

The corporate culture of british airways

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



This dissertation aims to as the title suggests, investigates the corporate culture of British Airways (BA) an organization which is totally geared towards creating a culture that gives weight to understanding its employees. This aspect in turn affects the whole working mantra of BA and helps them to integrate this culture into their services aspect in all service areas.

Corporate Culture of an organization is most important in view of the fact that without a distinctive culture a company may lose its direction. Without a seamless culture it risks losing its global effectiveness.

So the concept of Corporate Culture has been widely discussed and implemented in a different way, but some specific area need further research, especially those focusing on quality management and strategic implications in order to achieve success in international market, hence service industries need to take a new look at the culture they are promoting, which in turn affects its typical positioning, promotion and distribution strategies and their rationale within the sector and their product and pricing strategy.

The purpose of this research is to gain a deeper understanding of BA corporate culture and its implications to analyze the extent to which how quality management is successfully adopted by the the national flag carrier of the United Kingdom.

The research starts with literature reviewing of corporate culture of BA; next quality management aspects of BA will be identified. Findings present the strategies including typical positioning, promotion and distribution strategies

and their rationale within the sector and their product and pricing strategy in relation to BA Corporate Culture.

CHAPTER I

Initial Review of the Literature

Corporate culture is viewed as a key to success, in an article on business service industries it was noted that more than half of all executives surveyed were of the opinion that corporate culture contributes a great deal to the success of their companies. (Business Services Industry 1996).

When it comes to the story of British Airways is one of the most generally used motivating accounts of changing culture (Heller, 1992). All the way through the 1980s and 1990s it was used to demonstrate the necessary compatibility of pleasure and profits (Georgiades and Macdonnell, 1998)

In these, culture change is presented as the only explanation for the transformation that occurred. This corrective makes no attempt to deny the very substantial changes that took place in BA. To a certain extent, it sets these in context noting the organization's environment at the time of the transformation, the structural changes that took place and observing the impact that such changes had over the long term.

The corporate culture of an organization in essence proves to be a yardstick of long term success and acceptance in view of the fact that a culture that cultivates satisfaction among the employees will in turn affects the whole working structure of an organization and deeply impacts on the quality of services rendered. Commenting on the use of quality management as a set

of tools and techniques the European Commission (1996, p. 27) have made the pertinent point that: “ It seems to be clear that simply introducing some tools procedures and techniques will not result in ‘ competitive advantage’ for organizations.

Hofstede (2001) defined culture as software of mind, which provides a guide for humans on how to think and behave it is a problem-solving tool. This definition mentions that dealing with cultures is an intricate task with resistance to foreign trends, so companies should take extra care while communicating their message to different cultures. Malhotra, Agarwal, and Baalbaki (1998) highlight heterogeneous aspect of culture, a key barrier to the emergence of one global market, is much more resilient and enduring than other environmental characteristics.

No firm competing regionally or worldwide can afford to pursue strategies be it marketing or organizational that is based solely on national characteristics. The world is full of different cultures and every culture has different values and beliefs and in the case of BA which encompasses people from all over the world, it is very difficult to satisfy all these aspects with a homogenized way of communication and also for that matter the effect on quality management will be evident. A firm must analyze the influence of all aspects of corporate culture, which would help to identify the patterns and other trends in the organization and its services.

The transformation of British Airways transformation is impressive when it comes to corporate changes. At the end of the 1970s and the start of the 1980s BA was performing disastrously against almost every indicator. An old

fleet made for uncomfortable journeys and contributed significantly to the airline's record for unpunctuality. (Corke, 1986)

Aim, Objectives & Key Question

Aim:

The study is being planned as such that it helps further the understanding of corporate culture in a company and its effect on the Quality Management and in this study we will discuss British Airways in depth. To develop a study which helps companies in reinforcing their time on rectifying corporate culture for benefits in the long run.

Objectives:

The objectives of this research are:

To understand the corporate culture of BA in view of employees, customers and society

To review the existing literature on Corporate Culture and Quality Management.

To research synergy of Corporate Culture and Quality Management

To evaluate and synthesize the findings of primary and secondary research and recommend a corporate culture and quality management ideology

Key Questions:

What is the impact of Corporate Culture of British Airways on its services and its effect on Quality Management?

How has this affected BA positioning, promotion and distribution strategies and their rationale within the sector and their product and pricing strategy in relation to BA Corporate Culture?

CHAPTER II

Literature Review

The main aim of this chapter is to review critically the academic literature about this topic. To start with it is of paramount importance to define Corporate Culture and Quality Management.

3. 1 Corporate Culture

As stated in Entrepreneur Media (2009) a Corporate Culture is an organization's values, beliefs, and behaviors. In general, it is concerned with beliefs and values on the basis of which people interpret experiences and behave, individually and in groups.

A corporate culture in an organization is created automatically. A culture is created when people come together with a shared purpose. Culture is automatically created out of the mutual thoughts, energies, and attitudes of the people in the group. The vision, mission and values of an organization is contained in the corporate culture and in a flourishing organization the work force will symbolize the vision, mission and values of the organization.

As mentioned above previously the cultural environment is the complex set of beliefs, values, norms and attitudes acquired by consumers as part of their national heritage (Britt, 1974). This definition mentions that dealing with cultures is an intricate task with resistance to foreign trends, so

companies should take extra care while communicating their message to different cultures. It is now a known fact that corporate culture is a significant determinant of organization behavior and performance.

The two strategic processes through which an organization can achieve a new culture are the HR practices that promote behavioral norms necessary for achieving the organization's strategy and secondly include the deliberate selection of candidates, who share the desired values that reinforce the organizations cultural norms.

The main source for instilling a strong and rewarding corporate culture is Leadership who basically are the founders or top tier hierarchy who have a major impact on the creation of the organization's early culture.

On the other hand, this pattern of values, norms, beliefs, attitudes, principles and assumptions may be unwritten or non-verbalized behavior that describes the way in which things get done to give the organization its unique character (Brown, 1998).

3. 2 Quality Management

Quality Management is defined in business dictionary. com as “ All management activities and functions involved in determination of quality policy and its implementation through means such as quality planning and quality assurance (including quality control.”(Business Dictionary, 2009)

Quality gurus such as Deming (1986) have expressed over the past decades, the primary authorities of total quality management (TQM), have developed certain propositions in the field of TQM, which have gained significant

acceptance throughout the world. Their insights provide a good understanding of the TQM philosophy, principles, and practices.

In essence quality is thought-out as the most powerful factor to incarcerate and the most important factor the customer base in the modern business scenario. Achieving customer satisfaction is the most critical aspect. The state-of-the-art quality management is an embodiment of concepts, methods and applications. In the last few years, the business world has stood witness to many real life success stories of organizations.

Just like British Airways TQM has been extensively implemented right through the world. Many firms have arrived at the conclusion that effective TQM implementation can improve their competitive abilities and provide strategic advantages in the marketplace (Anderson et al., 1994).

According to Mehra & Agrawal (2003), there are key attributes that are crucial for an effective total quality implementation. In the human resource dimension, the authors found that teams, incentives and training are indispensable. At the employee level, empowerment, recognition and reward systems play a crucial role in the success of quality systems.

With regard to the management side, there should be a total management commitment to high quality with a visionary leadership, participative management, the development of quality standards and a strong commitment to customer satisfaction (Barczyk, 2000).

In view of the fact that a strong culture is of paramount importance in long term success of an organization, leaders should study and measure key

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dimensions of culture. This cultural awareness will help organizations build up more effective business strategies.

3.3 Culture & Organizational Performance

Corporates the world over agree that culture and organizational performance are intricately interwoven and up till now the relationship is so intricate and not so clear for executives to decisively act on this important aspect of business. The culture resolutely influences the priorities set by the organization, as it is the underlying value system in the organization that emphasizes things like customer focus, innovation, cost reduction, strong alliances, empowerment and control in response to the various business stimuli.

Organizational culture has been argued as one of the most powerful and stable forces operating in organizations and can influence a firm's leadership, decision making, performance, internal development, and, strategic development for the twenty- first century (Howard 1998).

According to Schulz (2001), a high performance firm is one in which the culture provides employees with the accountability and responsibility necessary to meet customer needs in a timely manner to ensure business success. A high performance company is characterized largely by the following: high outputs or productivity, sustained and increasing market share, greater profitability or shareholder value, innovation, and differentiation of service from that of its competitors in its sector in one way or another (Stevens, 2000).

It is of paramount important and key for organizations all over to have a clear grasp of their own organization's culture. The present world is shifting more rapidly than any environment in history. This requires that organizations also change and even more significantly, that they fashion change.

3. 4 Quality Management & Organizational Performance

In this era of globalization the competition for consumer's attention has heightened in view of the stringent competition faced by brands and products from mostly every industry be it tangible or intangible. Creating a sustainable competitive advantage is imperative for all companies, however maybe even more significant for the players in the airline industry. The customers of today are a knowledgeable lot and demand good service for a much lower price; including business travelers also in my view quality management in service industries like airline are the main determinant in the success and failure.

The last decade has seen a growing surge in organizations who have adopted programs such as Total Quality Management, the International Organization for Standard's 9000 Series Program (ISO9000), the Malcolm Baldrige National Quality Program, and Business Process Reengineering.

Burton Hamner (2005) explained the Baldrige framework that matches the specificity of the investors' criteria for sustainability. Baldrige gives us a way to express those criteria in a way that leads to their implementation.

Core Market Criteria for Sustainability in a Quality Framework

Baldrige Performance Criteria

Core Market Criteria for sustainability

5. 1 Work Systems

a. Organization and Management of Work

Labor management and relations

b. Employee Performance Management System

Compensation

c. Hiring and Career Progression

Discrimination

Diversity

5. 2 Employee Learning and Motivation

a. Employee Education, Training and Development

Training

b. Motivation and Career Development

Profit sharing

5. 3 Employee Well-Being and Satisfaction

Work Environment

Health and safety

Employee Support and Satisfaction

Non-mandated benefits

6. 1 Value Creation Processes

Pollution prevention

Innovation

6. 2 Support Processes

Supplier sustainability

EHS management systems

7. 1 Customer -Focused Results

Sustainability benefits to customers

7. 2 Product and Service Results

Resources use

Waste and emissions

Product certifications

7. 3 Financial and Market Results

Profit distribution

Taxes and subsidies

7. 4 Human Resource Results

Health and safety results

7. 5 Organizational Effectiveness Results

Certifications of processes

7. 6 Governance and Social Responsibility Results

Compliance

Awards

Social and environmental impacts

Baldrige Performance Criteria

Core Market Criteria for Sustainability

1. 1 Organizational Leadership

a. Senior Leadership Direction

Sustainability vision and policy

b. Organizational Governance

Good governance

Leadership structure

c. Organizational Performance Review

1. 2 Social Responsibility

a. Responsibilities to the Public

Responsiveness

Beyond compliance

b. Ethical Behavior

Codes of conduct

c. Support of Key Communities

Philanthropy

Consultation

2. 1 Strategy Development

a. Strategy Development Process

Sustainability in strategy development

b. Strategic Objectives

Risk management

Environmental and social strategies

2. 2 Strategy Deployment

a. Action Plan Development and Deployment

Sustainability programs

b. Performance Projection

3. 1 Customer and Market Knowledge

Stakeholder knowledge

3. 2 Customer Relationships and Satisfaction

a. Customer Relationship Building

Customer relationships

Supplier relationships

b. Customer Satisfaction Determination

Customer satisfaction

4. 1 Measurement and Analysis of Organizational Performance

a. Performance Measurement

Sustainability assessment

b. Performance Analysis

4. 2 Information and Knowledge Management

a. Data Information and Availability

Public reporting

Labeling and advertising

b. Organizational Knowledge

Networkingcontinued

Though these programs differ in scope and approach, a central focus of each of these programs is organizational process; that is, on identifying processes

and procedures that underlie business activities (Harrington & Mathers, 1997). I will argue that this core focus on organizational process influences both innovation and inertia, and therefore, adaptation to technological change.

The Japanese management strategy known as Kaizen was introduced by Imai in the 1980s. Kaizen was a process which stressed that incremental improvements were just as significant as radical innovations in securing and maintaining competitive success (Murray et al, 2003).

The five strategic principles underpin TQM today are (Murray et al, 2003):

Customer focus

Process focus

Teamwork

Employee participation and

Continuous improvement

With no effective leadership, it is not easy to keep up profitability and productivity, and the firm cannot remain competitive. Positive management actions and attitudes toward quality will result in increased employee commitment to both the QM program and the firm's strategy (Lau and Anderson, 1998). To review an organizations vision and mission, and appropriately define the strategy needed to achieve organizational goals and objectives is the responsibility of the top management.

3. 5 Significance of Corporate Culture

It is an acclaimed fact now that corporate culture has been a significant theme in management and business research for the past few decades due to its potential to affect a range of organizationally preferred outcomes such as dedication, loyalty, turnover, and employee satisfaction. The cultures are created in an organization when it faces external and internal challenges and learns how to deal with them.

When the organization's way of doing business provides a successful adaptation to environmental challenges and ensures success, those values are retained. These values and ways of doing business are taught to new members as the way to do business. (Schein 1992)

Model Describing How Cultures Are Created and Maintained

(Schein 1992)

Corporate culture is a management philosophy and a way of managing organizations to perk up their overall efficiency and performance. Corporate culture is used as a powerful tool to quantify the way a business functions (Gray et al., 2003). Research has confirmed that corporate culture is able to influence the thoughts, feelings, interactions, and performance in organizations (Saeed and Hassan, 2000).

Corporate culture includes those qualities of the organization that give it a particular identity, climate or feel. Martins & Martins (2003, p 380) state the general definition of corporate culture as “ a system of shared meaning held by members, distinguishing the organization from other organizations”.

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The primary problem for leaders is not competition but a lack of understanding their own corporate culture. Few organizations spend any time understanding their culture. Organizational culture relates to the fundamental set of key values, beliefs, and norms shared by the workforce. Malphurs, a value expert, maintains that organizational values co-exist on two planes: personal and corporate.

As depicted in Deloitte Consulting report below the impact of corporate culture on different facets of organisational performance and growth is obvious and it explains the facets which are important.

3. 6 Significance of Quality Management

Organizations world over by introducing quality management in the company has helped them in increasing the customer satisfaction and perk up the concordant work of all the employees. In the draft international standard for quality vocabulary, quality is defined as the ability of a set of inherent characteristics of a product, system or process to fulfill requirements of customers and other interested parties (Sandholm, 2000). There must be a corporate understanding of the organization's quality positioning the market place.

The significance of QM lies in the fact that it encourages innovation, makes the organization flexible to change, motivates people for improved quality, and integrates the business arising out of a common purpose and all these provide the organization with a valuable and distinctive competitive edge.

From the principles of total quality management (TQM), and other management theories; it is evident that, there all are highly structured towards one philosophy that is waste reduction and continuous improvement, in order to achieve a common goal; customer satisfaction (Adair, 2004 and Emerald, 2005).

QM significantly is about joint use of ideas that are well structured in accomplishing the most important goal of customer satisfaction or exceeding customers' expectations. Before the top management can be committed to empower employees they must have a full understanding and concept of QM and how to use the tool to achieve its aim.

Core organizational values guide an organization while an individual operates on a set of core values that dictate his or her actions. As a result, creating good corporate culture in a business is complex in view of the fact that different people have varying values. Cameron and Quinn, authors of *Diagnosing and Changing Organizational Culture*, explain " The failure occurs in most cases because the culture of the organization remained the same." Unless a change, there is little hope of any long lasting improvement in organizational culture. For that reason, organizations recognize the significance of understanding their own corporate culture.

Total Quality circle implies that the customer is the top priority for all business decisions. It takes into consideration the satisfaction of customer as a key determinant of success in the long run. Sometimes business decisions lead to the demise of an entire enterprise when quality is shown the door, while compromising on customer requirements.

3. 7 Globalization & Corporate Culture

The globalization effect has been force all over the world in organizations with astonishing speed. The US multinational corporations, in particular, have ventured rapidly to enter markets all over the world. This kind of trend poses great challenges for managers as they have to interact with different cultures. The management styles that prove effective in the western world may not produce the desired results in other cultures.

A global culture has been manifested through technology which has now created the possibility and the likelihood of global culture. The fax machine, satellite and cable T. V have swept away the national cultural boundaries. Duru-Ford, (2002), opines that global entertainment companies shape understanding and dreams of ordinaries citizens wherever they live. The local culture are inevitably falling victim to global " consumer" culture.

According to Jeans (2002) Coca Cola, Disney and McDonald symbolize the process along with Sony with regards to globalization. Shell oil and IBM to influence global consumer's taste. There are known and consumed all over the world. In addition, they are powerful companies that drive globalization forward, creating new laws, new business process, new ways to eat and drink new hopes and dream

In the words of David (2002) from the culture point of view globalization is the process of harmonizing different culture and beliefs. As a result globalization is the process that eroding differences in culture and producing a flawless global system of culture and economic values.

When it comes to the discussion of the impact of globalization on the culture it is immense and diverse in view of the fact that it has affected the cultural aspect of people in different ways. For instance, the loud echoing advertisement rhythms of the famous Coca-Cola drinks can be heard across the boundaries in towns, cities and even in remote rural areas where drinking water is hard to get. This is why Duru-Ford (2002) observes that people had to change their living ways due to influence of globalization.

Globalization in a very dominating way is determining the cultural practices of the people world over. Those who are slow are left behind and from indications, all and sundry seems to be in big rush not to be left behind. Culture of the developed economy has taken over the local culture. And due to globalization affect people from developing countries prefer the cultural practices of the developed countries. From the abovementioned, it is to be noted that globalization is characterized by keen competition and an aggressive pursuit for ascendancy by an assortment of contending people and interest groups of the world.

Some key questions to be considered while thinking of globalized startegt with regards to corporate culture can be seen in the pictotial below which was conducted by Deliotte 2007.

Globalization also has a way of deemphasizing the importance of nationality. British Airways, for example, has quietly removed the Union Jack from its corporate logo and now has international artists paint its aircraft tails with diverse symbols ranging from Chinese calligraphy to African desert art. (Ba. com 2009)

3. 8 Culture and Corporate Social Responsibility

In Strautmanis (2007) opinion, social responsibility is part of organizational culture and a value in the organizational culture environment. Condition for the development of social maturity is intelligence, unity of professionalism, social competence and human relations.

Corporate social responsibility (CSR) has emerged as a global trend in different countries with diverse policy, culture, and CSR perspective and development level.

Numerous scholars, such as Bowie and Werhane (2005) and Cerne (2008) discussed CSR in the management area. The managers are seen as the initial drivers when CSR is used as a management concept in the enterprise area. How managers give meaning to CSR (Cerne, 2008) would dominate how a company works with and on CSR.

According to Cerne 2008, working with CSR means the perspective of being response to society, working on CSR means as a way to construct CSR.

Corporate culture, as the basis for all action, needs to be translated into everyday business processes and operations. CSR as a result, represents the tools for implementing the company's corporate culture putting it into practice. Companies that are able to show that issues important to society are understood and integrated within their business will reap enhanced brand value and reputation and good relations with society as well as their stakeholders (customers, employees, regulatory authorities and suppliers).

The existing global dialogue on corporate social responsibility (CSR) emphasizes its cultural universality and benefits (Quazi and O. Brien, 2000). In essence, there are numerous obstacles to achieving corporate responsibility, for the most part in many developing countries where the institutions, standards and appeals systems, which give some life to CSR in North America and Europe, are relatively weak.

The UK's leadership role in encouraging CSR, it is not unexpected that comparative studies show that companies in the U. K. have higher rates of stakeholder engagement and social reporting than companies in every other European country except Norway, even as European companies generally lead the world on these metrics (Welford, 2005).

The organizations with different organizational culture type may have a different understanding and perspective with regards to corporate social responsibility. Organizational culture changes over time and this impact on corporate social responsibility. According to Ruzevicius and Serafinas (2007), the image and reputation of organization in the social and environmental fields, affect consumers and customers more and more. The labor market is very competitive and competent workers desire to work for and to stay at those companies that do care about their employees.

The tendency to invest in companies that practice and report CSR is increasing (Sleeper et al., 2006). Corporate social responsibility forces repositioning of strategies from profit-driven organizations to organizations with attention for the companies influence on social and environmental aspects (Quaak et al., 2007).

3. 9 National Culture and Corporate Culture

Organizational culture is the shared perception of daily practices. National culture is the shared values of people within a certain national environment. Values are learned from the socialization process in which the individual participates as a member of society, while cultural practices in an organization are acquired from socialization in the workplace. The human resource management styles are affected by cultural variables. Research findings explicitly indicate that culture influences the styles of motivating the employees (Paik, Vance and Stage, 1996).

The corporate culture is notably more important to multinational firms than for domestic companies. The national culture of the country can be seen to influence the subsidiary corporate one, and their employees and leaders recognizably influence their organizational culture as well. This is the reason why a multinational firm cannot copy the Corporate Culture very easily. Sony is a very good example for this performance/compartment. As noted by Griffin the American company unit has its own corporate culture, as well as the Japanese one. But both units belong to Sony with an overall culture called Sony's Way.

Hofstede's seminal work on national culture research (1980) has had a significant impact on cross-cultural studies, and served as a platform for national cultural studies for over two decades (Sivakumar and Nakata, 2001). Hofstede (2001) presents corporate culture as, " shared perceptions of daily practices."

According to Hofstede “ the collective programming which I call culture should be seen as a collective component shared in the minds of otherwise different individuals and absent in the minds of individuals belonging to a different society.” Also, Hofstede identifies six cultural variables that are relevant when analyzing a national culture: individualism, power distance, uncertainty avoidance, masculinity and time horizon.

Hofstede (2001)

Hofstede (2001) argues that corporate culture may never reach the richness and deepness of a national culture. While national culture is based on deep-seated values developed through history and time, corporate culture draws on values inherent to national cultures, and develops over a much shorter time. As such, it may be argued to be subordinate to national culture.

Zander and Ro