

British airways case study essay

[Environment](#), [Air](#)



What the company does? The British Airways (BA) is the flag carrier airline of the UK. Its headquarters is at the waterside near the main hub in London, Heathrow Airport.

Its second hub is at London Gatwick Airport. BA is the largest airline in the UK which currently serves 150 destinations, including domestic flights and international flights to the Middle East, Africa, USA, Australia, Europe and Asia {1}. How it developed historically? The British Airways group was formed on September 1, 1974 through nationalization by the Labor government. It was formed from two large London-based airlines; British Overseas Airways Corporation (BOAC) and British European Airways (BEA) to form the British Airways Board {1}.

They remained autonomous until 1976 when the group division was replaced with a structure based on functional divisions. Still, a distinct split within BA persisted until the mid 1980s. After 13 years, the conservative government sought to privatize the airline and thus started the era of Lord King, the newly appointed Chairman {2}. During that time, a dramatic change was initiated. It was recognized by drastic reduction of staff numbers and high uncontrollable costs. Not only that, but customer service management wasn't doing any better.

BA's culture was characterized by a military mentality with a purely operational focus. People believed that their job was simply to get aircraft into the air and get them down on time. It was seen as a 'critical factor that could give a competitive edge'. This stage was known as the "bureaucratic era" {2}.

Changes to the better began to be visible when Colin Marshall was assigned to be Chief Executive of BA. He acknowledged the problems and sought to raise the morale of the employees and in turn customer service. He decided that the best way was to put employees through “ refresher” training courses to concentrate on teaching staff how to sell the airline and its services hence, improving customer service. Motivation schemes were implemented and several training courses were later offered, each with a different theme.

Nevertheless today’s success is definitely a result of all the previous experiences acquired and mistakes made {3}. 3 Throughout this case analysis several aspects are to be discussed; including a SWOT analysis for the BA during the 90s, the problems faced then and what are the proposed solutions for these problems: SWOT ANALYSIS: Strengths • • • • • Brand name Strong management style. Motivational training programs. Employee loyalty. Profit-sharing and other benefits that increase employee motivation. Established customer service.

Strong fleets. • • • Weakness Autocratic leadership style mocked by BA’s own employees Vague and repetitive messages from the training courses.

Mistrust and fear from upper management Employee cognitive dissonance and inability to reconcile with the company’s values. • • Opportunities • • •

Terminal 4 expanding number of fleets. Strategic alliances.

Provides most direct non-stop flights to London worldwide. • Threats • •

Economic crises & Terrorism. Competitors (Lufthansa, Air France, and KLM)

Natural disasters e. g. Iceland Volcano eruption.

Strengths:

- Brand name: British Airways had a strong, well-recognized brand name that influenced customers worldwide greatly.
- Strong management style: the company was characterized by having a very strong, influential bureaucratic style. It helped shape most of the company's decisions and proved to be quite beneficial especially through times of economic and world crises.
- Motivational training programs: Colin Marshall developed several training programs with different motivational goals to help improve and shift the paradigm of the employees from being self-centered and arrogant to being people-oriented and customer friendly.

Putting People First” introduced concepts of setting personal goals and taking responsibility for getting what they wanted out of life. “ Managing people first” was originally targeted at middle managers, junior managers and supervisory grades {3}. The program directed the 4 • • • • • organization towards a more open and visible approach. “ A day in the life” consisted of all aspects of work across the airline {4}.

Employee loyalty: Despite the lay-offs and the concern of some of the employees with their inability to reconcile to with the company's goals and values, none of them have attempted to speak up or present any inquiries. In fact, there hasn't been any disturbing sign for resignation. Profit-sharing and other benefits: BA has given profit share to add a sense of responsibility and ownership to the employees. Administrative procedures formerly attached to personnel role were handed over to line management and allowed Profit sharing and payoffs.

“ Union consultations, generous payoffs, an Advice and Support center, professional advisers, and consultants up to six months were offered to those laid-off due to Economic crises such as the Gulf war {3}. Established customer service: the training programs given have changed the employees from feeling that customers owe them for letting them fly with BA, to being friendly, helpful and more aware of the needs of their customers. Strong fleets: BA has always sought to own the most powerful plane to assure stability, endurance and customer relaxation {1}. Weakness: • Autocratic Leadership style mocked by BA’s own employees: employees refer to Lord King as their “ Demon King”, the corporate demon who is the first and last decision maker. No one can really make a big effect in his presence {3}.

Vague and repetitive messages from the training courses: Many of courses given were considered a lame repetition of the same thing, over and over again. Whenever employees would attend they’d come out feeling “ I think I’ve seen all this somewhere before”. Shared humiliation, rather than self-esteem was projected from the “ Love Bath” training course. No feedback was given to assure whether the message intend to be received was conveyed appropriately or not {5}.

Mistrust and fear from upper management: employees do not trust in the fairness of their company. They fear the instability of losing their job if they ask for their basic rights, as maternity leave. Employees’ families are made believe that any BA employee should make “ compromises”. Employee cognitive dissonance and inability to reconcile with the company’s values: the values promoted by the culture lead caused some frustration and

disillusionment as a result of the conflicts between caring values and profits, and between espoused values and the need for work expediency {3}. • • 5

Opportunities: • • Terminal 4 Extension: this new terminal allowed more fleets to land and hence more customers and profit.

Strategic alliances: by being a part of the one world alliance including, American Airlines, Aer Lingus, Cathay Pacific, Finnair, Iberia, LanChile and Qantas, British Airways provides to its passengers flight service to over 570 destinations and 135 territories, that are served by the alliance {6}. Provides most direct non-stop flights to London worldwide: One of British Airway's competitive advantages is providing the fastest flights to London. Direct non-stop services are far more restful because passengers are saved the time and hassle of connecting with other flights {6}. • Threats: • • • Economic crises and Terrorism: inflation and other crises are uncontrollable factors (force majeure) that could affect the company and have no shield.

Competitors (Lufthansa, Air France, and KLM): these competitors have a high market share and threaten BA's customer bank {7}. Natural Disasters: tornados, hurricanes and volcano eruptions are considered major threats to any airline. One of the most recent threats was the Volcano eruption that occurred in Iceland. It delayed all flights for approximately two weeks, thus delaying profits.

The Problem: British Airways is pursuing a strong autocratic leadership style and culture that is controlling the company despite that it was very successful and remained for a very long time. After the privatization, the chairman intervened and tried to use the Unfreeze/Refreeze method to

implement the change. However, people still didn't believe that these changes will affect the culture, haunted by the bad history of the company. 6 Why is change needed? 1- Fear of turnover and instability: The history of the company shows a massive layoff of almost half the employees (22, 000 employees), then, over the years the company laid off a few thousand more without disclosing to the employees the reason why they did it. This resulted in the lack of safety, a need that every employee requires to have a stable job.

2- Mistrust in the company: The company created several motivational programs for employees and claimed that they care about people more than their goals. Yet, the management was lead by a bureaucratic approach. 3- Overuse in motivational approaches: When the managers were having their workshop they noticed that the contents were taken from other motivational programs and they are all based on the same overused, redundant idea which led to mockery and deterrence from the goal that the program was intended to convey. 4- Unclear goals: According to the case study, the company was trying to implement change. They maintained the military mentality with a purely operational focus while doing so.

And as a part of this culture, the company's goals are known only to the decision makers, which in this case are the chairman and the higher management. This left the employees lost, away from the company's track and out of perspective. 5- Compromises (employees): According to Mike and Deborah, their life was affected by the company's change in a very negative way. They couldn't cope with work and their personal life. This affected their

need for relatedness to an extent that they were afraid of taking a vacation to avoid letting someone else take their place (i.

e. maternity leave when they come back they won't find their job waiting for them). 6-British Airways' culture: 7 Bureaucracy is the leading culture in the company. No one has a part of the decision making in the company except Lord King, the CEO, and the higher management. Such a culture caused a lot of problems and made the employees lack belongingness, and affect the way they handle a crisis.

The employees view Lord King as the "demon king" {3}. This shows a sense of hatred and fear from the self-centered, military, autocratic leadership style. Suggested Solutions: * To make a clear policy and explain it to the people (explain why we had to lay off a lot of people and how are we going to choose them). The roles and goals of each person in the company have to be clearly stated. To add a sense of confidence within the employees towards the company's integrity and mission.

The higher management has to set an example showing them that they are honest, especially when they are trying to implement a transformational, radical change. * Over USED ideas for motivation should be avoided.

Motivation is a tool that has many benefits, however, if you use a method once you shouldn't use it again. * Involving employees with the decision making and goal-setting.

Setting SMART Goals and enabling the employees to share and communicate with the higher management. This method will allow them to share the front

line experience with them instead of having to rely only on theories. *

Setting flexible working hours for the employees will enable them have a good and balanced personal-work life so they can focus on their work when they are in the company which will boost their productivity noticeably. *

Implementing change and using the un-freeze intervention & refreeze method will allow transformation to come from the top first and then down the corporation hierarchy, passing through all sectors. 8 Recommendation: Our recommendation is divided into two interdependent parts: * The bureaucratic system is affecting the company and in return mockery and frustration are two side effects clearly noticed.

Making a transformational change requires British airways to start from the top management down to the front line management/ employees for it to take effect and does not disappear with time. *The company's main problem is the lack of trust. After applying the transformational change properly, the company has to set a live example to show the employees that " we can be trusted". That example could be giving maternity leave and even paid vacations during the time she is away, and setting new flexible working shifts so that the employees can socialize and have a personal life.

9 References: {1} http://en.wikipedia.org/wiki/British_Airways {2}

http://www.emergeeducation.com/case_studies/BA.pdf {3} Culture and Commitment: British Airways, Gowler, D.

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