

# Analysis of organization british airways

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



The details about the organization overview and organization process of the British airways. First it look at the company profile and history of the organization including organization chart to give overview of the organization it focus on the organization process like (1) changes within the organization (2) organizational culture (3) Recruitment, Training, Job placement and promotion policy. How these process are related and affected to each other. Finally, it will give recommendations for the organizations to deal with organizational process in future.

### **Company profile:**

British Airways is the UK's largest international scheduled airways, which provides international domestic services for cargo and cargo. British airways which are approximately compromise 150 destinations in 75 countries. It includes Asia, Africa, North and Eastern Europe (plus the Eastern Mediterrean), Western Europe, North America, Central and Latin America (plus Sweden). The head quarter of the British airways is located in London. Gatwick airport and London Heathrow airport is the main hubs for British airways. British airways had more than 280 aircrafts, which is mainly for boeing jets and Airbus and it has more than 40, 000 employees to work for a company (Hoovers 2006).

### **Organizational chart:**

The structure of the organization is fat type because it has one level of hierarchy that separates the directors at top from bottom line employees. (Buchanan D. & Huczynski A., 2004). Mr. Willaiam and M. Walsh is the head of the company, presently he are working as a chief executive. The British

airways organization departments are includes planning, Engineering, Flight operation, Investment and Alliances, IT, Law, Finance, HR, Ground operations.

### **History of British airways:**

British airways and imperial airline are merged together at the beginning of Second World War. The two airlines formed new subsidy companies. This is British Overseas Airways Corporation (BOAC) to operate short haul service in Europe (Papadogiannis, 2006). In 1980 British airways ran in the financial problems and Sir John King (CEO) was appointed to handle privatization and it was succeeded in 1987. (Datamonitor 2005).

### **Objectives of British airways:**

Like all the business one of their first main objectives was to maximizing profits. However after September 11th they had to change their aim to having an increasingly in security and they needed to keep their customers safe.

### **Objectives to increase profit by the end of the tax year 2009:**

A British airway is planning to increase profit by the end of the tax year 2009 than the last year profit. The last year profit was £694 million. Annual reports of 2006/2007 shows that they had 148.3 million customers are within the UK. They need to monitor regularly the customer's amount that they fly with them. Perhaps giving such as offerings on certain flights to increase their promotions.

## **Changes within the organizations:**

The factors of the organizational change can be categorized into two factors.

(1) External trigger and (2) Internal trigger. The first factor “ External trigger” is innovations of competitors, requirements, and changes in customers, government policies and legislations. The second factor is “ Internal trigger” it includes appointment of a new senior manager, new product and service design innovations, new ideas about how to deliver services to customers. (Buchanan D. & Huczynski A., 2004). By the external and internal trigger have impacts on British airways, the company is responded by initiating “ privatization” program to change ownership from government to private sector. According to Lewin’s change, changes within the organizations will occur in 3 stages. The first stage is “ unfreezing”. The second stage is “ Movement” to develop new behavior. And the third stage is “ Refreezing” which is stabilizing change at the new level (Mullins, J., L., 1999)

## **Human Resource Management policies in world airline industry:**

For the past 15 years there has been undergoing the research on the human resource policies and competencies differentiating the business performance. Companies are looking for the ways to gain a competitive advantages and the implication of human resource policy choices for companies performance is certainly to the key factor recently researches of the business strategy turned their attention into international attributes of the top companies looking at the industry is likely to evolve; and the way how that the evolution can be exploited to earn a profit. The greater and the extent to which of these assumptions and hypothesis are reflects accurately.

The international airline and hypothesis is currently following with the similar trends.

### **HRM policies in British airways:**

Human resource management policies are followed by the British airways in 1980's before and after privatization by the British government. When the British airways are in public ownership it had been unprofitable in the financial year of 1981/82 and it suffered in a severe financial loss.

Following the market research showing that the airlines passengers were dissatisfied with its service. In 1982 British airways launched on extensive campaign called ' putting people first' for all of 12000 staffs who had direct contact with customers. Up to 150 staffs at a time from baggage handlers to engineers and pilots took a part in servicing customers and later the campaign were extended so that eventually all of British airways staffs attended one of the events. Customer's first teams were set up to look at the ways to improving customer service. Memberships of the team cuts across to the organizational boundaries with staff from different sections are working together for the ten years later 75 of the teams were still actively working.

On 1990's British airways had come to focus on key performance indicators as a principle tool for managing staff. These were six such indicators for its managers: leaderships, communication business competence, managing performance, valuing others and customer focus. These are the basis of decisions about the manager selection pay and performance management.

Further market research shows that the customer's satisfaction with the quality of British airways service has increased. Since British airways moved to spectacular profit from financial loss over the period when these initiatives took place (in 1995 February recorded profits reported of £443 million with total passenger of 23.7 million, and it had 65600 staffs are early 2000). The human resource initiation of its financial success has been partly attributed. However it should be noted that some of the problems are lingered. In common with all the airlines are operating to the transatlantic routes of the attack on the world trade center in September 2001. Despite in Human resource management initiatives of a staff survey in 1992 shows that the staff rates British airways poorly as the employer for sustaining a work environment that attracts develops committed employees and retains. British airways also lost a damaging strike following an attempt to impose a new pay deal on its staff without negotiation in the mid of 1997.

### **British airways Raises Retirement Age:**

On 24th march 2006, British airways change its New Aircrafts Pension Scheme (NAPS). For the recent joiners, including chief executive Willie Walsh who joined in 2005 May, British airways Retirement Plan (BARP) has been available. The New Airways Pension Scheme (NAPS) has 33,794 active members, 15,185 pensions and 20,269 deferred. There is no increase in staff contribution values for the final salary pension scheme in British airways earned. But, there will be the changes under the new proposals to member's benefits relating to future service.

Key changes to future services are:

For cabin crew members normal retirement age raised from 55 to 60 years initially.

For pilots normal retirement age raises from 55 to 60-65 years. Such countries like USA and France remove the restriction on older pilots overflying them.

Pensionable pay increases not more than the inflation.

On retirement capped pension increases every year at 2.5 percent.

Chief executive Mr. Willie Walsh said, this is the solution that will provide for the future affordable pensions.

“ The airline will make a payment of £ 500 million into fund after the changes accepted. The company will have paid towards the past deficit by December 2006 on top of the £ 350 million.

Mr. Walsh added: The future benefits are changes to members will reduce the anticipated deficit by the £ 480 million. And also they may be able to make contributions for future service can afford.

### **British airways cut management jobs:**

On 30th November 2005- British airways announced plans to re-structure the business on March 2008 by cut 35% (357).

This includes:

Reduction of 50% from 414 jobs to 207 on senior managers.

And reduction of 30% from 1, 301 to 911 on middle level management jobs.

British airways chief executive Willie Walsh “ said that when we reported our second quarter financial results last month that our costs were needed to re-energies our efforts to deliver a competitive cost base.

The management job reductions are intended to reduce British airways costs by £ 50 million as part of its £ 300 million to cost reduction program on 2007 march.

The number of senior manager reduction will be phased:

23% (94) of top executives left the business on 31st March 2006.

After the next two years more jobs go with the 50% target to achieve on 2008 March.

On March 2006 30% reduction in middle manager should be developed and communicated.

British airways are going to cut jobs for cabin crew and introduce two year freeze pay. British airways were lost £ 401 million last year and they announce earlier last month that they would need to cut 2, 000 full time jobs. During the recession the British airways instead press ahead with plans to recruit news staffs on different terms and conditions to the current employees in an attempt to save costs.

On 25th June 2009, British airways announced almost 7, 000 British airways staffs has volunteered to take unpaid leave, voluntary pay or part time



working cuts as part of company's plans to cut costs. British airways chief executive Willie Walsh said, " It is a fantastic first response. I want to thank everyone who has volunteered to help us to pull through this difficult period. Walsh himself has agreed to not to take salary during the July month.

The latest news of the British airways is British airways staffs are unwillingly agreed to work in new schedules with reduced staffed pending. British airways are presently battle with the unions over changes to jobs and pay. They want to cut cabin crew staffs on long-haul flights from 15 to 14, this changes imposed from 16th of November.

### **Privatization in British airways:**

A British airway has a change within its organization which is " privatization" project in 1980's. The company faced the financial problem at that time. The long term debt which is more than £ 1 billion, and the British government not willing to give public money to wipe out company's debt because of the criticism fear. Then for these reasons British airways decided to make changes within the organization. (Shibata, K., 1993). This privatization made the British airways to change many things in the organization such as mission statement, corporate culture, and organizational structure and so on.

### **Retirement, Training, Job placement, Promotion policy:**

British airways were considered to be bureaucratic, awkward, inefficient and large in the past. According to privatization, it changed corporate culture from militaristic and bureaucratic to market-driven and service oriented which it made the company to effective in the airline industry. (Poole, R., 1988). These changes which are also involve in HR policy as following.

**Recruitment, job placement policy:**

Recruitment and job placement policy are involved in “ Refreezing” stage to Lewin’s model. According to the stage, British airways have to stabilize the changes and make the behavioral pattern in the organization. British airways needed improve and redesign the recruitment policy and the process in order to increase the new employees who is able to share organizational new value system and management style. (Goodstein., D., L., & Burke, W., W., 1991). To achieving these objectives, British airways changed the job placement policy and recruitment which is supported by the diversity concept and equity to identify the right candidates to fit in a new system.

**Employee recruitment scheme and process:**

In recruitment and job placement policy, British airways developed recruitment methodology it is looking at the competencies including skills, knowledge and behavior using these competency based interviews made British airways to ensure those candidates will be in success in their jobs and they will fit in to the new organizational system. Selecting right people to work in business field, British airways needs to focus on strong leadership qualities, high motivation, team working skills, passion for customer service and so on (British airways 2006). There for, British airways developed assessment methods in job placement and recruitment process for senior level positions and new entry-level such as the interviews, presentations, role play, group exercises, fact finding & psychometric tests (British airways 2006).

## **Training and promotion policy:**

Privatization transformed British airways to more service airline industry that emphasize on servicing customer. According to unfreezing stage, British airways had stop to introduce new behavior and present pattern and culture of employees. So British airways launched new training program is “ putting people first” for the bottom line employees. And for management-level-employees British airways has introduced a training program “ Managing people first” (Goodstein., D., L., & Burke., W., W., 1991).

## **“ Putting people first program”**

According to corporate goal British airways wanted to be “ The world’s favorite airline in airline industries. At the time of privatization British airways changed them self to be marker-led company rather than a process-driven company as it had in the past. “ Putting people first” training program is aim to create employees awareness of competition, market place, and to educate employee to know the awareness of team work. As a result of this training program make the organization to reach goal in order to be best and most successful company in the airline industry (Street, M., 1994).

## **“ Managing people first” program:**

In the second stage of changes in British airways, they needed to bring vision of top management into his employee. For the management level of employees they were implemented during this stage was the special training program “ Managing people first”. The module of the special training program includes support team, training, active senior management participation, multi source feedback and linked performance appraisal

system. After participating the management level training program made British airways to have a new leadership to focus on servicing customer and this key factors in better customer retention and it increase more revenue (Tosti, T., D. & Jackson, F., S., 2006).

### **Employee promotion policy:**

British airways changed to private company successfully in 1987, because of one factor that facilitated changes in organization which is “ Employee promotion” policy. British airways used promotion policy to top management levels to promote employee who was the role model of the new British airways values in higher level. This strategy was used to promote employees in top management levels to value in organization. (Goodstein., D., L. & Burke, W., W., 1991).

### **Organizational culture:**

Organizational culture is to consider each organization to “ how the things are doing around here” because each and every organization has different values, belief and different culture. But we can easily explain about the organization culture is “ the collections of traditions, attitudes, policies, beliefs and values. (Mullins, 1999).

### **Culture changes in British airways:**

For the organization culture is very important for setting creating tradition and organizations internal and external environments are change, an organization must adapt its present culture and in the order to survive the industry (Salama, A. & Easterby-Smith, M., 1994).

## **Recommendations:**

It is not easy for any organization; it is a general acceptance to make changes into structure and systems. Sometimes leads to have a resistance from its employees to make any changes in the organization. There are four reasons of resistance to organization change from employee including 1) Misunderstanding and lack of trust, 2) Low tolerance for change, 3) Contradictory assessments, 4) Parochial self-interest. (Buchanan D. & Huczynski A., 2004). British airways try to change behavior both in organizational level and individuals, such as changing the management style from participative and authoritative. Sometimes new behavior or pattern makes employees to unfamiliar and awkward that it can make them to slip and reject back to the comfortable pattern instead. British airways needed to have more participation in the management decision; but it difficult decision arises; it may not be possible to get it difficult decision arises; it may not be possible to get a consensus decision. (Goodstein., D., L. & Burke, W., W., 1991).

In the British airways history, British airways used tactics to manage resistance and conflicts mostly were HR policy such as training policy. The effective tool to educate employee is HR policy and convenience them to comply with new system. For example, to many new competitors emerged to overcome during 1990's with incumbents in the airline industry such as Easyjet and Ryanair. The CEO's of British airways declared the organization may need the second revolution. British airways tied with American airlines by sourcing new alliance to reducing labor cost in both core staff and non-core staff by recruiting newly hired employees on lower pay to replace the

existing staffs, and restructuring payment system. And some of the employees felt that is unsecured and unfair on their jobs. (Wilkinson, A. & Grugulis, I., 2002).

Many of the organizations including British airways desire to make the changes in their organization when problem arise and they make changes successfully in the less conflict way and harmless. In the past, British airways used often HR tool such as recruitment, training policy and manpower planning to reduce assistance and facilitate changes in organization. Another way to changes in organization is “ change agent” the change agent is a person who leads the project change by planning, researching and building business support. (Bhardwaj, M., 2003). Change agent is an external consultant that the organization hires her/him to take the responsibilities for a specific project. (Buchanan D, & Huczynski A., 2004). But the internal consultants have narrow view and more bias. The external agent is another way to handle the project change effectively.

## **Conclusion:**

A British airway has a long history regarding the organizational changes in the world's leading airline industry. British airways adapt itself such as value, belief, corporate culture and company mission to improve the organization's performance because of external and internal pressure. HR policy is the most popular tool to handle and facilitate changes and resistance in the organizational. A British airway is successful in privatization in 1987; but during that time there was a strike occurred, which gave an expensive lesson to British airways in 1990's. Finally, organization to facilitate changes

is to use “ change agent” which is better to external consultants better than the internal consultants.