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### Boeing: A Human Resources Analysis for Issues and Solutions

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## **Boeing: A Human Resources Analysis for Issues and Solutions**

Boeing is an aircraft manufacturing company that mainly provides their products to commercial airlines. Boeing has been having a number of issues lately that include a toxic workplace, union difficulties, quality issues, and more which have resulted in even more issues such as drastic leadership changes, turnover, and negative media attention. These issues that Boeing is facing can all be traced back to their human resources management practices, and by analyzing the connection between these problems and human resources, solutions can then be identified that address these matters at the root, by updating their human resource practices.

### OVERVIEW OF ISSUES:

Boeing has been dealing with a number of issues, especially in recent years. An overview of Boeing's issues will paint a picture of the company and will thus be related to their human resources practices. The issues that will be covered include quality and manufacturing, workplace culture, union demands, and other sub-issues that are related.

A main issue that Boeing has been facing has to do with their quality and manufacturing. There have been incidents of malfunctions and negligence in their quality of airplanes that have caused an uproar. They have had a history of safety incidents and crashes, but recently, In early January of 2024, the door of an airplane blew off mid-flight on Alaska Airlines, which caused an immediate investigation. Then, "a six-week audit by the Federal Aviation Administration of Boeing's production of the 737 Max jet found dozens of problems throughout the manufacturing process".<sup>1</sup> Boeing also has been accused of having a toxic workplace environment and culture. Cynthia Cole, who worked at Boeing as an engineer for 32 years stated that a "greater emphasis on maximizing profits over safety caused all kinds of problems as the company developed the 787 Dreamliner, which ended up three years behind schedule and billions over budget"<sup>2</sup> These crashes and safety incidents have given Boeing a high volume of negative media attention, which is affecting their reputation and the way people see Boeing. An emphasis of maximizing profits over safety can affect employees greatly. It then no longer becomes about their work, but solely the profit of the company, and can make employees feel scared and unsure about their place of work. As of recent, Boeing has also had issues pertaining to unions. As of March 2024, their largest union will be demanding a 40% pay increase in the next 3 to 4 years, as the time of their labor contract renegotiation approaches.<sup>3</sup> Considering Boeing's current state amidst scandal, this new demand could not have come at a worse time, and they need to consider the impact that this large union will have. Arguably

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<sup>1</sup> Walker, Mark. "F.A.A. Audit of Boeing's 737 MAX Production Found Dozens of Issues." *The New York Times*, The New York Times, 12 Mar. 2024, [www.nytimes.com/2024/03/11/us/politics/faa-audit-boeing-737-max.html](https://www.nytimes.com/2024/03/11/us/politics/faa-audit-boeing-737-max.html).

<sup>2</sup> Walker, Mark. "F.A.A. Audit of Boeing's 737 MAX Production Found Dozens of Issues." *The New York Times*, The New York Times, 12 Mar. 2024, [www.nytimes.com/2024/03/11/us/politics/faa-audit-boeing-737-max.html](https://www.nytimes.com/2024/03/11/us/politics/faa-audit-boeing-737-max.html).

<sup>3</sup> Robertson, Sebastian. "Boeing's Largest Labor Union Calls for 40% Pay Increase at Bargaining Table." *King 5*, 8 Mar. 2024, [www.king5.com/article/news/local/boeings-largest-labor-union-calls-for-pay-increase/281-021e888b-02c6-473e-b2e6-2520a9dacbad](https://www.king5.com/article/news/local/boeings-largest-labor-union-calls-for-pay-increase/281-021e888b-02c6-473e-b2e6-2520a9dacbad).

one of Boeing's biggest issues they are facing as a company is their current drastic change in leadership. As of March 25, 2024, Boeing's CEO Dave Calhoun decided to step down from his position. <sup>4</sup>This big of a leadership change can be seen as a massive issue that Boeing is facing, and it definitely speaks volumes amidst their quality and manufacturing scandals. This calls into question the stability of the company, and another issue would be how they move on from this point.

#### HUMAN RESOURCES RELATION:

Many of Boeing's issues can be related back to human resources. Human resources encompasses every factor of the employee life-cycle, which includes hiring, termination, and employee well-being. These issues and sub-issues that have been identified relate to human resources by human resources being the source, and causing human resources centered issues as well.

For example, there is an article that states that the Boeing 737 Max issue can be traced back to overworked employees, which also includes the factor of a toxic workplace. Human resources deal greatly with the environment of employees, and employees being overworked is definitely a human resources issue. Turnover may be caused by a toxic workplace, and "high turnover at the company following the pandemic means there have been more "inexperienced" workers and managers on production lines."<sup>5</sup> Human resources encompasses the entire employee life cycle, and high turnover means that people are coming in and out quickly, thus the human resources team may turn a blind eye when someone doesn't have as much experience, or shorten the hiring/onboarding process because of the desperate need for new employees. Many of Boeing's older employee population may be near retirement age as well, which can only increase turnover. This need for immediate replacement of employees can result in inexperienced workers that can then result in a lack of quality. Turnover is not only an issue in itself, but highly relates to the prominent issue of quality and manufacturing that Boeing is facing. The union issue is also related to a poor workplace, because members of the union demand higher pay because their current needs are not being met, thus they are dissatisfied with their work environment. Boeing's human resources may be neglecting the employee experience, and by allowing them to be paid less than satisfactory, they are now dealing with difficult union issues which have resulted from unsatisfied employees. Boeing has been experiencing significant turnover on their leadership team as well, which traces back to human resources as they now have to handle the responsibility of finding new leadership in a company that is struggling. It is difficult to find information on Boeing's performance review process, but this process is managed by human resources and can be directly linked to lack of quality. If human resources is managing a performance review process that is not extensive, frequent, or comprehensive enough, that can be directly linked to untracked and unprecedented quality issues with employees and continues to perpetuate a culture that doesn't value safety. Additionally, since there is a constant influx of employees and high turnover, which may lead to neglect when it comes to thorough performance reviews.

Boeing's issues are definitely tied to human resources, as human resources deals with the hiring, performance review, onboarding, and termination process, thus the poor management and structure of these processes can result in issues that we are seeing that involve unions, lack of quality, high turnover in

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<sup>4</sup> Gates, Dominic. "Key Boeing Leaders to Depart in Major Shake-Up." *The Seattle Times*, The Seattle Times Company, 26 Mar. 2024, [www.seattletimes.com/business/boeing-ceo-dave-calhoun-to-step-down-in-leadership-shake-up/](http://www.seattletimes.com/business/boeing-ceo-dave-calhoun-to-step-down-in-leadership-shake-up/).

<sup>5</sup> Bratton, Laura. "Boeing Labor Pains and 'overworked' Employees Are Linked to Its 737 MAX Issues, Analyst Says." *Quartz*, Quartz, 6 Feb. 2024, [qz.com/boeing-labor-pains-and-overworked-employees-are-linked-1851229631](https://qz.com/boeing-labor-pains-and-overworked-employees-are-linked-1851229631).

varying positions, and a toxic workplace. Many of these issues interconnect with each other, and they all can be traced and connected to human resources practices.

## PROPOSED SOLUTIONS:

As the issues and their relatedness to human resources have been discussed and identified, solutions through a human resources strategy can now be presented. As it has been stated how these various issues started with human resources practices, we can then find solutions through human resources processes. When finding a human resource strategy, it is important that the strategy traces back to the very source of the issue, and many of the issues Boeing is facing goes back to the hiring process. It is difficult to obtain exact information on Boeing's hiring process, but it is apparent as of recent that they have been known to value profit over safety, and safety encompasses hiring skilled employees. Boeing needs to focus on its hiring process, and especially amidst all of the uncertainty and scandal, they need to make sure they make new employees welcome and that they will continue to work to evolve their practices, counteracting what they see in the media. Through their hiring process they can make it centered around safety, especially when hiring technicians/assembly line workers. This can counteract what potential employees have been seeing in the media, and it ensures that Boeing will perpetuate a culture of safety. As stated by an anonymous source that was a senior manager at Boeing for 33 years<sup>6</sup>, Dave Calhoun stepping down is currently seen as negative through the eyes of the media, and further proof that Boeing is in a crisis. However, the source suggested that Boeing can paint a new picture in the media through this leadership change, and Calhoun stepping down is actually a sign that Boeing is going to initiate change and that they are turning a new leaf. This solution can be strategized through human resources and implemented through their communications team, and it can be a great step in bringing back Boeing's good reputation. Changing the perception of Boeing through the media is crucial for the well being of the company and can be done through human resources, such as through the hiring process and strategizing a way to create an image for their leadership.

Another solution includes their hiring process, and their hiring process needs to be extensive from now on, especially for hiring new employees in higher leadership positions. In a think piece titled "Bad HR Can Cost You Billions, Just Ask Boeing", it is suggested that Boeing can reduce errors to HR's responsibilities, by "urging HR to develop a risk management process that focuses on reducing employee errors"<sup>7</sup>. I agree with this suggestion of a solution, and risk management starts with the hiring and onboarding of an employee, meaning that errors can be prevented from the source and very beginning. A concrete way to develop a risk management system for the hiring process could mean extensive interviews, usually an initial phone screen then two additional interviews, and additional reference checks. The questions asked during these interviews are crucial, and should be extensive in encompassing the employees experience with quality control, and behavioral/ethical questions would be beneficial as well, to counteract the current notion that Boeing values production over safety. Developing a risk management process to be utilized during the hiring and onboarding process can be extremely beneficial to Boeing, and risk management doesn't only affect quality issues. This process can be continued through performance reviews, as there can be dedicated sections in frequent and thorough reviews that evaluate an employee's commitment to safety. Risk management can also encompass battling

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<sup>6</sup> Anonymous, Senior Manager at Boeing for 33 years

<sup>7</sup> Sullivan, John. "Bad HR Can Cost You Billions, Just Ask Boeing – Why HR Needs to Embrace Risk Management." *Dr John Sullivan*, 4 Mar. 2024, [drjohnsullivan.com/articles/bad-hr-can-cost-billions-just-ask-boeing-hr-risk-management/](https://drjohnsullivan.com/articles/bad-hr-can-cost-billions-just-ask-boeing-hr-risk-management/).

a toxic workplace, union negotiation, and drastic leadership changes. This process can focus on valuing the employee and making sure the employee is satisfied with the conditions of their employment. This makes it so the employee isn't quick to leave or be constantly unsatisfied with their position, because they were satisfied from the very beginning. This may mean increasing pay from the start, especially if Boeing wants to focus on hiring extremely skilled and qualified employees, their pay should reflect that to show that they are valued as well. To maintain a high amount of skilled employees and reduce turnover, Boeing might want to reconsider its employee retention program as well, which will stem from a change in human resource practices. An effective retention program may include additional compensation based on years as an employee, as this system rewards loyal employees and monetarily shows that they are valued. Compensation for maintenance technicians/assembly workers may be particularly important, as these are the employees who are on the front lines of quality control, and their satisfaction and loyalty is crucial to ensuring employees who value safety. This compensation strategy may be difficult as Boeing is already at a profit loss, and they may want to reconsider reconsidering compensation in general, and this may include lessening a new CEO's compensation. Dave Calhoun was paid \$32.8 million in 2023<sup>8</sup>, and this seems excessive for one individual. These funds could go towards maintenance technicians/assembly workers to better the company in its entirety.

Overall, solutions can be applied to Boeing through a human resources standpoint. By recognizing that these issues that Boeing is facing traces back to human resources, solutions can then be discussed, developed, and implemented that will address these issues from the source.

## CONCLUSION:

Through my analysis of Boeing and consulting with sources, overall, it is clear that Boeing is in a crisis. They have limited strings to pull, low confidence from the public, high competition, and more that amplify their issues. They need courageous management that have both technical and financial skills to pull the company out of this. Human resources specifically will be pivotal in reviving Boeing from this crisis, as people are the most important resource, Boeing needs careful human resources policies and solutions going forward. This comprehensive overview of Boeing's issues and how they are connected to human resources practices can provide a background to generate solutions for Boeing to implement. .

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<sup>8</sup> Isidore, Chris. "Boeing CEO Dave Calhoun Was Paid \$32.8 Million in 2023 | CNN Business." *CNN*, 5 Apr. 2024, [www.cnn.com/2024/04/05/business/boeing-ceo-pay/index.html](https://www.cnn.com/2024/04/05/business/boeing-ceo-pay/index.html).