

Management and organisational behaviour qantas

[Business](#), [Management](#)



INTRODUCTION

Qantas faced the crisis in 2011. However it has commenced in 1990 when it was deregulated the government through privatization. Culture of Qantas remained unchanged and it operated as a government organization. Since Qantas was a government owned organization its cost base was not competitive compared to other Airlines.

Qantas responded with low-cost Jetstar and just like Virgin Airways, the latter also moved into international flight paths to provide an alternative to passengers. Since then Qantas set out on a modernization path whilst adapting to the global environment. However its cost base continued to climb. Three unions went on a strike and it resulted in 80, 000 passengers being affected, more than 600 flights cancelled and seven aircraft grounded. The impact has been felt at both domestically and internationally. On 29 November 2011, Qantas chief executive Alan Joyce made the decision to ground the airline's entire fleet.

This action stranded 68, 000 passengers around the world and locked out Qantas employees in response to the protracted industrial dispute. Since parties have failed to resolve the dispute within 21 days, went through a binding arbitration. As consequences to the Qantas crisis the main challenges are to rebuilding of trust, restoring good working relationships and rescuing Qantas' reputation with its staff, customers, the government and other stakeholders.

CRITICAL DISCUSSION ON THE POWER ISSUES EVIDENT FROM THE CASE

Power could be defined as, the ability to mobilize resources (human and machine) to get things done. *a resource, not an act. It is an ability, a capacity, a potential; and it does not have to be used. something which is positive in terms of its output. conception of power which sees it as the means whereby common objectives are achieved. a resource which can be expanded and shared to the mutual benefit of all parties. Power over refers to the ability of one party to impose its will on another. Power is an essential managerial resource. It is demonstrated by the ability to get someone else to do what you want you to do.

However, if power holders manipulate and impose such power on someone else to achieve individual objectives rather than common objective, a power issue is arose. Bases of Power Bases of Power refer to what power-holders control that allows them to manipulate the behavior of others. These are: Position power, including: ? Reward power - power based on the distribution of rewards that others view as valuable. ? Coercive power - power that is based on fear. ? Legitimate power and formal authority - the power a person receives as a result of his or her position in the formal hierarchy of an organization, including process and information power.

Personal power including: ? Expert power - influence wielded as a result of expertise, special skill, or knowledge. ? Referent power - identification with a person who has desirable resources or personal traits, the power of being likable. As the CEO of Qantas, Alan Joyce possesses the legitimate power and formal authority. In the given case it's evident that Alan Joyce has used his

power base in several circumstances, those have been critically analyzed below; The fleet grounding

CEO announced the immediate—and unprecedented grounding of all Australian domestic and international Qantas flights as a result of the proposed lock-out of the airline's staff in response to continued industrial action against the company. This resulted grounding of 108 planes at 22 airports, domestically and internationally. Further it was estimated to cost \$20 million a day. This can be seen as a action taken by the CEO based on the his legitimate power and formal authority, which resulted in addition to the revenue loss a loss of goodwill too.

However, one can argue that he made this decision with the best interest of the Qantas and but not anything against the unions. In his words he said that “ All I’m concerned about is Qantas. This was not anti-union, this was pro-Qantas ... I’ll make whatever tough decisions are needed in order to ensure the survival of this great company” Actions to minimize cost As further explained in later part of this analysis, due to the deregulation of airline industry, management headed by Alan Joyce had to make following decisions to be competitive in terms of cost. Qantas decided to operate with low-cost Jetstar flights. Jetstar capacity is very limited too. * Qantas announced a restructure which will see 1, 000 jobs slashed as part of a new emphasis on Asia; which would help the management to cut cost and be more competitive. However, before making these decisions management did not consult the parties who were going to be impacted. Based on the legitimate power and formal authority management used a top-down approach in terms

of these changes. From the side of the employees, they could argue that this approach was not the right approach to change.

From the other side one can argue that these decisions anyway had to be taken to the survival of Qantas, hence he had done these in good faith.

CRITICAL DISCUSSION ON THE CONFLICT ISSUES EVIDENT FROM THE CASE AND HOW THE RESPECTIVE PARTIES HAVE DEALT WITH THE CONFLICT

The crisis which faced Qantas during 2011 is said to have commenced due to the following changes made by the management in Qantas; As a result of airline industry started going through a deregulation by the Australian government, by end of 1995, Qantas previously being a government owned organization became a public company which is listed in Australian Stock Exchange.

However, as a result previously being a government owned organization, Qantas existing cost base wasn't competitive compared to other global airlines. Hence, management had to take following initiatives. Qantas decided to operate with low-cost Jetstar flights. Jetstar capacity is very limited too. Qantas announced a restructure which will see 1, 000 jobs slashed as part of a new emphasis on Asia; which would help the management to cut cost and be more competitive. As a result of these changes following conflict issues were arose between management and its employees.

Parties| Conflict Issues| Action| Engineers| Engineers felt vulnerable for fear their work would be sent overseas and they wanted only limited outsourcing.

| * They went on strike over pay and conditions. * Later moved to arbitration,

describing it as the appropriate outcome for the appropriate time. | Baggage and catering Staff| Their Concern was for job security and outsourcing - rather than pay. | * They went on strike over pay and conditions| Long-haul Pilots| To ensure Qantas flights are operated by pilots paid at Qantas rates, not the lower Jetstar rates. The only action Qantas pilots had been taking was inflight announcements about the industrial dispute, as well as the donning of red ties that carry the message "Qantas flight, Qantas pilots"| However, Fair Work Australia " FWA"; industrial umpire managed to bring the disputing parties to the negotiation table. FWA gave 21 days to disputing parties to resolve the dispute. But, within this period parties failed to reach a solution. Hence, FWA brought the dispute between Qantas and three unions to a close through binding arbitration.

On the other hand, Unions argued that Qantas has failed to display good faith in the negotiations and reaction from Alana Joyce was totally out of proportion to the issues.

CRITICALLY DISCUSS THE LEADERSHIP STYLE OF QANTAS CEO, ALAN JOYCE AS EVIDENT FROM THE CASE AND THE CHANGE MANAGEMENT STRATEGIES THAT HE HAS USED IN DEALING WITH THE STRIKE

Leadershipstyle It's evident from the research made on the " Crisis leadership" that leaders play a central role in crisis through sense making and the viable mental models. In this regard in depth knowledge on the crisis is very much crucial to a leader.

In a crisis situation leaders' actions are always depends on the leadership style of that particular leader. A leader always makes decisions to cope with the crisis and to change the context in which it occurs in line with his/her

leadership style. However, these actions may not always be steady and directed towards the given crisis situation. In the given Qantas case, when the industrial dispute occurred, Alan Joyce as the CEO of Qantas decided to ground all Australian domestic and international Qantas flights as a result of the proposed lock-out of the airline's staff.

Further, he decided to reimburse accommodation costs for those left stranded by the fleet grounding, and refund those who were expected to fly with the airline. Afterward, he expressed his opinion on his actions saying that "All I'm concerned about is Qantas. This was not anti-union, this was pro-Qantas ... I'll make whatever tough decisions are needed in order to ensure the survival of this great company" Hence, in this situation one could argue that the leadership style of Qantas CEO is authoritarian or Autocratic where workers have low bargaining power.

In late 1940s, based on the research made by the University of Michigan it was derived two basic forms of leadership behaviors; employee-centered and production-centered. In the employee-centered environment it's expected that leaders are sensitive to the employee's feelings and emphasizes more on interpersonal relations. In the production-centered environment it's expected that leaders are more concerned with spelling out the task requirements and emphasizes more on the technical aspects of the job.

When considering the above decision and comment made by the CEO on the industrial dispute, it's evident that CEO is authoritarian or Autocratic and relied more on the production-centered behavior. Change management strategies Typically, change initiatives are met by some resistance. In general, resistance is managed best if it's recognized early in the change

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process. This mainly can be done through education, communication, participation and facilitation. In the given case it's evident that management of Qantas had used Top-down approach to change.

In this approach CEO believed that one-way communication backed by the formal authority of their position is enough to implement the change. However, it's evident from the case that this approach is not effective. Victims argued that Qantas has failed to display good faith in the negotiations and this one-way communication of change process made number of issues in Qantas. E. g. The engineers, felt vulnerable for fear their work would be sent overseas. The pilots union wants to ensure Qantas flights are operated by pilots paid at Qantas rates, not the lower Jetstar rates.

The Transport Workers Union, which represents baggage handlers and catering staff, wants to restrict work being sent outside Qantas. As a CEO, who plays major role in top management, Alan Joyce does not have a monopoly on expertise, information and inputs. In such situation, two-way communication would have given addition perspective to the change management process. Hence, in general it can be concluded that leadership style and change management strategies used by the Alan Joyce are ineffective.

THE SURVIVAL OF QANTAS MAY BE AT STAKE IF THE ISSUES AREN'T RESOLVED IN THE FUTURE.

IN YOUR VIEW, IS A CULTURE CHANGE REQUIRED IN QANTAS? JUSTIFY YOUR ANSWER BY CRITICALLY DISCUSSING THE CURRENT CULTURE OF QANTAS AND EVALUATING WHETHER A CULTURE CHANGE IS NECESSARY.

Although the Qantas and Australian Airlines were merged and Qantas was privatized, As a result of previously being a government owned organization the company's cost base wasn't competitive compared to other global airlines. The culture of Qantas including organizational structure, strategies, and cost base remained unchanged with the changes in Ownership.

With the privatization, Qantas could have changed their culture including strategies, and cost base to be in competitive within the airline industry. Autocratic leadership was applied where workers have low bargaining power and there were no proper processes for performance evaluation, health and safety and benefits (Compensation) of employees. Leadership style should be arranged to enhance problem solving, effective decision taking, where performance evaluation, health and safety and benefits (Compensation) of employees is considered.

They have failed in dealing with disputes with employees where dispute has had a profound effect on customers, suppliers and other third parties. Due to lack of communication Qantas failed to provide adequate notice of anticipated interruptions to normal operations. Also Qantas has failed to display good faith in the negotiations. Therefore it is important to implement proper policies for resolving conflicts. Dividend has not been paid to the shareholders company since early 2009 and according to CEO there won't be any growth in the short term.

Company's cost base is not supportive for make profits and further adding to the pressure on Qantas is the severe competition from Virgin Australia in the domestic market. In a summary, changing culture of Qantas is very important to achieve objectives of rebuilding of trust, restoring good working

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relationships and rescuing Qantas' reputation with its staff, customers, the government and other stakeholders. Existing cultural web – Qantas Myths & Stories:

- Lack of job security
- Poor Management – employee relation

Symbolic Aspects:

- Top management remote from workers
- One way communications

Power structures:

- CEO call the shot
- Belligerent union

Complaint work force Organization:

- Top down Mgt hierarchy
- Still follow Bureaucratic style
- Strong union

Control systems:

- Lack of open honest two way communications & Info sharing

The Paradigm:

- Focus product not people
- Atmosphere of mistrust

Structure, order & stability

Rites & Routines:

- High Safety

RECCOMENDATIONS

Power As the CEO of Qantas, Alan Joyce possesses the legitimate power and formal authority. In the given case it's evident that Alan Joyce has used his power base in several circumstances. E. g. He announced to ground all Australian domestic and international Qantas flights as a result of the proposed lock-out of the airline's staff in response to continued industrial action against the company. As a result of the deregulation of airline industry, management headed by Alan Joyce took some decisions to be competitive in terms of cost. These decisions resulted rate reductions and voluntary rate redundancies. However, affecting parties were not consulted before making these decisions. Earlier part of this analysis, it was concluded that a power issue is evident from these actions.

Alan Joyce could have used his legitimate power and formal authority more acceptable way as his decisions created conflicts between Qantas and unions. This could have been done by way of; Using the power to mobilize resources to get things done efficiently and effectively. Using the power and politics to achieve commongoalsof all parties. Creating friendliness use of flattery, creation of goodwill, acting humble, and being friendly prior to making a decision. Coalition- getting the support of other people in the organization to back up the decision. Bargaining - use of negotiation through the exchange of benefits or favours. Assertiveness - use of a direct and forceful approach such as demanding compliance with requests, repeating reminders, ordering individuals to do what is asked, and pointing out that rules require compliance. Conflict management It's evident from the case

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that the CEO was unable to manage the conflict situation properly. Three unions were not happy about the approach used by the management. As conflict in an organization can be dangerous, CEO could have given more attention to the conflicting issues.

All conflicting situations cannot be considered to have negative impacts. There are two sides to a conflict. i. e. constructive side and destructive side. CEO could have identified constructive side of the conflict. It could have offered the management to identify otherwise neglected problems and opportunities. Further, it could have helped Qantas to become more innovative in the given issue. Hence, CEO could have understand the issue that causes the disagreement to be in a better position to manage the conflict and use the conflict to the organization's advantage.

This could have been done by; Listening carefully to unions to prevent misunderstanding. Clearing the air with regular meetings that give unions a chance to discuss their grievances. Offering as much information as possible about the changes to minimize confusion. Developing conflict management strategies. Leadership CEOs' actions against the industrial dispute brought number of conflicts on to the surface. This is mainly because unions were in the opinion that Qantas has failed to display good faith in the negotiations and CEO was totally out of proportion to the issue.

However, leaders should play a central role in crisis through sense making and the viable mental models. In this regard CEO could have used an approach like case-based knowledge as it likely to equip a leader with the best basis for problem-solving under crisis conditions. Case-based knowledge appears most applicable in crisis leadership as case-based knowledge is <https://assignbuster.com/management-and-organisational-behaviour-qantas/>

known to be integral to planning and it provides information that is relevant to generating viable responses to the crisis situation.

Even though it is impossible to predict a crisis, as a leader CEO could have taken precautionary actions to prepare for such crisis. These may include:

- Cataloguing potential crisis situations
- Devising policies for their prevention
- Formulating strategies and tactics for potential crisis
- Identifying who will be most affected by the crisis

Devising effective communication channels to those affected to limit the damage the organization's reputation. Associated change management strategies

In the given case it's evident that management of Qantas had used Top-down approach to change. In this approach CEO believed that one-way communication backed by the formal authority of their position is enough to implement the change. However, it's evident from the case that this approach is not effective. Instead CEO could have used an approach like shared power and planned change. To minimize the likelihood of resistance one of the best approaches to change is, put strong emphasis on involving all parties affected by the change. Following steps could have been followed by the CEO.

Education and communication - educate the unions about the change before its implemented and help them to understand the logic of the change.

Participation and involvement - Allowing unions to help design and implement the change and allowing them to contribute ideas and advice.

Facilitation and support – Actively listen to the complaints and problems of the different categories of staff and providing training in the new ways, helping to overcome performance pressures. Negotiation and argument – Offering incentives to actual or potential resisters. Manipulation – Using covert attempts to influence others. E. g. buying off leaders. Explicit or implicit coercion – At last resort, using force to get people to accept change.

Organizational culture Organizational culture should be change to in accordance with structure to achieve its common goals. Build strategies in accordance with structure, culture, and HR policy. Implement proper procedures for resolving industry disputes. Start by changing people's behavior. Decide proper plan for voluntary redundancies. Intervene in the cultural communications; that is, those things that communicate culture, and try to get people to adopt the new beliefs and values. Intervene in the hiring and socialization of members. Hire people who would 'fit in' with the desired culture, and teach them the rules, norms and expectations of the organization. Remove any 'deviants' from the organization.

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