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Globalization Based on Air Asia Berhad

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Abstract:

This study aimed to investigate the concept of international businesses that are applied by the company Air Asia Berhad through the process of globalization. Another objective of this study is to explain the concepts of international business that used the company Air Asia Berhad. The study also found the concept of Air Asia Berhad international business related to the concept of globalization, localization and market created. Air Asia is the main vision of becoming the largest low cost airline in Asia and provide maximum service at an affordable price.

Keywords: *International businesses, economics, beneficial, globalization, multinational corporations*

1. Introduction

Airlines Air Asia provide civil aviation services for passengers or goods. Service refers to intangible products, namely activities that help and benefit to businesses such as transportation services, tourism and insurance. They rent or own aircraft to provide transport services and to form partnerships or alliances with airlines for mutual benefit. AirAsia is the leading low-cost airline and the largest in Asia and has the largest network service to 85 destinations. During more than 10 years of operation AirAsia has offered services to 180 million passengers from just two aircraft to approximately 117 aircraft. Air Asia is proud to be ASEAN companies operating in Malaysia, Indonesia, Thailand, Japan, Philippines and also offers a range of destinations to all ASEAN countries, China, India, Sri Lanka and Australia.

This study examines a multinational company (MNC) in terms of these activities and international business concepts applied by AirAsia Berhad. The organization is working in airlines around the world. AirAsia Berhad is a low-cost carrier is first and foremost in Asia. In addition to running a low-cost carrier, Air Asia also offers other services such as travel protection Air Asia, Air Asia car rental, credit card deals Air Asia, and AirAsia Megastore Go. In addition, researchers must explain the concepts of international business applied by the Company Air

AsiaBerhad. Among these is the concept of international business borderless world, globalization and localization. The business concept is crucial in an airline to increase the number of passengers and the company's progress. Researchers hope this study serves as a guide to the general public especially the people of Malaysia's low-cost carrier. This is done to give the impression to the public about topics studied the business activities and international business concepts used by the company Air Asia.

2. Air Asia Berhad: An Overview

Air Asia Berhad, Malaysia's budget airline, without a "frill" and without a ticket the first in Asia. They introduced many incentives to encourage more people to use the services of its flights. Air Asia was initially established on December 20, 1993 and started operations on 18 November 1996, which was founded by a Malaysian government conglomerate, DRB-Hicom. Air Asia Sdn Bhd is a company limited by shares and limited which was incorporated under the Companies Act 1965.

Air Asia has been re-established on 12 December 2001 when the company has to bear the burden of debt is too high of RM40 million. Therefore, it was sold to Tony Fernandes, the founder of Tune Air is priced at a dollar apiece. Tony Fernandes is an entrepreneur and founder of "Tune Air Sdn Bhd" which has introduced low-cost carrier. On June 8, 2004, the company has changed from a limited company to a public company named AirAsia Berhad. The slogan "Now Everyone Can Fly" is appropriate to the market segments that parents focus on the target group of low-income consumers.

The principal activity of the company Air Asia is providing low-cost long-haul flights worldwide. Air Asia initially had only two used Boeing 737-300 aircraft. Initially, the airline only to one destination and carrying 250,000 passengers a year and has only 250 employees. After more than 10 years of operation, Air Asia worth nearly RM4 billion recorded a profit of RM549 million and has over 85 Airbus A320 and A330. Air Asia flies to more than 130 routes to 70 destinations around the world. Air Asia has flown over 20 million passengers a year and now has more than 8,000 employees in Malaysia, Thailand and Indonesia.

Now, a group of Air Asia operates international and domestic flights to over 400 destinations across 25 countries. Its main hub is the Low-Cost Carrier Terminal (LCCT) at Kuala Lumpur International Airport (KLIA). The combined airline is Air Asia Thai Air Asia, Air Asia and Air Asia Japan Philippines who have their hub at Suvarnabhumi Airport, the international airport and Clark international airport Narita. AirAsia's registered office is located in Petaling Jaya, Selangor, while its headquarters in Kuala Lumpur International Airport. Air Asia is a reputable leading low-cost mine and the best in Asia. This can be evidenced by the achievement and an acknowledgment that has been awarded to Air Asia. In 2003, Air Asia gained the status of a Superbrand by the Superbrands International. Selain Malaysia, Air Asia is among the Top 100 Award Recipients CIO for IT strategic brilliance. Achievement so is Air Asia is Chief Executive Officer of the Year 2003 (Tony Fernandes) by Business Time and American Express. Air Asia also were favoured as a reputable Flights Medium Build of the Year 2003 by Air Finance Journal.

In 2004, Air Asia is the Best Low Cost Airline Asia Pacific by the Centre for Asia Pacific Aviation (CAPA). Next, Best Airline Asia Pacific executive was awarded to Tony Fernandes, CEO of the Centre for Asia Pacific Aviation (CAPA). Other awards include awards Asia Pacific Low Cost Advertising for the best Low Cost Carrier Asia Pacific or the Middle East in 2004 by the Centre for Asia Pacific Aviation. Air Asia is also the Best New Stock Exchange Listed In (third place) by Euromoney. Air Asia also awarded Leadership in Low Cost or Regional Airline Business Strategy Award 2005 by Airline Business, which was awarded to Dato 'Tony Fernandes.

The aviation industry is generally divided into two types of full-service carriers and low cost carriers. This low-cost concept introduced by Pacific Southwest Airlines in the United State in 1949 when the airline launched its first flight in the Pacific Southwest Airline now is one of the low-cost airlines successful at international level. Among the features are a low-cost airline is usually only use one or two types of aircraft which normally is of type A320 or Boeing 737. In addition, each flight, the user is free to choose a position. This is intended to encourage passengers to arrive early in the airplane.

3. Concepts International Business Application

This section discusses the concept of Air Asia Berhad international business. International business concepts that will be discussed include globalization, localization and market created.

3.1. Globalization

Globalization refers to the concept of a borderless world where all are free traders conducting business activities inside and outside the country which is at international level without any restrictions. Globalization is also defined as the process of putting the world under the same unit without being restricted by borders and geographical position of a country. Globalization is an effort to expand business involvement into the world market, operating widely Standardization and integration of the production firm. One of the benefits of globalization are expanding into the international market and improve the image of the company.

Air Asia Berhad practices the concept of globalization through partnerships with carriers in other countries. For example, Air Asia has signed a joint venture with All Nippon Airways Japan to form Air Asia Japan. Air Asia is planning to establish a joint venture company in the Philippines as part of its move to expand in North America. Air Asia also will hold 40% stake in the company which is the maximum amount of the authorization by the Philippine authorities. The joint venture, Air Asia does not have any restrictions in operating flights inside and outside the country. A joint venture created by Air Asia and other airlines allow service outside the State budget carrier Air Asia free from any restrictions to enter the business and expand its market abroad.

3.2. Localization

Localization of foreign organization intends to change the local organization where the use of local capital resources, materials and local labour. Localization is aimed at changing improve the quality of local products and local economic activity.

3.3. Market Created

The market created a new market which appears due to the increasing purchasing power of consumers in a market. It is also associated with low-cost services that are in demand no matter inside or outside the country. Previously, Air Asia is more focused on the domestic industry.

However, Air Asia has demonstrated its capabilities in the industry to expand to other countries such as Southeast Asia and East Asia. Currently, Air Asia has pioneered the service in the country and have the destinations it flies in countries such as China, Macau, Philippines, Thailand, Indonesia, Laos, Cambodia and Singapore.

4. Marketing Strategy Proposed Air Asia Berhad

This section will discuss the marketing strategy of Air Asia. Aspects discussed include market penetration (entry into the market created), market development (discount), and product development (new products).

4.1. Target Group

AirAsia has been providing cheap flights to embark on middle-income earners. I suggest that AirAsia was also segment its market to the students as a new target groups. This is because AirAsia is also facing the threat of competitors' replacement services such as buses and trains in the country. Therefore, the proposal for AirAsia to introduce the 'Student card' or the 'Student ID' more cost-effective, to give a discount to students. This can attract students to choose AirAsia as the main transportation to return to the village as an alternative to buses and trains. This is due to traffic congestion and increased road accidents that claimed many lives in this country. This enables AirAsia to compete by taking this opportunity because AirAsia has the advantage in travel time savings and greater security in addition to an affordable price.

4.2. Market Penetration

Market penetration is a business growth strategy with focus on sales of existing products to existing markets. Market penetration is also related to the market created a new area or country known as an area that provides a market for world output and international business. Air Asia Berhad must constantly improve their services with a strategy of low cost affordable prices, increasing advertising in various media and promotions accordingly.

4.3. Market Development

Air Asia should retain the services cost to maintain the number of customers each year. Air Asia can develop its market with price cuts appropriate and reasonable in the purchase of a plane ticket. Air Asia should also offer ancillary services necessary for customers to show concern for the demands or needs of customers.

4.4. Product Development

Branding is one of the components have been emphasized by Tony Fernandes, Air Asia to lead to a high level and be able to compete with other major airlines. Air Asia should adopt a more focused work to provide opportunities for everyone so that they are able to fly with Air Asia. It began with a mission to offer very low prices so RM1.00 to attract the attention of many. First-served method of ticket sales profit is used. If a customer buys a ticket for a flight a month from the date of purchase, most likely an individual will be able to buy tickets at a lower price than if the journey is closer to the date of purchase.

5. Conclusion

Through this research, the people of Malaysia should be proud of the success achieved by Air Asia. The ability to achieve a 'Market Leader' in the low-cost airline industry is the result of a regular strategic planning and scrupulous. But the impact of globalization, which had also threatened anyone involved in business generally airlines industry mainly used by low-cost airlines Air Asia. Airline Air Asia has also designed a market segment that received by the public with its low-cost airlines.

Globalization has made the economy more vulnerable to a crisis threatening the market has become less segmented. Various effects and threats such as rising oil prices and the financial crisis in the US and European countries has spread to almost every country in the world that adopted the international business market. Most countries already in recession and even slowing business, production has been declining, the unemployment rate increased and decreased capital markets and capital flow standstill.

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