisation
- Eurocontrol

An inquiry report of Competition Commission of Pakistan (CCP) has termed an agreement between Civil Aviation Authority and three oil marketing companies (OMCs) signed in 1994 for refueling aircraft at the Jinnah International Airport Karachi “anti-competitive”.

MARKET SHARE OF ORGANIZATION:

PIA's monopoly over the global passenger travel market weakened even more. Its market share is at 28.16 percent, down from 34% and 39% in 2012-2013 and 2011-2012, respectively. 3 million foreign passengers used the airline's flights in 2013–14.

All handling operators in domestic airlines as well as fuel suppliers should have a level playing field, according to the Civil Aviation Authority (CAA) and the Competition Commission of Pakistan (CCP).

The analysis maintained that the sector's competition is being impacted by government initiatives and other factors. The interventions can be categorised based on how they affect the market, specifically if they

- (1) prevent entry or strengthen dominance
- (2) encourage cooperation or restrict businesses' use of strategic variables
- (3) safeguard entrenched interests or provide some players an unfair advantage.

THE MARKET'S SUCCESS AND FAILURE OF ORGANIZATION PRODUCTS:

Any corporation has always experienced both failure and success; in the same manner, CAA experienced both as time went on due to instances like some personnel irregularities, delayed flights, and several other issues.

SUCCESS IN PASSING CAA

Since independence 35 years ago, the ministry of defence has operated Civil Aviation as an associated agency. In 1982, it was abundantly evident that the bureaucracy's attempt at remote control had completely failed to keep up with the demands of a quickly developing international Civil Aviation. In light of this, on December 7, 1982, Civil Aviation was created as an autonomous entity, so as to make rapid progress "With minimum of bureaucratic control."

FAILURE OF CAA:

Failure has changed with time. Failure occurs in all aspect of life, hence in the CAA, accidents are the source of failure. An incident related to an aircraft's operation that occurs between the time someone boards the aircraft with the intention of taking off and the time everyone in that group has disembarked is referred to as an accident.