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WORPLACE CULTURE AND ITS IMPACT ON ORGANZATIONAL EFFICIENCY

BMSW 5105

Sandra Tirala (2113304)

EASYJET

[Company address]

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Executive summary

In this project I will deeply look over into the EasyJet company, the world low-cost aviation company, I will do an investigation using the tools of Pestel analysis and Porter's 5 forces, I will also do a review of the culture and structure of the company and I will provide my recommendations. Finally, I will write my own conclusion.

Introduction

In the world of aviation, there is a low-cost market designed to sell the routes at a low cost, offering the client the possibility of being able to fly without a large outlay at the same time that they are encouraged to choose a means of transport. The problem is that it is very difficult to offer a reduced price and obtain benefits, it is at this point that we will analyse the EasyJet company and verify its effectiveness.

It is essential to know the company and its market in order to have a clear vision of its possibilities in the sector, taking into account the strong competition and the difficulties associated with this type of business, such as infringement, new regulations or even the appearance of new less polluting methods of transport.

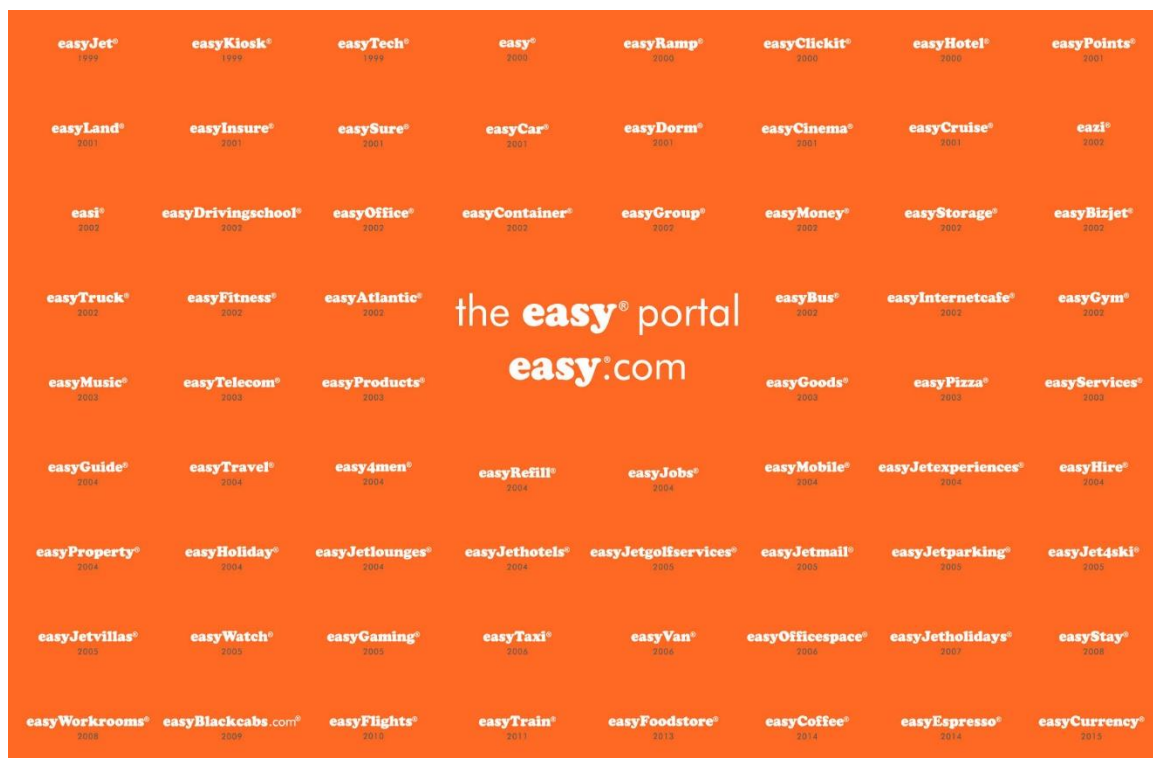
In this article we will see the history of the company, talking about its founder Stelios Haji-Ioannou and its development over the years, I will analyse the company using pest analysis where I will review its political, social, technological, economic, environmental, and legal. I will also use Porter's 5 forces tool and those that will examine the bargaining power of customers or buyers, the bargaining power of suppliers, the threat power of new entrants, the threat power of substitute products, and the rivalry between competitors. Later I will investigate the structure of the company and its organizational culture, I will also propose my recommendations and finally I will express my conclusion.

EasyJet Background



The Easy Jet company was developed by Sir Stelios Haji-Ioannou at the age of 31, he studied Business Sciences and created his first company called STELMAR at the age of 25 related to the shipping industry since his father is a billionaire related to this sector. Stelios born on 14th of February 1967, and was the second of three children.

When Stelios had 27 years, he went to EEUU, Seattle on a business trip to see Boeing and saw how the first low-cost airline



Southwest Airlines worked, he developed a business plan using a start-up airline and make it famous and then create a family of brands.

Mr Loucas, Stelios father supported him financially to develop his business idea by lending him 5 million pounds.

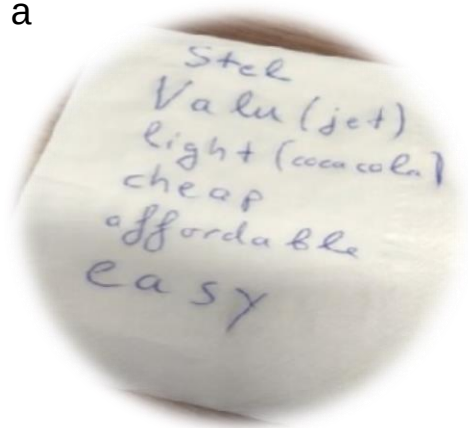
The Easy Jet name born in a Pub in 1994 in London where Stelios done write some ideas on a napkin, wanted to put a name in relation with a cheap service available for all.

The business was a success and generated many profits so in the year 2000s he went public on the London Stock Exchange, since then he has not stopped increasing the income. Stelios remains the main shareholder of EasyJet and is the manager responsible for the Easy group, which is made up of multiple companies with the same low-cost ideology and diversified in very different sectors.

In 1996 Stelios registered the EasyBus brand, after studying the needs of travellers.

The EasyJet company was the first in the world to offer food and beverages on board the plane, also created a telephone line where more than 100 agents answered telephone calls, selling flights 24 hours a day.

In 1997 made available more services like EasyExtras



"If you give people a good fare, they will jump on an aeroplane like they would jump on to a bus.

"You just have to convince them that, if the price is right, they should take the benefit and see other places.

September 11, 1997 | Daily Mirror, The / The Sunday Mirror (London, England)
Page: 31

Culture and its organisational impact

The company's priority is to offer passengers point-to-point services that are totally safe and as cheap as possible. The company aims to provide a product that is reliable and consistent, while offering the best prices to travel to Europe.

It is essential to maintain a culture of inclusion, the company seeks that employees develop to the fullest and that they feel as comfortable as possible in their work environment and thus feel comfortable and stay.

EasyJet's business model is mass transportation seeking cost efficiency, providing maximum security and seeking the lowest price for customers.

It can be said that the values of the company are focused on security since it puts it before the rest. Simplicity is sought in such a way that it tries to reach a goal in the easiest way possible. At the employee level, a team is sought, so it is committed to the human factor, importance is given to the worker. The company maintains its integrity as they deliver what they promise despite difficulties. Passion is also given to the work, showing appreciation to the clients, among the workers and to the work that is done. And finally, it prides itself on seeking to pioneer new ways to make travel easy and affordable.

EasyJet Plc's organizational culture is more internally driven than externally. Despite ensuring a rapid response to changing customer needs, senior management openly communicates the importance of being ethical when responding to market needs. The company shares a strong commitment to incorporating ethics and integrity into its business operations. The internally driven organizational culture has enabled the organization to use its ethical brand image as a tool to gain a strong competitive advantage over rival companies.

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EasyJet's culture is more internally driven than externally, the company adapts very efficiently to the changing needs of travellers, the head office always opts for an ethical attitude when responding to market requirements.

Ethics and integrity are priorities that the company has in all its commercial operations, in such a way that its brand serves as a distinguishing feature from other companies.

The structure of the company is functional organizational, this type of structure is focused on giving out specific products in an efficient way and makes it possible to offer the customer the most affordable products and services.

Pestle analysis

A pestle analysis studies the key external factors (political, economic, sociological, technological, legal, and environmental) that precede an organization.

It is commonly used in a multitude of different circumstances, and for decision-making in company strategy.

● **Economic factors:**

- The UK government is intervening in the transport sector so it is very likely that it will cause negative changes in the company.

- EasyJet can take advantage of the increase that the government has been developing in infrastructure to increase the increases in the transport sector.

- It seems that in the next 10 years economic performance will be stable due to public spending, stable demand, and investment in new industries.

- The company can further increase its presence worldwide due to easy access to liquidity in the British financial markets.
- The company can offer better services and opportunities as it can take advantage of the fact that the skill level of human resources in the UK is high in the sector.
- It is essential that long and short-term investment planes consider the volatile UK exchange rate.
- Due to the strong carbon emissions, since 2020 EasyJet announced its ambitious collaboration with the Wright Electric company to create an electric plane and thus, once achieved, become the first carbon-free plane in the world.
- EasyJet has been affected by the Covid-19 restrictions, affecting its revenue. He had to ground his entire fleet on March 30th, 2020 and then closed 3 bases permanently.

- **Social factors:**

- The UK type of company is different from the company's local market, so it is necessary to build a local team that knows how to encourage social norms and attitudes to serve customers in the UK.
- The company must sell and improve its product position taking advantage of the increase in social networks and traditional media in the United Kingdom.

- The United Kingdom is against migration, so it is likely that it will negatively affect the possibility of bringing in international leaders and managers who are in charge of managing these operations.

- More than half of the population over the last decade used essential services in the UK due to increased investment.

- Gender roles are adapting in the UK, the company can create new services that support this trend.

- **Political factors:**

- The policies recently approved in the United Kingdom support investment in the transport sector and since the population is aware of the importance of these measures, it is assumed that they will be long-lasting.

- Working in many different countries, is necessary that the company must create specific policies according to the requirements of each country for the aviation industry. As populism is rising in Europe it may spill over to the UK and develop into more market instability.

- EasyJet must deal with different regulations depending on the markets in which it is working. Emerging economies and the UK have changed the regulations under which airlines operate so the company must continually adapt to changes.

- EasyJet has been able to reduce reduced tax policies in Europe whereby profits have been increasing but current political factors may lead to tax changes just as environmental impact analysis to contain carbon footprints may lead to tax increases.

- EasyJet wants to promote female pilots, since for decades it has been a sector led by men. To achieve this, he also gives speech specially for girls.

- The UK is under constant bombardment to join World Trade Organization regulations on the airline industry. In addition, it is possible according to current trends, that there is a government transition in the next election and that it causes a change in the transport sector.

-As for Brexit, it is a big problem for EasyJet since to continue being part of the European Union it should have its majority stake in the European Union. Should have a contingency plan for this situation.

● **Technological factors:**

- At present, the technology in this sector is not mature, which is why most of the companies in the sector are during a struggle to achieve the innovations that place them at the forefront of the market.

- There is a big problem regarding the transfer of technology since companies have historically been against sharing technologies since they believe that there is the possibility of creating new rivals among collaborators.

- Technological innovation gives more access to information to whoever is interested causing the supply chain to be interrupted.

- When a plane breaks down you need an engineer to give the report to the mechanic. Thanks to Virtual Reality, EasyJet is achieving great advances, saving time and money, since virtual reality glasses allow the engineer to see failures directly through them without being present on site.

- To get them to invest more in research and development, the UK must have more guarantees for intellectual property rights. In addition to

creating an environment of creative disruption for those interested to look for new solutions.

- The development and growth of mobile technology requires EasyJet to innovate to stay ahead of the competition and meet customer expectations.

- **Legal factors:**

- Data protection is essential to avoid privacy and intellectual property rights issues, it should be considered whether the UK has a good defence system against breaches.

- EasyJet must assess whether the protection of intellectual property, patents and copyrights in the United Kingdom is sufficient.

- **Environmental factors:**

- Awareness of environmental factors has increased, which is why the company has given special importance to the environment, in addition to the fact that customers not only expect the company to comply with the law, but also to become a socially responsible company.

- The conclusions of the Paris Climate Agreement in which the British government must be part will cause a closer monitoring of the company's environmental standards.

- The need for product innovation is changing as new products are being created based on environmental expectations instead of traditional function.

- All the vigilance that the company is having is causing the price of operations to increase.

Porter Five Forces

Porter's 5 forces constitute a model to be able to analyse the competitive system of an industry in which the following are examined: the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products, the threat of incoming products and rivalry between competitors. By examining these five forces, the company can understand its place in a market and make strategic decisions.

- **The threat of substitutes:**

In international travel the travel distances are too long for alternative means to be desirable.

There is hardly a minimal threat from alternative means of transportation, which would be the train, the bus, and the car, speaking of national transportation.

The time factor is essential, just as the value of the trip gives the company an advantage, even though the competition has more comfort and flexibility.

- **The threat of new entrants:**

One threat can be holiday operators that establish low-cost packages that can compete with the company's low-cost price, this can make expanding into new markets more difficult.

The high initial capital cost eliminates the threat to some degree. The EasyJet company needed a loan of 5 million pounds and with the rental of 2 aircraft in addition to accumulating a debt of 50 million. In addition to the fact that for the acquisition of 4 aircraft the following year he had to

contribute capital. In such a way that the economic difficulty of starting a business of these characteristics greatly limits the new competition.

Another setback would be that you need a commercial hook to be able to get into the low-cost market.

A big drawback that newcomers to the sector would find would be that there are hardly any take-off and landing slots left, so they would not find suitable airports.

- **The power of suppliers:**

The monopoly that Boeing and Airbus have, supplying almost all commercial aircraft, makes it very difficult for EasyJet to negotiate in their favor, although some pressure can still be exerted. As opposed to binding forced by spare parts carries great risk.

A company like EasyJet does not have enough pressure to change the value of aviation fuel since this amount is associated with the price of oil.

The best way to get more control over suppliers will be to enlarge the company.

- **The power of buyers**

The company needs buyer loyalty since it is very easy and cheap to make the change.

Buying power is strong, the company has to continually monitor prices, buyers track down the cheapest offer, and they can find and take advantage of price inequalities.

The consumer has the Civil Aviation Authority that provides a guarantee if the seller makes a mistake, in addition to being responsible for licensing the Airlines, it also enforces European and United Kingdom legislation.

- **Rivalry between existing companies**

The low-cost company Ryanair would be the only one that has obtained good annual results.

Ryanair, BMIbaby, MyTravelLite and Buzz are easyJet's competition in the UK. Virgin Express, Hapag Lloyd Express, Germanwings and Air Berlin could become rivals.

More and more tour operators are offering seats at reduced prices.

Other aeronautical companies could be competitors but to a lesser extent.

Environmental and ethical recommendations

A low-cost company like EasyJet has to adjust its resources very efficiently to be able to offer its services as reduced as possible without neglecting safety and quality, for these reasons it is difficult to offer recommendations that are consistent with the continuity of prices Low cost.

In the first place, I recommend that the company focus all its potential on effectively reducing its footprint in the environment, this company is a pioneer in the intention of building an electric plane that would reduce carbon emissions to 0, being an ambitious project since It supposes such a large disbursement that it will take too long to be effective, for this part, my criteria is that they manage to reduce the contribution of carbon to the environment by establishing a more national market, establishing more connection points.

It is true that aviation is not the most ecological means and the current measures established by governments complicate this means of transport, just as customers are increasingly choosing a more ecological means, so it would be convenient to carry out an information campaign in which explain in detail and compared each trip from point to point and the effects on the environment, in this way you could clearly understand the degree of contamination and the difference with other means.

On the other hand, it is true that the company must adapt to social conditions, it is clear that the company struggles to be up to date but it is difficult to apply changes quickly due to the size of the company, so my recommendation is that EasyJet establish in each airport that there is an assistant with the power to make decisions on specific cases, in this way it would get closer to the community socially.

From an ethical point of view, the company is committed to doing things right. Based on this principle, I would like to recommend that the company increase its participation and support in countries that require help in such a way that it would support student exchange projects. and it would help small entrepreneurs to expand their business.

In short, my recommendations are focused on improving the service offered related to the community and the impact on the environment.

Conclusion

After having analysed the EasyJet company in the previous sections, it can be concluded that we must differentiate between companies that are low cost and airlines that are full service, these companies offer a high-level service, on the other hand, the EasyJet company offers a low price, would be the main difference.

The economic crisis has provided a great boost to the company and the habits of the population that increasingly want to travel for tourism and low-cost companies are a strong attraction, even the most established companies in the market have had to create subsidiaries with the low-cost format to be able to compete.

As I have shown with the Pestel analysis, the aviation sector is continuously increasing but is very weak to the sudden changes that occur in society, at this point, EasyJet is able to adapt efficiently. Also, thanks to Porter's five forces analysis, I have verified that the mature market where there is a lot of competition and is clearly differentiated by product or price. This is where EasyJet has its greatest advantage, which is its low prices and locations in major airports.

EasyJet with its business model has managed to be a pioneer company in low cost, and taking advantage of the fact that travellers who want to do tourism discard extra services to focus on the price of the ticket, in this way it manages to be a profitable business and maintain itself as a company strong in the sector.

Despite the ups and downs that the company has suffered due to lawsuits and strikes, including the crisis caused by the covid pandemic, the company's forecasts continue to be in favour, and it has managed to keep prices low.

With these conclusions it can be seen that EasyJet reacts quickly to obstacles in a productive way, with this I want to end by pointing out that the EasyJet company is a company that has a good position in the market and meets the demands of customers who want to fly. quickly and economically to the largest number of destinations.

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