

Relevant leadership theories in relations to ryanair management essay

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



Today's brands are inextricably linked to the leader's image. (Lazarus, 2003 cited in Power, Whelan, & Davies, p. 3). This has a direct influence on the reputation of the organization. (Hall et al. 2004, cited in Power, Whelan, & Davies, p. 3). Hence, Leadership is considered as a vital topic in today's dynamic business world.

Leadership is defined " as an influencing process aimed at goal achievement" (Stogdill, 1950, cited in Huczynski, Buchanan, 2007, p. 695).

The purpose of this report is to apply relevant leadership theories in relations to Michael O'Leary (here on MOL) and Ryanair and analyse and critique the leadership of MOL and efforts in converting Ryanair to a profitable entity. Moreover, the report recommends the type of leadership style that is required for MOL's successor if MOL exits Ryanair. The most obvious reasons of selecting MOL is due to his controversial personality (Irritating the Irish government by paying thousand of dollars for a taxi medallion for his Mercedes so that he can use the taxi lane) (Wikipedia, 2010), unconventionality (Looking to charge passengers who go to the bathroom so that he can reduce the number of bathrooms per plane to one), (Phillip, 2009), unrelenting campaigns of public stunts (Dressed as the Pope to advertise Ryanair new route from Dublin to Rome). (Lyll, 2009), which made him a household name and his high achievement oriented characteristics (Converted complicated and risky business as simple as possible and delivered it as a large scale, profitable product). (eire. com, 2003).

1. 1 Ryanair PLC.

“ Ryanair is an Irish-owned airline that was established in 1985 by the Ryan family to compete with Aer Lingus and British Airways on the Ireland-U. K. routes. By 1990, Ryanair had losses of £20million. It restructured and sent its current Chief Executive, MOL, to Dallas to meet Southwest Airline executives. MOL subsequently brought back a business model based on Southwest Airline’s “ low-fares/no-frills” template, though in a somewhat sharper form (e. g., charging for soft drinks). Company re-launched itself under the new model and became a public company in 1997.” (O’Sullivan & Gunnigle, 2009, p. 256). “ The company operates a low-fares, scheduled-passenger airline serving short-haul, point-to-point routes between Ireland, the U. K., Continental Europe, and Morocco.” (Ryanair Annual report, 2009, p. 48)

Based on the passenger numbers, in 2009, Ryanair was the largest international scheduled airline in the world and sixth largest in the world in terms of total passenger numbers. It flew 57 Million passengers and had revenues of €2. 9 Mln and a net profit of €105 Mln. (Ryanair Annual Report, 2009).

Figure 1:

Ryanair traffic, World’s largest international scheduled airlines, revenue and operating profit statistics

Source: Ryanair Annual Report 2009

Figure 1: Three most important deliverables to Ryanair

Source: Ryanair Annual Report 2009

In order to analyse the type of leadership style that MOL possesses Trait Theory (Stogdill, 1974), Hersey-Blanchard Situational Theory, (Hersey & Blanchard, 1988), Transactional Leadership (Bass, 1985; Adair 1990), Transformational leadership (Goodwin, Woffard & Whittington, 2001; Tichy & Devanna, 1986; Yammarino & Dublinsky, 1994, Bass, 1990) and Charismatic leadership (Conger & Kanungo, 1998) frameworks will be used. Based on these frameworks it will be argued whether Michael O'Leary can be considered as an effective leader.

Literature Review

2. 1 Trait Theory

This theory assumes that abilities and leadership characteristics were inherited. (McKenna, 2006). For the purpose of this report, the focus is on the research conducted by Stogdill, 1974. The traits that Stogdill had identified based on his reviews were; strong drive for responsibility, focus on completing the task, vigour and persistence in pursuit of goals, venturesomeness & originality in problem-solving, self confidence and honesty & integrity. (Stogdill, 1974 cited in Huczynski & Buchanan, 2007, p. 699). These traits are clearly visible in MOL. MOL's venturesomeness was evident when he placed a huge order for new planes when the market collapsed, after the September 11 attacks. (Lyall, 2009), his originality in problem solving certifies by implementing fees for airport check-in, online-check in and getting people to carry their own bags to the flight to reduce operating costs. (Lyall, 2009).

The theory has its weaknesses. It is difficult to find a set of prominent traits common to effective leaders. Circumstances seem to create different bundles of traits.

2. 2 Hersey-Blanchard Situational Theory

It was believed in particular circumstances the leader faces should be taken into consideration when determining the type of leadership style. This is known as the contingency theory or the situational leadership. One of the perspectives on the contingency theory was researched by Hersey & Blanchard (1988), which they named as the Hersey- Blanchard situational theory. (Hersey, P. & Blanchard, K. (1988) cited in Huczynski & Buchanan, 2007, p. 713). This perspective states that the leader is able to alter his or style to fit the context.

Figure 4: Situational Leadership Model

Source: Hersey, P. & Blanchard, K. (1988) cited in Huczynski & Buchanan, 2007, p. 713

The horizontal axis of the model focuses on the ' Task behaviour' or the amount of direction the leader gives to subordinates. The vertical axis focuses on the ' supportive behaviour' or the amount of social backup a leader gives to subordinates. The model establishes four basic leadership styles, labelled S1 to S4.

S1 Telling: High amount of task behaviour, telling subordinates what, when and how to do, but with little relationship behaviour

S2 Selling: High amount of both task behaviour and relationship behaviour

S3 Participating: Lots of relationship behaviour and support, but little direction or task behaviour

S4 Delegating: Not much task behaviour or relationship behaviour

The model states at a given situation the leader should be able to move from one style to the other. However, the type of style that adopted will also depend on the followers willingness to perform the task, which is shown from the 'readiness continuum' as the figure below. At one extreme, there are insecure subordinates reluctant to act with low maturity. At the other extreme, confident and able followers with high maturity. When selecting a type of style the 'readiness continuum' should be superimposed on the top half of the model.

High

R4

Moderate

Low

R3

R2

R1

Abel and willing or confident

Able but unwilling or insecure

Unable but willing or confident

Unable and unwilling or insecure

Figure 5: Readiness continuum,

Source: Hersey, Paul & Blanchard, Ken (1988) cited in Huczynski & Buchanan, 2007, p. 713

The above model appears to be very simplistic and the theory had created doubts amongst experts. The model is more accurate regards to subordinates with low maturity and not so accurate with subordinates with high maturity. (Vecchio, 1987 cited in Mckenna, 2006, p. 405). Moreover, this model focuses mostly on the relationship between subordinates and superiors and discounts the structure, politics or culture.

2.3 Transactional Leadership

This theory assumes an exchange-based and leader-controlled relationship. The style portrays a leader who remains quiet as long as the subordinates perform. Subsequently, this theory constitutes two forms. Contingent Reward based on compliance and management-by-exception either resulting in negative reinforcement or by cultivating an attitude of 'if it aren't broke, don't fix it. (Bass, 1985 cited in Madzar, 2001, p. 223).

This theory is viewed as an in-ward looking and self-satisfied feeling, where it is most suitable for a culture that runs smoothly in conditions of equilibrium. A leader who demonstrates this type of leadership seems to have an over-bearing control and tends to take less risk. (Adair, 1990 cited in Mckenna, 2006, p. 407)

2.4 Transformational & Charismatic Leadership

In the 20th century inspirational leadership qualities tend to be important. This trend has given rise to the Transformational and Charismatic leadership.

Emphasis on Transformational leadership is on people with vision, who are creative, innovative, and capable of getting others to share their dreams while playing down self interest. Further, they are able to co-operate with others in reshaping the strategies and tactics of the organisation (e. g. orchestrating a merger, creating a team) in response to a fast-changing world. (Goodwin, Woffard & Whittington, 2001; Tichy & Devanna, 1986; Yammarino & Dublinsky, 1994, cited in Mckenna, 2006, p. 408)

Transformational leaders' pursue high standards, take calculated risks, challenge and change the existing company structure. (Bass, 1990 cited in Mckenna, 2006, p. 408)

Based on the Conger & Kanungo's 1998 model, charismatic leaders should be able to identify a difference in the current status quo and communicate a vision to move from the status quo by achieving their vision through personal influence and unconventional means. (Conger & Kanungo, 1998 cited in Levay, 2010, p. 129)

The main perceived behaviours of the Charismatic Leader as stated by Conger & Kanungo is,

Strategic Vision and articulation - provides inspiring strategic and organisational goals; ability to motivate effectively articulating the importance of what organisations members are doing

Personal risk - takes high personal risks for the sake of the organisation; often involves high personal cost for the good of the organisation and in pursuing organisational objectives

Unconventional behaviour - uses non traditional means to achieve organisational goals and often exhibits unique behaviour that surprises other members of the organisation

Conger & Kanungo argues to become a virtuous and effective charismatic leader, in addition to above perceived behaviours a leader should also

cultivate behaviours for 'sensitivity to member needs' and 'sensitivity to the environment'.

Critical Analysis

3.1 Application of the Trait Theory

As the Trait theory claims that leadership qualities are inherited, it provides some truthness behind this theory when analysed MOL's family background, particularly his father, Timothy O'Leary's (TOL). qualities. TOL was a businessman and was able to set up many businesses in different industries, good at property development. TOL's friends and customers viewed him as a very difficult man to deal with as TOL used to consider him to be the expert and never wrong. TOL never used to accept criticism of either of his business or his product. Always tried to be better and different. (Ruddock, 2008). It can be assumed that some of the traits that Stogdill has indentified such as 'vigour and persistence in pursuit of goals' may have inherited by MOL from TOL. This was further emphasised when MOL mentioned "in the next 12 months we are determined to lower non fuel unit costs by a minimum of 5% and we remain on track to achieve this target. (Ryanair Annual Report, 2009, p. 10).

Other traits that Stogdill had identified were 'strong drive for responsibility'; 'focus on completing the task' etc. MOL's strong drive for responsibility was eminent when he re-launched Ryanair to drive profitable growth by standardising the fleet on Boeing 737s to minimise engineering and maintenance costs by operating from secondary cities, eliminating indirect and manual booking, concentrating purely on economy and leisure travellers

and eliminating business class from the aircraft etc. (Holmes & Ryan, 2008). MOL's ' focus on completing the task trait is visible when he mentioned, that he is looking to step down within next two or three years, after he has accomplished in taking control of the Irish national carrier Aer Lingus. (Wormwell, L, 2009).

One of the traits that MOL may not possess is the honesty and integrity. One of the union officials of the IALPA (Irish Air Line Pilot Association) had mentioned the training of the cabin crew is completed they are recruited by an agency and not by Ryanair. Further, Ryanair is being criticised of having a policy of deliberate high turnover of staff. The union hypothesized the reason for above being when the cabin crew works for an average of 18 months without being moved up an incremental scale and Ryanair management can ask them to leave without a pension scheme since they are young. Further, due to their immaturity they would not be campaigning for their rights. This enables Ryanair to exploit the cabin crew and recruit them for a shorter period. (O'Sullivan, & Gunnigle, 2008).

It is difficult to evaluate the effectiveness of MOL's leadership by merely on the Trait theory due to lack of availability of common set of traits they would differ from the traits of other leaders; for instance Richard Brandon of Virgin Group. Hence, Hersey & Blanchard (1988), Situational theory will be applied to look at a context that MOL had faced to derive a conclusion of the type of leadership style that he possesses.

Application of Hersey-Blanchard Situational Theory

In order to apply the above theory to MOL the Situational Leadership Model will be used.

Figure 4: Situational Leadership Model

Source: Hersey, Paul & Blanchard, Ken (1988) cited in Huczynski & Buchanan, 2007, p. 713

Looking at the model it is certain that MOL demonstrate the ' Telling Style' approach with high amounts of task behaviour, telling subordinates what, when and how to do, but with little relationship behaviour. This was eminent as Ryanair is highly task orientated, concentrating on cost cutting and improving labour productivity. For an example training the employees to be multitasking, cabin crew to " tidy up" between flights, cabin crew selling duty-free goods during flights etc. (Kangis & O'Reilly, 2003 cited in O'Sullivan & Gunnigle 2008, p. 257).

This approach may not be suitable with head office staff as it will demotivate employees. There is not much evidence from press articles to reflect that MOL adopts a different style of approach other than his most visible style of ' Telling approach'. Moreover, it is known that MOL conducts Monday morning meetings where he advises managers on their day to day issues.

For MOL to be an effective leader it is necessary that he alter his style of leadership by moving on to other leadership quadrants in the situational

leadership model by empowering, delegating and trusting his employees more. Basically he should build a relationship.

Application of the Transactional Leadership Theory

MOL can be clearly defined as a Transactional Leader and he practice Contingent Reward based on compliance. This is clearly evident where part of the pay of flying crew is performance related. For example, cabin crew receive commission for selling duty-free goods during flights and Ryanair staff own 130 million shares in the company providing an incentive for greater productivity. (Kangis & O'Reilly, 2003 cited in O'Sullivan & Gunnigle 2008, p. 257). In addition, compensation for pilots and flight attendants is comprised partly of salary and partly based on efficiency issues such as number of flight segments flown and for flight attendants the amount of revenue generated of items in the in-flight magazine. (Box, & Byus, 2007).

Average Pay

Airline

Annual Salary

Air France / KLM

€ 50, 976

Ryanair

€ 45, 333

Lufthansa

€ 43, 330

British Airways

€ 43, 079

Figure 6: Average Pay

Source: Ryanair 2009 Annual Report

Ryanair's average pay (incl. cabin crew commissions) was € 45, 333 and remains higher than most other major European airlines. While their pay levels are among the highest in Europe, they continue to improve their rosters to maximise employee productivity at work, whilst maximising their time off. (Ryanair Annual Report, 2009).

In return MOL expects his staff to perform in higher levels of productivity. It is argued that Transactional leadership is more suitable in a stable environment. This statement contradicts when looked at the current business and its environment that Ryanair is in. Despite economic downturn and higher fuel prices Ryanair had performed well and better than their competitors. (Ryanair Operating profit €105 Mln). (Ryanair Annual Report, 2009). It is true that a leader who demonstrates this type of leadership has an over-bearing control, which is also evident with MOL. However, MOL tends to take higher risk.

Application of Transformational & Charismatic Leadership

It is evident that MOL possesses some characteristics of a Transformational leader. Though Ryanair doesn't have a formal vision, MOL has publicly claimed to become the second largest airline in the world within the next 5 years, ranked only behind their mentor South West Airline. Ryanair continues to innovate and change both front and back ends of its business. For example, it had motivated its passengers to carry hand baggage only by charging for bags, which are checked into the hold of the aircraft and continue to cut cost. (Holmes, & Ryan, 2008). Moreover, he had offered advertisers the opportunity to paint the exteriors of the planes and intend to offer in-flight gambling and mobile phones in the near future. (PSN TY, 2008).

MOL is creative in terms of attracting media publicity for Ryanair such as one dressed as the Pope to advertise Ryanair new routes from Dublin to Rome (Lyall, 2009). MOL is certainly good at building successful teams and he is purely responsible for changing the company structure in a fast paced environment. MOL had introduced the low cost model in an era of liberalisation of air travel and where other changes to the airline industry such as; privatisation, globalisation, economic downturns, rising fuel prices and international tourism etc was eminent. MOL being a transformational leader, further certifies with the statement below where O' Higgins (2004,) has mentioned ' he is credited with single-handedly transforming European air transport'.

According to Conger & Kanungo's 1998 model MOL demonstrates Charisma. However, MOL lacks to be an effective charismatic leader as he is not

sensitive to employee needs. Ryanair is a non-unionised operation. Ryanair's Cabin crew are required to pay for their own training, uniforms and meals. Head office staff's supply their own pens and do not charge their mobile phones at work. (O'Sullivan, & Gunnigle, 2008). MOL's insensitivity to the environment was visible with his harsh critic towards the Irish government, officials at Aer Lingus and airline authority. Ryanair had also refused to supply wheel chairs for disabled passengers at Stansted Airport (Box & Byus, 2007). He never shows mercy to his customers, or to his suppliers.

Conclusions & Reflections

It can be concluded that Michael O'Leary is an effective leader. He possesses leadership qualities identified in the Trait theory, he also acts as a Transactional leader as well as a Transformational leader. He has transferred a small carrier operating from one plane out of Waterford airport 25 years ago to a world's largest in terms of international flights. MOL seems to adopt a 'Telling style' approach, which may not be suitable when dealing with head office employees. His personality is known for his thick skinned aggression, outrageous public statement and implacable belief that short-haul airline passengers will endure every imaginable indignity as long as the flights are on time and tickets are cheap. MOL is seen as a charismatic leader. However, he is certainly not an effective charismatic leader due to his insensitivity towards employees and environment.

It is essential that MOL develops his soft skills such as emotional intelligence, trust & integrity and ethical & moral values to become an effective leader, admired by everyone. In fact his successor may require the above soft skills

to be developed in order to become an effective leader with a more people orientation to enable the employees to follow. Such transformation may carry Ryanair to achieve more.

Much of the information about MOL and Ryanair were gathered by depending on the secondary data such as press articles, corporate annual reports, electronic journal articles about Ryanair or low cost leadership etc. The validity of the information is somewhat questionable as the information can be manipulated depending on the perceptions of the writers on Ryanair and MOL. Thus, it is required that the report is evaluated on an academic basis to understand fundamentals of leadership and its applications.

As for the type of leadership style adopted at the company of Westway Sports Centre it can be argued that new CEO of the company adopts a similar 'telling style' approach as MOL with the company employees and seen more of a rigid, authoritative person and has a 'hands on approach' toward the organisation. The above style was somewhat different to the style adopted by the recently departed CEO of Westway Sports Centre where he adopted a more of a 'hand off approach' towards work and was seen as a very relaxing and fun loving person.

The valuable lessons that can be learnt from leadership are that it is important that the leader adopts different styles of leadership depending on the situation rather than one approach. Far more important that the leader takes courage to develop soft skills/interpersonal skills to deal with employees as I believe that makes you an effective leader. Ultimately the

type of approach that is adopted with the employees and the interpersonal skills will provide that extra edge.