

RYANAIR ORGANISATIONAL STRUCTURE & CULTURE

By EDUARD SORIN CACOVEAN 2115776

Course

INTRODUCING THE MODERN WORKPLACE LCBB4003

Professor's Name

IMAM SHAIKH

Institution

UNIVERSITY OF WALES TRINITY SAINT DAVID

Location of Institution

LONDON

Date

5/09/2022

Table of Contents

Introduction.....	4
Ryanair Organizational Structure and Culture.....	5
Organisational Structure	5
Organisational Culture	6
Schein's Model on Ryanair.....	8
Artefacts	9
Values	9
Assumptions.....	10
Conclusion	10
Recommendations.....	11
References.....	12

Introduction

Among the most divisive topics in business and academia since the early 1980s has been the topic of corporate culture (Buchanan and Huczynski, 2007). It is a crucial concept in organisational studies because it impacts every aspect of an organisation, including the development and execution of organisational strategies, organisational performance, economic expansion, employee incentive and control systems, and customer service (Handy, 1985). An organisation's culture might be affected by a combination of variables (Brown, 1998).

The Ryan family established Ryanair, a budget airline company, in 1985. The airline did not make money in its first five years of operation. New CEO Michael O'Leary brought the company to profitability and growth. Then, Ryanair became Europe's largest and most famous low-cost airline. However, one aspect that determined the company's long-term success was the adoption of Southwest Airlines' low-cost management philosophy. The company pursued a cost-cutting strategy across the board. Southwest Airlines' approach, on the other hand, was not evaluated because of its primary idea of providing low-cost fares and the best service (Creaton, 2005).

Due to its association with organised labour and customers, Ryanair is among the most contentious airlines, drawing media criticism. This research will analyse the organisational structure and culture of Ryanair. This paper will analyse Ryanair to comprehend the significance of organisational culture to its success, considering the company's strong performance in the low-cost airline industry and its expanding annual revenue. However, the organisation's culture has been criticised by customers and staff.

Ryanair Organizational Structure and Culture

Organisational Structure



According to the information provided on the Ryanair website, the European airline known as Ryanair operates more than 1,600 flights daily. According to its internal statistics, there are currently around 9,500 aviation specialists

working at the company as of May 2015 (Mais, 2020). The organisational structure of Ryanair is comprised of a board with 11 members, some of which include the CEO, sales engineering, and legal departments, amongst other positions. An organisational structure, such as the one used by Ryanair, can affect the activities carried out by, among other things, defining its standard operating procedures and routines and determining who within the structure is authorised to make decisions and carry them out.

Many people assumed that when they joined Ryanair, they were joining a dream (Creaton, 2005). Since the company was tiny and everybody had the same goal, it was easy for management to get in touch with and negotiate with employees. Despite this, the young employees who worked there were not constrained by union rules or job descriptions. Employees were expected to pitch in whenever they could during times of crisis, and this adaptability was critical to Ryanair's growth (Ruddock, 2008). People began flocking to airlines again in the late 1990s (Creaton, 2005). Direct communication with airline personnel was made more difficult due to the company's fast growth. Strikes became more likely as a result of management's strict restrictions, as well as general dissatisfaction with the workplace.

Organisational Culture

According to Deal and Kennedy (2012), organisational culture is how things are carried out, and in a competitive environment, the culture must be responsive and adaptive. According to Mullins (2016), culture is essential in successfully applying technology, work satisfaction, merger and acquisition, innovation, and the team's efficacy. Furthermore, culture is vital in identifying whether businesses demonstrate mechanical or organic culture (Hellreigel, 2015).

There was a €20 million loss for Ryanair in the third quarter of this year, according to Statista, because of the company's bad behaviour, which has affected everything from employees' health and well-being to the economy and society at large (Buchanan and Huczynski, 2007). Ryanair's CEO, Michael O'Leary, has an autocratic approach to leading his employees, resulting in low morale and bad company culture.

Ryanair employees focus only on their duties and do not interact with one other, and their performance is reviewed ruthlessly by the company's top executives. In addition, women make 71.8% less than men, equating to 1182 fewer British workers (Buchanan and Huczynski, 2007). What distinguishes one person from another in a group is the program in their brain that they use to do so. Due to the CEO's autocratic leadership style, Ryanair's culture might be characterised as individualistic and macho, with a low power distance and a restrained demeanour. As Johnson and Scholes (2012) stated, the cultural web is essential for establishing a linkage between the organisation's structure and symbols. There are many rumours regarding Ryanair's CEO. However, the company's tagline implied that the company was seeking to be a low-cost leader and that the general control of the company was focused on the CEO's interests.

The organisational iceberg is utilised to create strategic answers for Ryanair (Figure 2). Everyone knows the events that led to the sinking of the famous ship Titanic. They had a mistaken impression that the iceberg was relatively tiny, and they were unaware of the potential damage it may cause. Similarly, Ryanair did not comprehend the problems and presented the surface-level problems while concealing the underlying problems.

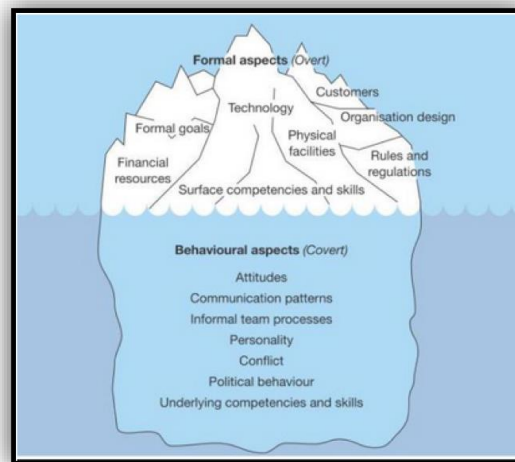


Figure 1 Organisational Iceberg

The following are some of the possible actions that can be made in response to the problems that have been identified:

- Putting a premium on behaviour. Focusing on motivating the employees through providing practical training, promoting a healthy work environment, and rewarding performance
- Relationship building with the employees. Previous studies have reported that when leaders demonstrate concern for their employees, employees contribute to improved performance.
- Leadership. Changing the leadership style from authoritarian to democratic and transformative is essential to improve the business's efficiency.

Modifying an organisation's culture is challenging because it is a complex undertaking that involves changing shared values, beliefs, and interpretations (Johnson and Scholes, 2016). A well-adjusted corporate culture, however, will help boost productivity and employee happiness and resolve difficulties more quickly and effectively. As a result, fostering a culture of fairness amongst employees will lead to improved productivity and, ultimately, more profits for the company. Ryanair is not the only company that needs to adopt a fair culture and exemplary leadership in order for the company to run well.

Schein's Model on Ryanair

A low-cost and no-frills airline was Ryanair's vision when it was founded. However, he did not like for his brand to be associated with anything that was too inexpensive. The airline had a glitzy and enticing work environment (Ruddock, 2008). On the other hand, O'Leary believed that the physical environment of the corporation should reflect the organisation's values. Every part of the business has been impacted by the need to reduce costs. It is common for travellers on budget airlines like Ryanair to stay in budget hotels and fly economy class (Ruddock, 2008). Company headquarters were lacklustre, so the previous company logo was resurrected (Barrett, 2004).

O'Leary's language became widely associated with Ryanair (Creaton, 2005). He could tell anyone to "fuck off," and his favourite epithet is "wanker." He also employed his own "bolloxology." At the airline, a volatile environment was fostered, in which employees were irritable and frequently yelled and roared in inappropriate situations (Creaton, 2005). Despite this, Ryanair does not have a formally stated mission or vision. It is clear when compared to Tony Ryan's original design, which has grown over time. By delivering low-cost flights accompanied by polite and skilled customer service, Ryanair was launched in 2005 (Creaton, 2005). O'Leary's

sole focus was on generating revenue. While focusing on bargains, he overlooked how they benefited the customers (Ruddock, 2008).

O'Leary is implementing cost-cutting measures throughout the company. With these modifications, employees no longer expect uniforms or refreshments, medical exams or permits for airports to be provided to them. As an employee of Ryanair, you are responsible for covering these expenses (Schroeder and Salzer-Morling, 2006). Staff members are responsible for acquiring pens, Post-it notes, and paperclips. To top it all off, travellers cannot use the airline's resources to send faxes or charge their mobile phones (Creaton, 2005).

Artefacts

The topmost ring of an organisation's culture consists of artefacts. Ryanair's artefacts are concrete and noticeable indicators of the airline's organisational culture. Artefacts of the organisation include, but are not limited to, an open-door policy, an office design that encourages collaboration, and an official uniform policy for employees. When it comes to Ryanair's cultural artefacts, it is easy for the outside world to see them, but it is not easy to decipher their meaning.

Values

These are the essential values, yet they are hard to spot. Ryanair's fundamental values are the common goals, beliefs, and standards that guide the airline. Some essential core principles are accountability, diversity, quality, teamwork, passion, honesty, and leadership. Communication of Ryanair's fundamental principles is essential for each employee to embrace and adapt their conduct accordingly, according to the airline's management.

Assumptions

The assumptions that form the basis of Ryanair's corporate culture are firmly ingrained ideals and concepts throughout the company. Employees are typically ignorant of the assumptions that lie beneath the surface. However, these assumptions play a crucial part in forming fundamental values and behaviours that are readily apparent.

Conclusion

Ryanair's culture and low-cost strategy considerably impact the airline industry, tourism sector, and lifestyle overall. The airline's dominance and market culture have remained unchanged since its founding. O'Leary, however, revolutionised the business's cultural artefacts, values, and fundamental assumptions.

A wide range of evidence shows that the notion of cost reduction has already been implemented throughout the company. Clients cannot expect anything other than a low-cost, on-time, and safe flight. If anything ever goes wrong, no one has the right to file a complaint, and the corporation assumes no liability. When an employee makes a mistake, they might be verbally insulted and 'bolloxed' and rewarded for exemplary performance.

O'Leary's use of language, internally and publically, is a cultural characteristic that has influenced the company's identity and reputation. A combustible mood pervades the organisation. Diverse stakeholders recognise the brand for its impoliteness and malice. If profits are the primary success criterion, there is no opportunity for shareholder loyalty or appreciation. Due to the business's high standards and lack of incentives, its management can be complex.

Recommendations

Since Ryanair's inception and success, the company's outspoken CEO, Michael O'Leary, has been viewed as appropriate. A combination of his managerial style and strategies, as well as his motives and negotiation skills, led to Europe's top low-cost carrier. Nevertheless, his management style and public image are out of step with the business's current situation. The following year will need to see either a shift in O'Leary's demeanour or the appointment of a new CEO at the corporation. Either way, change is necessary.

Second, the core principles that guide the organisation must be examined more closely. Passenger traffic will increase as the company expands and adds new routes. Although there are some limitations, customer loyalty can only be valued and cultivated once earned. Foreseeing that the company's performance will be judged by more than just profits in the coming years is possible. Furthermore, as a consequence of the expansion of the business, it will no longer be possible to foster a culture of authority due to the increased number of responsibilities and activities. Either the two cultures must be integrated, or fundamental changes must be made. It will also be necessary to incorporate more aspects of the task culture.

In addition, as the global economy continues to grow, the demands of employees will rise. Staff churn will increase if working conditions remain unchanged. As a result of the uneven nature of the workforce and the resulting loss of efficiency, project completion times may be prolonged or even delayed. Protests are another way to cause havoc. The number of incentives given to employees must be increased to avoid interruptions. For example, a free Christmas party or a prize for the most fantastic employee of the year are not necessarily expensive. A strong market culture and a clan culture could be combined.

References

- Barret, S.D. (2004). The sustainability of the Ryanair model, *International Journal of Transport Management*, vol. 2, pp. 89–98.
- Brown, A.D. (1998). *Organisational culture*. (2nd ed.) Harlow: Financial Times Prentice Hall
- Buchanan, D.A. and Huczynski, A.A. (2007). *Organisational behaviour: an introductory text*. (6th ed) Harlow: Financial Times Prentice Hall.
- Creton, S. (2005). *Ryanair: How a Small Irish Airline Conquered Europe*, Aurum Press.
- Deal, T.E. and Kennedy, A.A., 2012. *Corporate cultures: The rites and rituals of corporate life*: Fourth ed.: Penguin.
- Handy, C.B. (1993). *Understanding organisations* (4th ed). New York; Oxford: Oxford University Press.
- Hellriegel., 2012. *Management*. Eighth ed: South-Western Publishing.
- Johnson, G., and Scholes, K., 2016. *Exploring Corporate Strategy*. (5th ed). Prentice Hall.
- Mais, Y.P.G., 2020. *Ryanair is flying above the clouds* (Doctoral dissertation).
- Mullins, L.J., 2016. *Management and organisational behaviour*. 11th edition, London: Pearson education.
- Ruddock, A. (2008). *Michael O'Leary: A Life in Full Flight*, Ireland: Penguin.

Schroeder, J. E. and Salzer-Mörling, M. (2006). Brand culture. London: Routledge.