

# Corporate culture southwest airlines

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



The corporate culture at Southwest Airlines can be defined within three areas including, core value, management style, and compensation. Southwest Airlines organization structure incorporated several areas but I was impressed with these three the most. Southwest Airlines had two core values, which emphasized on LUV and fun. Not only was LUV the company's signature symbol or recruiting theme, but eventually this core value grew into Southwest's core word for treating individuals, including customers and employees. Both customer and employees were expected to be treated with respect and dignity.

This would soon be incorporated with red hearts on banners and posters as reminders of compassion that was expectant toward employees and customers. Fun was also incorporated into the company's core value as a form of behavior that employees exhibited while performing their jobs. The company's day-to-day operations included jokes and pranks, as well as frequent company-sponsored party to boost employee moral. The management team within Southwest Airlines were given roles to ensure that employees were proud of the company that they worked for.

Managers were expected to spend at least one-third of their time amongst there workers, observing and ensuring that demands were met and also listening to employees concerns and suggestions. Managers and company executives were very approachable, enforcing an open-door policy, and actively listening to employee concerns. Compensation is a very important to employees regardless of the company that they work for. Employees are expected to be compensated for performance. Southwest Airlines pay scales

have been known to be above industry average, offering employees good wages and benefit packages.

The organization offers profit-sharing plans for senior employees, along with stock option programs, and 401 (k) employee savings plans that cover nearly all employees. The corporate culture at Southwest Airlines encourages staff members to enjoy the company of which they are employed. When individuals are secure within their workplace they tend to be more productive and involved within their organization. Having a great team is the key success to leveraging, which is exactly what Southwest Airlines has incorporated amongst their employees.

By exhibiting this behavior it has compelled competitive advantages amongst other airline organizations. Evaluate the company's financial performance by calculating and interpreting the profitability ratios.

(operating profit margin, net profit margin, return on total assets, return on stockholders equity) Southwest Airlines continues to operate profitably as it made \$474.3 million in a growing net income on \$4.7 billion in 1999 revenues. It has a record of over 27 consecutive years of operating at a profit. Its debt of \$871 million has been the lowest against all U.

S. carriers and also has the highest Standard and Poor's credit rating in the industry with a rating of A. Assets are increasing as they reached \$5.65 billion from \$4.71 a year ago. Their debt and equity are both rising as they have issued common stock with retained earnings of \$505 million. Their income expenses have come from negative \$21 million to positive \$7 million over a year time. Overall, the company is making very smart and strategic

moves as it is enjoying growing profits as net income rose 9% to go along with an increase of 13% in total revenue.

Describe the characteristics of company's culture and how you think it affects company performance. Characteristics of Southwest Airlines can be seen as trustworthiness, and loyalty. Trustworthiness is seen amongst Southwest Airlines because it have as open door policy, which encourages employees to brings any issues or concerns to the supervisors or managers at anytime. By allowing employees to feel openly comfortable in discussing issues or concerns creates an area of trust within this organization between upper management and their staff members..

Southwest employees feel as if they are not only associates to the organization but also an asset. Southwest Airlines no-layoff policy shows that the company is loyal to their employees. Southwest Airlines has never laid off employees since the company began its operations. “ The no-layoff policy was seen as integral to how the company treated its employees and to the management efforts to sustain and nurture the culture” (Thompson, A. A. , Strickland, A. J. , & Gamble, J. E, 2010).

Southwest has built up a good relationship with there employees and unions by avoiding layoffs within its organizations, compared to other airlines company's that has had to lay off employees due to a decrease in revenue amongst the airline industry. These characteristics play a very important role in the companies performance, because employees exhibit performance based on the relationship that they have within the organization of which they are employed. By Southwest being trustworthy and loyal to their

employees, in turn their employees will return the same type of dedication within the organization.

Given the strategic decisions in the case, recommend actions that management should take to sustain/strengthen the culture (or implement a change), based on the situation given. Southwest should expand their markets throughout the U. S. and internationally. I think by expanding their market to such countries like Mexico, the organization would be able to generate high revenues due to their low fares that cannot be beat as well as their high turnover rates that would give them a greater competitive edge against competing markets.

Customer needs are very important with business, as they cannot be forgotten about. With the employees being an important asset within Southwest for some consumers that may not be enough to get their business. Southwest should look towards pleasing the customer in other ways as it may grab their business as well. Overall, Southwest Airlines strategy should continue utilizing a cost leadership strategy to under price competitors and gain market share. Southwest should continue its market development strategy, focusing domestically.

There are numerous untapped markets in the U. S. many of which are actively seeking Southwest's presence. . Given the strategic decisions in the case, identify three leadership actions that the company would need to be consider to implement the decisions. Explain why these are critical to implementing the strategic decision. Southwest Airlines can consider several factors to implement the organizations decisions, such as continuing to

discuss ideas and suggestions with Southwest Airlines employees. Getting input from your employees, and having a culture which promotes dialogue is not what this organization is trying to implement.

Southwest Airlines continues to promote a team atmosphere, encouraging employees to be stakeholders. Managers and employees should continue to assist at making the Airline run more efficiently. Southwest should continue to follow its mission statement. The employees' commitment to action described in the case indicates that the mission of the airline is clear: to be a low-price, frequent flight, short haul, reliable carrier. Southwest should continue to foster its remarkable culture.

The company's fun-loving attitude and dedication to its employees have contributed both tangible and intangible benefits. It is a true competitive advantage. Finally, Southwest should continue to embrace new technologies such as their already popular ticket less travel and PC reservations. New technology also includes a commitment to new aircrafts which will result in a young, safe fleet of jets with longer range. All of these new technologies will permit Southwest to contain costs, to expand to more markets, and to maintain its image as a safe and reliable carrier.