American Airline SWOT Analysis

**Introduction**

The American airline is one of the largest airlines in the world. It operates in the main cities of America where its hubs are located in nine cities out of 15 big cities of US and also as an international airline. The American airline has its business strategies like direct flights to main business cities of the world. The other strategic position of this company is dominating in the home transport network. Its global trust in comparison to other airlines has placed this company in a very suitable position though competition is always acceptable (Airport-la.com, 2016). The home transport network of this company is the most important strategy that has helped in building the cornerstone of business competition (Aa.com, 2016). Once a company has been recognized and voted in to be the best locally, there are little chances of it losing customers both locally and even internationally.

The swot analysis is therefore conducted to help in determining the surrounding and available opportunities of a company to solve problems and make decisions (Berry, 2008). The business environment keeps on changing daily due to competition (Whittington & Delaney, 2010). The SWOT analysis in this company is a way of identifying threats, weakness, strengths and the weakness of the company. These tools of SWOT analysis are divided into the internal and external environment. The company's internal environments are company's strengths and its weaknesses while the external tools are the opportunities available outside for competition with other companies and the threats from the surrounding communities and other companies.

**Internal Environment Elements**

The internal environment of this company in composed of the human resource which is composed of the managerial system, workers, volunteers, and the business target population. Another element of the internal environment is the physical resource of the company which is defined by the building structures, the company location, equipment and its sources of income. Other elements of the internal environment of this company are its activities and planned events. The experience of the company is also an internal environment that can be used to find out and solve any problem being experienced by the company. Through the guide of SWOT analysis information of the internal environment is gathered from the main elements. When gathering the internal environment of the company which is used to identify the strengths and weakness of the company.

**Strengths**

The strengths of the American airline are the availability of a good number of workers, connection to the world market, and good location of its main hubs (Aa.com, 2016). Also, to the strengths, the available equipment that helps the workers conduct their allocated duties in the company and space availability for the workers are also strengths of this company. The important information about the strengths of this company is how effective are they and their contribution. Using the example of a large number of workers, they may help in maximizing the profit of the company and in another way they can create losses to the company. The company's equipment like cars and office furniture are motivator tools to the workers. The American airline as a company needs to balance on the cost of this equipment with their contributions to the company.

In the strengths of the American airline company, availability of workers and volunteers as a basic need for this company has promoted this company through improvements in its efficiency (Air Transport Research Society 2003). When a problem exists in this company, the information to be gathered in trying to solve this problem is how the workers are relating to providing teamwork. Some strengths of the American airline can be positive and at the same time have a negative impact on the company. The primary business objective of profit maximization is a key factor to consider when conducting employment for the American airline company and equipping the company.

**Weaknesses**

Another element of SWOT analysis in the internal environment of American Airline Company is its weaknesses. The weaknesses of this company are poor management system, lack of motivation to the workers, lack of teamwork and appropriate scheme of service for every staff in the company. Fall of shares is another weakness of the American airline as experienced in 2015 where the shares droppedby 10% (Research, 2016). The effect of any existing weakness in a company is that the company will not be in a position to maximize on the profit as targeted. The poor management system in the American airline company contributes to gaps in the cash flow of the company (Nieuwenhuizen& Erasmus, 2007). When these gaps develop, corruption is the major attack on the company which is the reason these companies record many losses. Within a given time, with these companies experiencing a lot of corruption they are ending up recording a bankruptcy state. Lack of motivation and appropriate scheme of service for the workers contributes to reluctance.

Corruption in the American Airline Company as a weakness facing the entire company is a source of losses in the company. The American airline company is taxed by the American government and payment of its legal business documents. Corruption losses are added to other cash outflows of the business. When balancing the cash flow, the inflow is compared to the outflow whereby when the outflow exceeds the inflow, the company experiences a loss. Lack of teamwork and cooperation among the workers of this company is a weakness contributing to poor services to the customers. Having in mind that the American airline company is facing stiff competition from other airlines both domestic and from other countries, there is a need for cooperation in by the workers. Hospitality in the services provided through good relationship among the workers will contribute to a better rating of the company by the customers.

Another weakness facing the American airline company is the financial position of the company where fluctuations of profits are experienced yearly (Hub.aa.com, 2016). Most of the shareholders of this company are the source of capital to run the business. When a company experiences a lot of losses, the shareholders, and the willing donors pull away their supports to the business. To maintain a capital source that is used to run the entire business, it is the mandate of the management to ensure there is a full trust from the shareholders by avoiding losses and going bankrupt (Finance.yahoo.com, 2016).

From a global view of competition, the American airline is not in a position to compete on international flights. The competitors are southwest airlines company, Delta Airlines, inc., Jetblue Airways and united continental holdings (Tarver, 2015).  Apart from dominating as the best airline company domestically, there are other international airlines to the various destination served by American airline (Aa.com, 2016). More effort is therefore needed to improve on its services so as to compete with these international airlines.

**External Environment Elements**

**Opportunities**

The external environment of the American airline company from a SWOT analysis is composed of its opportunities and threats facing the company. The identified opportunities of the American airline company are the positive factors that show the likeliness of prosperity by the company. The opportunities existing in the American airline company are the rise in the market growth, positive business perception and uniform business activities ("2012 Council of Faculties Business Meeting, July 16, 2012, Kissimmee, FL", 2012). (Placeholder1). From the opportunity of a good market growth in the air transport business, the competition from other companies is pressure to improve on the company's system. Training of the workers should be an effort so as to ensure that the American airline company is ready to face the competition. The change in the technology is also a factor to be considered in the external environment of the company.  Technology growth is experienced globally, and one has to train for the new changes so as to fit in the world market. The management system of the American airline company has to ensure that all its workers are trained for better services and in preparation for competition (Wang &Forgionne, 2007)

Different services from the American airline company are also opportunities for the company to improve on so as to face the competition. Example of these services is maintaining airline hygiene (Alpert, 2015). Most of the customers are highly attracted by the services provided rather than the price and so on. When services are suitable for the customer, there is a will to pay more for the transport. Most of the airline companies in America have differences in the cost as a way of fighting competition. The most important skill to fight competition is by having affordable prices and offering better services.

The opportunities available for the American airline company are therefore positive to predict a good prosperity of the company. Another factor to consider on the available opportunities for the American airline company is the timing of these opportunities. Due to competition, strategic plans to capture the opportunities are required to ensure that the rest of the competitors don't get the opportunities being the first. The AA company has its main hubs in 8 cities out of 15 cities in the US (Seekingalpha.com, 2016). This is an excellent opportunity for development.

**Threats**

Threats are another element of external environment for the American airline company. Threats are negative factors to the company business that affects the services of the company as well as its actions (North, 1997). The identified threats facing the American airline company are pressure to reduce the cost due to competition, hike in the fuel market, escalating demands of Labour Unions and technology growth like video conferencing that has limited the travel needs (DuBois, 2012). Other threats being faced by the American airline company are terrorist attacks, hostile countries and lack of hospitality from enemy countries due to power differences (Levine-Weinberg, 2016).

Threats in business are accepted as negative factors that the company needs to ensure there is no reluctance in its workers (Zeng, 2004). On the business threats like the hike in this case of the American airline company, hike in the fuel market is a demanding factor that the management system should increase the price also by a certain percentage (Drucker, 1992). Hiking the price is again will lead to losing of customers from the excuse of high prices. Another threat from terrorist attacks is limiting the airline operations to some destinations. Security of the customer is a critical issue for every business. On safety issues, the company is therefore required to spend an extra coin on insurance covers for every passenger (Travelguard.com, 2016).

**Interrelationship**

The strengths in the SWOT analysis are used to overcome the threats in the business. Strengths are also applied to capture the available opportunities in the business. The strength of the business is the main element that can be used to rate the future stability of the business. On evaluating the capabilities of the business to occur any loss of bankruptcy, the relationship between strengths and opportunities is therefore highly considered. In the American airline the strength of availability of good cash flow should be used to capture the opportunity a good market growth. This can be done by having more airline hubs in other countries where air transport is in great demand. The strength of good cash flow is also effective in capturing the growth in technology by ensuring equipment is replaced and system updated as per the current technology.

Strength being the strongest pillar of a business in fighting weaknesses and threats of the American airline company, the strength of having a good domestic foundation that withstands domestic competition is a good example. Domestic competition is a greater threat than global competition. Availability of workers and good location of the American airline services are strengthes of this company to capture on uniform business activities in the air transport system. Availability of workers can also be strength to fight poor management of the American airline company through recruitment of new workers and change of management. From the interrelationship of these elements of SWOT analysis, financial stability is the primary strength of the American airline that can be used to control management, workers motivation and fight other threats and weaknesses like fall of shares.

**Conclusion**

The American airline position as being the best airline company domestically is being challenged by the international airlines (Airfarewatchdog.com, 2015). American Airline Company is supposed to use its strengths to capture the available opportunities. By taking the advantage of its strength, the company will minimize on its negative factors and maximize on the positive factors (Pahl& Richter, 2009). Another function of its strengths is to avoid the threats facing the company (Pahl& Richter, 2009). The weakness of the American airline should, therefore, be overcome by taking the advantage of the available opportunities.  One of the strength that can help in fighting the weaknesses of the company is a connection to the world market. Marketing of this company worldwide is a strategic plan to ensure that the company is recognized worldwide. (Abrams, 2003)  Another strategic plan recommended for this company is to build other hubs internationally.

By the use of strengths to capture opportunities and minimize weakness of the company, improving on the service is a requirement to face the competition globally. Another strategic plan recommended for the company is to ensure upgrades of technology are done immediately by upgrading its systems (Abrams, 2003). Security measures rely on technology mostly than the man force.

Another fundamental issue that should be addressed is the workers scheme of service. This is the primary objective of the company that should be met first before attending to other problems. It is recommended that by solving the internal factors first, one is left in a better position to face the external problems (Burrow, Kleindl&Everard, 2008).