

American Airline SWOT Analysis

Introductory SWOT Analysis for a Major US Airline

This American carrier is among the world's biggest. The airline serves major U.S. cities from its hubs in nine of the 15 largest U.S. cities and also flies internationally. Direct flights to major business cities across the world are one of the business tactics employed by the American airline. This firm also has a dominant position in the domestic transportation market. Despite the fact that healthy rivalry is always welcome, this airline has a leg up on the competition thanks to the high level of trust it has earned throughout the world (Airport-la.com, 2016). The company's domestic transportation network is the primary approach that has allowed it to rise to the top of its industry (Aa.com, 2016). It's unlikely that a business will lose local or even global clients after being chosen the best in its area.

Therefore, the swot analysis is used to assist a firm identify its strengths, weaknesses, opportunities, and threats so that it may better address those issues and move forward with more informed choices (Berry, 2008). Daily, because of rivalry, the business climate shifts and evolves (Whittington & Delaney, 2010). The company's SWOT analysis helps pinpoint its strengths, weaknesses, opportunities, and threats. The SWOT analysis tools may be broken down into two categories: internal and external. The company's internal environments include its strengths and weaknesses, while the company's external tools include both the potential for competitiveness with other businesses and the risks posed by the local community and other businesses.

Element of the Internal Environment

Human resources, including management, employees, volunteers, and the consumers the firm serves, make up the bulk of the company's internal environment. The company's physical resource includes its buildings, its location, its equipment, and its sources of revenue, all of which contribute to the company's internal environment. The activities and events that take place within this organisation are also important parts of its internal environment. In addition to being an external environment, the company's history may be mined for clues about and solutions to any issue it's facing right now. Information on the internal environment is acquired from the primary factors using the SWOT analysis as a reference. To determine the company's strengths and weaknesses, it is necessary to collect information on the company's internal environment.

Strengths

The American airline benefits from a large pool of available personnel, strong ties to the international economy, and strategically placed hubs (Aa.com, 2016). There is a lot of room for employees to spread out and work, and there is plenty of equipment to assist them do their jobs. How effective they are and what they provide to the firm is crucial information to know about their capabilities. A big number of employees, for instance, might either aid the firm in maximising its profits or cause it to incur losses. Workers are inspired by the company's investment in things like automobiles and desks. American Airlines, as a firm, must weigh the price of this machinery against the value of their contributions to the enterprise.

The American airline has improved its efficiency thanks to the availability of staff and volunteers, one of the company's assets (Air Transport Research Society 2003). What matters most when trying to resolve an issue at this organisation is learning how employees currently feel about contributing to a solution as a team. American Airlines has strengths that both help and hurt the business. When hiring workers and purchasing supplies, the American airline must have profit maximisation in mind, the company's core business purpose.

Weaknesses

American Airline Company's internal vulnerabilities are another component of the SWOT analysis. Weaknesses include a disorganised management structure, uninspired employees, an ineffective team, and an inadequate service delivery model that includes all employees. The decline in share price that the American airline saw in 2015—down 10%—is another area of difficulty (Research, 2016). The consequence of a company's current weaknesses is that it cannot achieve its profit maximisation goals. The American airline's cash flow gaps may be traced back to the company's weak management structure (Nieuwenhuizen & Erasmus, 2007). Losses mount up when there are divisions like this because corruption is the main threat. Due to widespread corruption, many of these businesses are declaring bankruptcy within a very short period of time. The unwillingness to work is exacerbated by a lack of employee motivation and an inadequate service delivery system.

Losses can be traced back to the company-wide problem of corruption at American Airlines. The American government taxes the airline and requires payment of the company's legal business documentation. Corrupt costs are deducted from a company's total cash outflow. If the outflow is greater than the intake, the business will incur a loss. One of the company's flaws is that its employees don't work well together. The American airline corporation needs the collaboration of its employees because of the intense rivalry it faces from domestic and international rivals. Customers will have a more positive impression of the business if they receive hospitality in addition to the services they pay for.

The American airline's financial situation is another problem, since it is subject to annual changes in earnings (Hub.aa.com, 2016). The majority of the company's funding comes from stockholders. Shareholders and potential contributors often withdraw their financial backing from a firm that has experienced significant losses. To prevent losing money and going out of business, management must earn the confidence of shareholders, who provide the bulk of the company's operating capital (Finance.yahoo.com, 2016).

The American airline cannot compete on overseas routes from a global competitiveness perspective. SouthWest Airline Company, Delta Air Lines, Inc., JetBlue Airways, and United Continental Holdings are some of its rivals (Tarver, 2015). American Airlines may be the greatest airline in the United States, but there are plenty of other foreign options to get to the same places it does (Aa.com, 2016). So, in order to compete with major multinational airlines, more work needs to be done to improve its services.

Factors of the External Environment

Opportunities

A SWOT analysis of the external environment of the American airline firm would reveal both opportunities and dangers. The prospects that the American airline has found are indicators of the company's potential for success. Growth in the industry, a favourable public image, and consistent operations present potential for the American airline ("2012 Council of Faculties Business Meeting, July 16, 2012, Kissimmee, FL", 2012). (Placeholder1). The corporation is under pressure to upgrade its system as a result of intense rivalry stemming from the promising future of the air transport sector. The American airline should invest in its employees' training so that it can better compete with other airlines. Considerations for the company's external environment should also include the rate at which technology is evolving. The expansion of technology is a worldwide phenomenon, and in order to compete successfully in today's global economy, it is necessary to update one's skillset to reflect these developments. The American airline's management structure should provide training for all employees to improve customer service and boost readiness for competition (Wang & Forgionne, 2007)

The American airline's many services present openings for development in the face of fierce competition. One such service is ensuring the cleanliness of aeroplanes (Alpert, 2015). The services offered, rather than the price or other factors, are what most consumers value most. Customers are willing to spend extra for transportation options when they feel their needs will be met. To stay competitive, most American airlines offer somewhat different fares. The ability to offer competitive rates and superior service is essential for fending off rivals.

In light of this, we can confidently forecast the American airline's success. American Airlines must also take into account the timing of any potential opportunity. Taking advantage of opportunities requires careful planning to guarantee that your rivals don't get there first. Company headquarters for AA may be found in 8 of the top 15 U.S. cities (Seekingalpha.com, 2016). Definitely a chance for growth at this point.

Threats

The external environment for the American airline also includes potential dangers. A corporation faces threats when there are elements outside of its control that might have a negative impact on its ability to provide its services or take other precautions to protect itself from harm (North, 1997). Competition from low-cost airlines, rising fuel prices, increasingly demanding labour unions, and the proliferation of teleconferencing tools like videoconferencing have all been recognised as challenges for the American airline (DuBois, 2012). Terrorist attacks, unfriendly nations, and a lack of hospitality from adversarial nations owing to power disparities are additional challenges for the American airline (Levine-Weinberg, 2016).

Threats in the workplace are recognised as unfavourable elements, and the organisation must try to allay any apprehension or fear among its employees (Zeng, 2004). Increasing fuel costs pose a significant risk to businesses like the American airline, necessitating a price rise from the airline's management system (Drucker, 1992). If prices are raised again, it will be used as an excuse to drive away customers. Terrorist strikes pose another risk to the aviation industry, forcing them to restrict service to more remote areas. Maintaining client safety is essential for every company. So, the business must shell out more cash to ensure the protection of its clients by purchasing individual insurance policies (Travelguard.com, 2016).

Interrelationship

By focusing on the positive aspects of the SWOT analysis, we may counteract the negative influences that threaten our company. It is also possible to take advantage of the business's prospects by focusing on the company's strengths. When assessing the company's long-term viability, the company's strength is the most important factor. Therefore, the connection between the company's strengths and possibilities is carefully evaluated while assessing its ability to endure any loss of bankruptcy. American airlines should capitalise on their strong cash flow availability to seize the opportunity presented by the industry's rapid expansion. Expanding the number of major airports in nations with high demand for air travel is one way to meet this goal. The ability to replace outdated equipment and upgrade outdated systems is what makes a healthy cash flow such a potent tool for keeping up with technological advancements.

Having a solid domestic foundation that can compete with other domestic airlines is an excellent illustration of the strength that is the firm's strongest pillar in combating the airline's weaknesses and dangers. Competition from within the country is more dangerous than competition from without. Their ability to capitalise on standard industry practises within the aviation industry is bolstered by the accessibility of their workforce and the convenient location of their American airline services. The American airline's poor management may be combated by hiring new employees and bringing in new leadership, therefore the corporation has a double advantage in terms of available workforce and fighting terrible management. Based on the interplay of these factors, the American airline's financial stability stands out as a major strength that may be leveraged to rein in management, boost employee morale, and counteract weaknesses like a drop-in stock price.

Conclusion

International airlines are posing a threat to the American airline's dominance in the domestic market (Airfarewatchdog.com, 2015). For American Airlines to succeed, it must capitalise on its advantages. By focusing on what it does well, the organisation can mitigate its weaknesses and expand its strengths (Pahl & Richter, 2009). The company's strengths also serve the purpose of protecting it against potential dangers (Pahl & Richter, 2009). Therefore, the American airline has to capitalise on the chances it has in order to overcome its weaknesses. Having access to the global market is one of the company's strengths that may help it overcome its disadvantages. The corporation has a global marketing strategy to increase brand awareness all around the world. According to (Abrams, 2003), The establishment of additional overseas hubs is another strategy that should be implemented by this firm.

Increasing the quality of the service offered is essential in order to compete successfully on a global scale. Immediate system updates are also advised as a part of the company's long-term strategy (Abrams, 2003). Rather than relying solely on human resources, security measures increasingly leverage technology.

The workers' plan of service is another essential problem that has to be resolved. This is the company's top priority and should be resolved before any others may be tackled. It is said that one can better deal with exterior issues if they first address any issues on the inside (Burrow, Kleindl & Everard, 2008).

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