

# Management functions at southwest airlines

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



## Executive summary

Behind some of the most significant companies, there is a common goal or vision that necessitates the need for the company to operate in specific ways. This report aims to analyse Southwest Airlines from a management perspective and to identify what makes it distinct from its competitors based on Fayol's management functions and consideration of Mintzberg's management roles as well as Katz's management skills. Although there are several competing airlines in the industry, Southwest Airlines does a reasonably admirable job at making themselves distinct. The findings of this research conclude it is evident that Fayol's management functions are present within the Southwest organisation. Southwest Airlines follows the contemporary management approach of assigning the right people for the right jobs, consequently maintaining a strong management position. From a management perspective, Southwest management correlates with contemporary management theory, including Fayol's four-point approach. Upon further research, it is also evident that Southwest airlines have chosen leaders that exhibit several, if not all, of Mintzberg's managerial roles as well as Katz's management skills.

## A Maverick Emerges – The case of Southwest Airlines

### Introduction

Theorists in the early school of management brought forth ideas on what managers 'should' do that are still widely utilised in organisations today. Henri Fayol, a French mining engineer, is considered to be the Father of modern management. In 1916 he described five key functions including <https://assignbuster.com/management-functions-at-southwest-airlines/>

planning, organising, commanding, coordinating and controlling. These five functions were reduced to four in the early 1950s when the coordinating and commanding functions were combined and became leading. Furthermore, the four management functions are the ones utilised today in contemporary management theory. Fayol's four-point approach advises management executives on how to pursue their tasks/duties in the workplace.

Additionally, Fayol introduced 14 Principles of Management, including discipline, authority, and unity of command, which assist in providing a technique to his management approach. Fayol acquired these general management principles from personal experience. As a result, this established the groundwork for future theorists to base their theories upon.

This report aims to analyse Southwest Airlines from a management perspective and identify what makes it distinct from its competitors based on Fayol's management functions and consideration of Mintzberg's management roles as well as Katz's management skills.

Founded in 1967 by Rolling King and Herb Kelleher on a napkin over cocktails, Southwest Airlines started operating in 1971 as an intrastate airline between Dallas, Houston and San Antonio. Fast-forward to 2019 and the world's first low-cost carrier has just celebrated its 46th consecutive year of profitability. No other airline comes close to matching its achievements. Southwest had triumphed in areas where other airlines failed by fiercely perusing both high customer service and low costs. The airline believed " if you get your passengers to their destinations when they want to get there, at the lowest possible price, and make sure they have a good time doing it, people will fly your airline" (Middaugh, 2007).

It is quite evident the mission statement at Southwest directs the way business is conducted. It provides employees with direction to make decisions and reassures the public that the airline will always endeavour to do the right thing. It states:

*“ The mission of Southwest Airlines is a dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit. We are committed to providing our Employees with a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, Employees will be provided with the same concern, respect, and caring attitude within the organisation that they are expected to share externally with every Southwest Customer”* (Southwest Airlines, 1988).

Customers bank on Southwest to provide them with competitively discounted travel options as well as above average customer service. Consequently, the majority of Southwest’s achievements are attributed to their ability to provide levels of customer service and care that are unrivalled in the industry (Rhoades, 2006). While many associate the culture at Southwest entirely to chief executive Herb Kelleher, a more in-depth analysis might reveal that Kelleher’s academic days involved a sound dose of Fayol. There is no doubt that many of Fayol’s management functions are present within the Southwest organisation. This report will analyse how Fayol’s principles were embedded within the leadership, organisational culture and human resource management aspects of the airline and how they worked

together to produce one of the most revered companies of all time.

Additionally, Mintzberg's management roles and Katz's management skills will also be addressed within Southwest Airlines. Fayol's work during his day was widely proclaimed as the new benchmark in management and applied in multiple fields, including the aviation industry.

### Power and leadership

One of Fayol's principles involved promoting team spirit and harmony within an organisation. Fayol named this esprit de corps and Southwest Airlines is known to have it deep seeded into its DNA. An organisation's success most of the time, highly depends on its leadership. Robbins and Coulter (2007), define a leader as " someone who can influence others and who has managerial authority" to help those surrounding them feel empowered to fulfil the vision they desired for the organisation. It is no secret Herb Kelleher has been proclaimed to be one of the greatest leaders of our time, as made evident through the success of Southwest Airlines. His leadership style was both transactional (direction) and transformational (behavioural - support). The transactional approach gauges staff on the tasks they've completed and rewards them for completing the tasks versus punishing them for not completing a task or achieving a goal. Herb's style mainly revolved around the behavioural approach, which rewarded employees on completing tasks or goals. By using this approach, the priority is on intrinsic motivation, the staff's development by inspiring and empowering them to accomplish goals during turbulent times in the industry (Bass and Riggio, 2006).

Additionally, the majority of the advantage at Southwest, when compared to its competition, has come down to the implementation of using one aircraft type, low fares, and providing essential services. Another benefit was the way the company is directed as well as the span of control displayed, from upper management to the frontline staff. Keeping the company lean gave ownership, control and responsibility to those who were closest to the action. Southwest Airlines allowed its staff a lot of power to make decisions. “ Yes, there is a hierarchy at Southwest, but the company operates so informally that people are free to go around, over, or under the formal structures whenever they needed to” (Freiberg, 1996, p. 76). Herb believed leanness helped keep the company alert, think smart and to act fast. It also helped the company identify those who are not performing well as it is difficult to hide marginal performance in a lean company.

Kelleher always shared his vision, purpose and beliefs for the company, which Fayol refers to as unity of direction. “ If you study the people who participate in dynamic leadership relationships, you will find that the majority of them never set out to be great leaders. Rather, they set out to pursue a purpose, a cause, or a calling that was worthy of giving it everything they had” (Freiberg, 1996, p. 308). Through decades of leading Southwest, Kelleher has proven by being an example that his vision and leadership approach has reverberated through the entire organisation to make it what it is today.

Organisational design and culture

Fayol defines his function of commanding as optimising return from all staff in the interest of the entire organisation through having a thorough knowledge of the personnel, which in turn would create unity, energy, initiative and loyalty (Fayol, 1949, p. 98). Southwest's organisational structure is like the majority of airlines in the sense that it is formal and centralised. Where Southwest differs from its competition is on its "loose-tight design" (Buller, 2006). Southwest gives its staff unofficial job titles when it comes to matters regarding customer service. "While there is very high standardisation regarding operations, it is low with respect to customer service" (Buller, 2006). They entrust their staff to make decisions and think of solutions in order to please their customers. As a result, Southwest adheres to the mechanistic and organic model. The upper levels of management use the mechanistic model while on the lower levels utilise the organic model. Thus, this allows the staff to think outside the box when trying to resolve problems relating to customer service and avoid having to "convene a meeting of the sages just to get something done" (Freiberg, 1996, p. 76). This is also known as decentralised decision-making, and although it was normal at Southwest, it is unheard of at most other companies. An example to demonstrate this would be when Herb Kelleher sought to minimise the time aircraft were on the ground to 10 minutes. Many thought it would be impossible; however, Kelleher described how he watched the frontline staff and mechanics come up with many innovations to achieve the required target. The quick turns allowed Southwest to use roughly thirty-five fewer aircraft than its competition that used average turn-around times

(Freiberg, 1996, p. 60). This necessary level of freedom to create and carry out plans is a principle, which Fayol named initiative.

Furthermore, Southwest has a horizontal rather than hierarchical structure. There is a higher emphasis on the task that needs to be accomplished and less on the organisation's hierarchy. The span of control at Southwest is the lowest in the industry where one supervisor will be in charge of eight to nine staff members compared to one for every thirty or forty at the competing airlines (Smith, 2004). Contrary to how flat organisations at competing airlines function, Southwest managed to create one where staff from different areas in the organisation worked together as a team and were provided with feedback and coaching to help them grow and learn.

The corporate culture that has become woven into the fabric of Southwest airlines was born from both Herb's vision as well as the customer service that was provided to the customers by the employees. This culture grew through mutual aspects of employees avoiding bureaucracy and red tape. A culture committee was created in 1991 to protect the culture at Southwest and ensure it remains strong by "conveying an understanding of the history, spirit and culture of Southwest to new hires and fellow employees" (Haasen & Shea, 2003, p. 98). Herb pushed the notion that employees should think like owners. "Owners bend, stretch and even break the rules that don't serve the organisations purpose" (Freiberg, 1996, p. 97). This esprit de corps, which became part of the culture at Southwest, is a very powerful incentive as it stirs up motivation boosts the loyalty Southwest employees are known for.



## Human resource management

Fayol's function of controlling helps in guiding and integrating employees behaviour towards the broader organisational goals. Controlling is a counterpart of planning and vice versa, planning is ineffective without controlling. A crucial part of Southwest's success is primarily due to its 59,000 staff members who work tirelessly around the country. Without equally devoted staff, the exceptional customer service the airline sought out to achieve in its mission statement would not have been possible. When Herb Kelleher became chairman in 1978, he tasked the human resources department with hiring people with a sense of humour. Fun is about attitude, so Southwest started hiring for attitude and training for skills. Herb believed that humour could help people "thrive during change, remain creative under pressure, work more effectively, play more enthusiastically, and stay healthier in the process" (Freiberg, 1996, p. 64).

As is the same with many airlines, Southwest is highly unionised, however; they overcome this probable hurdle by creating a trusting relationship between the unions and the airline's management as well as, providing flexible contract agreements. One of the most significant benefits at Southwest available to staff is profit sharing. This allows the staff to have an interest in the financial aspect of the airline's prosperity. Aguinis (2009) stated that within an organisation, human capital is the most critical asset. Herb was aware of the fact that good relations with the staff would affect the company's financial position. He was aware that having staff that take pride

in doing their job at a high standard would consequently increase earnings and reduce expenditures.

Many domestic airlines are currently fighting a climate of reduced customer satisfaction; however, Southwest's unrelenting ability to boost not only customer satisfaction but also the contentment of its staff is perhaps the main reason for researching this organisation. Southwest understands that its employees are a fundamental force driving the success of the organisation.

### Southwest Airline's in Reference to Mintzberg's Managerial Roles

In the book "Mintzberg on Management: Inside our Strange World of Organizations", Mintzberg published ten management roles. Mintzberg's model can help to identify leadership priorities and weaknesses. This model primarily serves as a starting point for developing management skills and helps identify the roles managers should exercise. The general idea behind Mintzberg's management roles is that a manager may be asked to complete varying tasks depending on the day and the problems that arise. To help analyze the roles further, they are divided into three different categories.

The first category is interpersonal and includes the following roles: figurehead, leader and liaison. Southwest Airlines management identifies with these roles because they are successful at providing information and ideas. Upon further research, it is apparent that the managing directors at Southwest have both social and legal responsibilities. They have proven to be good leaders and quality executives that people can turn to for support,

thus making them good figureheads as well. For instance, Mrs Tammy Amirault is a Southwest Airlines managing director in technology. She provides leadership for Southwest's enterprise management and analytics portfolio and is successful at leading technology teams that are responsible for the airline's enterprise data and analytics. Southwest managers are also good liaisons because their roles include communicating with both internal and external contacts. They can effectively communicate/network on behalf of the airline. Ryan Martinez, managing director of investor relations, takes on several responsibilities and is still able to communicate between Southwest Airlines and its investment communities effectively.

The second category of Mintzberg's management roles is the informational category, which includes the following roles: monitor, disseminator, and spokesperson. These management roles all involve processing information. Southwest airlines management exhibits these roles in several ways.

Southwest managing director and chief information security officer, Michael Simmons, is accountable for all aspects of cybersecurity across Southwest Airlines. He does an excellent job at monitoring by tracking changes in his field. He is an effective disseminator because he has to collect various information from several internal and external sources to maintain the cybersecurity of the airlines. He is considered a spokesperson for all things cybersecurity across Southwest.

The last category of Mintzberg's management roles is the decisional category, and this includes the following roles: entrepreneur, disturbance handler, resource allocator and negotiator. All these management roles

involve using information. Angela Marano, Southwest managing director in business transformation, is an excellent example of an entrepreneur. She helps provide a various amount of services that help enable and identify several business transformation ideas for the airline. Furthermore, all the managing directors at Southwest airlines exhibit some, if not all of these decisional managerial roles.

### Southwest Airlines in Reference to Katz's Management Skills

Robert Katz identifies three different kinds of managerial skills that essentially define a successful management process. The three types of managerial skills are as follows: technical, conceptual, and human skills. The technical skills are more apparent in Southwest's first level managers than they are with their top-managing directors. This is normal as these skills are more important for first level managers. Southwest management exhibits conceptual skills as their managers use more abstract thinking. This helps them have a more reliable prediction of future changes and helps them think outside the box, which contributes to their distinct atmosphere. Finally, Southwest Airline's management seems to have a good grasp on human skills. These skills help their managers become better leaders who communicate effectively with clients as well as motivate their employees to achieve better accomplishments.

### Conclusion

Aviation is considered to be one of the most important national industries. Although there are several airlines in the industry, Southwest Airlines does a

reasonably remarkable job at making themselves distinct. Southwest's success is attributed to its values and culture, which has allowed it to flourish and become profitable for the 46th consecutive year while still preserving its core philosophy. However, this philosophy has allowed it to overcome economic downturns by reinventing air travel with its low fares and sometimes-nutty style of getting the job done. Moreover, after analysing the airline, it is safe to say that its success can also be highly attributed to their management. Proper management is a highly contributing factor to the success of any business. The managers in an organisation must be able to prove that they are effectively contributing to the organisation's outcomes. When compared to some of its competitors, it is evident that Southwest Airlines is a highly successful airline from a management perspective. The aviation industry is highly competitive; however, Southwest's distinct strategies and management choices have been fundamental to the airline's success.

The airline's charismatic leadership style is a huge reason as to why they continue to prove themselves as a reputable organisation. Furthermore, it is evident that Fayol's management functions are present within the Southwest organisation. Southwest Airlines follows the contemporary management approach of assigning the right people for the right jobs, consequently maintaining a strong management position. From a management perspective, Southwest management identifies with contemporary management theory, including Fayol's four-point approach. Upon further research, it is also evident that Southwest airlines have chosen leaders that exhibit several, if not all, of Mintzberg's managerial roles as well as Katz's

management skills. For Southwest to continue to prove themselves as the successful organisation they are, they need to continue to adhere to their mission statement. Southwest should also continue to invest in their management choices as well as selecting the right employees, which have already proven to be a prominent contributing factor to the airline's effectiveness and overall current success.

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