

Workplace Culture and its impact on Organisational Efficiency

BMSW5105

EasyJet Plc

Report



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Introduction

The main purpose of this report is to evaluate the relationship between EasyJet's organizational culture and structure and how they affect financial and non-financial performance.

In addition, it is valuable to understand the wider environment of EasyJet Plc. using appropriate environmental and organizational analysis techniques/tools in order to identify key drivers of change in working methods/approaches at EasyJet Plc.

At the same time, this study includes how Easy Jet Plc. applies certain ethical approaches as part of its organizational culture and its benefits, as well as recommendations to improve its performance based on environmental and ethical challenges.

Briefly Introduce Easy Jet airline

~Making low-cost travel easy~

EasyJet Airline Company Limited, founded in the UK and established in October 1995, is a low-cost (discount) airline based in London Luton Airport.

It initially operated just 2 flights from London Luton Airport to Glasgow and Edinburgh. Today, the airline's Airbus travel to more than 137 cities and it is Europe's number one air transport network, as its planes travel more on Europe's main routes and airports than any other airline.

The number of passengers of the airline exceeds 70 million per year, of which 12 million are business travellers. Its fleet of more than 240 aircraft flies on a total of 802 routes, connecting with around 137 airports in 31 countries. All airports used by Easy Jet in Europe max. It can be reached by car in 1 hour for the majority of passengers.

In addition to flights, Easy Jet also operates bus services, for example between London (Luton) and London (Victoria Station), but hotel rooms and even complex travel packages can be booked through them at discounted prices.

EasyJet uses a number of innovative technologies to make the travel process more comfortable: such as the EasyJet mobile application, which is now available for Apple Watch. (EasyJet, 2023)

EasyJet has a strong capital base, with a market capitalization of £5.8 billion and a net debt position of £670 million in December 2022 (2021: net debt of £910 million). Easy Jet's credit ratings are amongst the strongest in the world for an airline. (easyJet, 2022)

Understanding the relationship between organizational culture and Easyjet's structure

EasyJet strategy:



(EasyJet, 2023)

EasyJet's strategy and goal are to facilitate low-cost travel. In its annual report (easyJet, 2022), EasyJet says that our 2022 strategic framework refines our previous priorities to secure EasyJet's destination as Europe's most loved airline for our customers, shareholders, and employees.

EasyJet's corporate culture:

EasyJet works in a decentralized organization, where the main goal of management is to bring to the surface the abilities inherent in employees, develop talents, help their work, and make it more efficient. The professional knowledge of

workers in different fields can be applied in each division, and this widely helps ensure the company's professional success. (Hill, 2007)

A decentralized corporate culture enables a company to easily compete in a changing environment. In an age that is experiencing a continuous technical revolution, it is only possible to maintain market competitiveness - if you can guarantee continuous technical development, new and new innovative solutions, and this is difficult to imagine under close control. (Harvey, 2007)

EasyJet aims to create an inclusive culture - where people can be their best and feel they truly belong. To create an environment where everyone is respected, can be themselves, and thrive.

Easyjet's organizational structure

The company works and settles according to the functional organizational structure. This model is strictly hierarchical, at its upper level each unit is strictly separate from the others, and the division of labour according to the areas of specialization (i.e. functions) is the basic organizational principle. There is also a hierarchical structure within the units and the cooperation within the functional units is very close. (Hill, 2007). Only people with the same functional abilities are placed in a group, therefore all departments are active and committed to the necessary extent. (Elmers, 2007)

The heads of departments report directly to the CEO, and communication between departments is excellent. The office of the CEO, who is the last person sought during a crisis, is the highest office. Top management exercises decision-making powers and establishes the way of delegating decision-making levels. A clear line of authority ensures solidarity between employees and management as a whole.

The strategy is well established and aimed at excellence in terms of profit and customer satisfaction.

The main advantage of the functional organization is that it can be operated economically, and this made it easier for the company to implement e-marketing, which led to increased profits in a few years.

The management style used is partly autocratic but mostly democratic, as decisions are made with the involvement of all members of each department.

Important decisions affecting the everyday activities, and the work of the workers are made while the workers are participating in the program. This makes employees feel part of the company's decision-making process, and this makes employee's work responsibly. This important factor allows the company to keep pace with the key strategies of good customer service.

The impact of financial and non-financial performance

Like any business organization, EasyJet operates with the intention of satisfying customers through the products and services they offer, while in the process seeking to achieve as high a profit as possible. Since profitability and satisfaction of customers are important from a company's point of view, their efforts are aimed at satisfying market needs while taking advantage of possible openings in order to maximize profit. Non-financial metrics include customer satisfaction, market share, category ownership, and new product adoption rates.

A good customer service program or strategy was successful because every employee was involved and responsible for ensuring that customers received the right customer service without any other compromising issues. In addition, EasyJet's revenue and commitment are half of the company's. (Warnaby & Woodruffe, 1995)

Evaluating the wider environment of EasyJet Plc. As well as identifying the key drivers for changing working methods/approaches.

EasyJet PESTLE

Political	Economic
1. Transfer of ownership from UK AOC to EU AOC due to uncertainties of Brexit 2. Impact of French industrial action on pension changes	1. Impact of Covid-19 on the economy and airline industry 2. Fluctuation in macroeconomic factors like fuel costs, foreign exchange, etc.
Social	Technological
1. Initiatives for maintaining gender balance in the pilot community	1. Continuous improvement in the digital interface like introduction of new Bag-sizer on the easyJet app 2. Introduction of new bag-scanning feature to iPhone
Legal	Environmental
1. Heavy regulatory environment with three different European airlines' regulators 2. Changes in the European airspace supply controlled by ATC (Air Traffic Control) 3. Bribery charges on Airbus and EasyJet's founder	1. Operating in net-zero carbon flights across network 2. Research on Hybrid and Electric 'Green' aircraft propulsion technologies

Figure 1 EasyJet

PESTLE

POLITICAL:

The elements of the political environment are determined by government regulations and political guidelines.

As in the case of all companies, so also with EasyJet, the country's policy has a huge impact on the business environment. Whether a country is commercially positive or negative depends on how stable and strong the influence of politics is.

The impact of Brexit and the previous events significantly complicated the situation. The transition period has already taken place and ended on December 31, 2020, which also means that not all British citizens are considered EU citizens from now on.

Also, since EasyJet has a significant share in Europe, but the majority share belongs to the United Kingdom, in order to remain viable as a business, the largest part of it must be in the EU. They have a contingency plan (Plc., 2021) for this situation.

ECONOMIC:

The economic environment consists primarily of financial components, as well as current and expected economic growth, labour costs, fiscal and monetary policy, unemployment rates, and the effects of globalization.

Many businesses have suffered from the prolonged global covid-19 pandemic, which always affects business policy.

Due to the extremely high fuel prices, the company lost a huge amount and inflation was not favourable either.

SOCIAL:

We have to think about such social changes and social processes that have a significant impact on consumers and commercial activities.

Going into aviation is a very promising career choice for people, but there is a problem in this field, it is a very male-dominated field. EasyJet has been dealing with this for quite a few years now. Their goal is to employ as many female pilots as possible.

TECHNOLOGICAL:

Technology completely permeates today's business world, so online marketers are forced to understand the effects of the technological environment on companies and entire industries.

- In 2019, EasyJet launched a feature on its mobile app specially designed for the visually impaired to easily book flights.
- A leading customer application that improves the overall experience from booking to check-in to reaching the aircraft, often without human interaction.
- A self-service disruption management (SSDM) tool that makes it easy for customers to make changes when an outage occurs. (easyJet, 2022)

LEGAL:

Legal factors are created as a result of changes in the legal environment of an industry or economic sector.

In 2020, the owner of EasyJet accused some insiders, particularly its senior management, of accepting bribes from Airbus to acquire aircraft from them. This put the company in a negative light, as the owner found corruption among his employees.

ENVIRONMENTAL:

In business life, they began to recognize the negative effects of environmental changes and the opportunities inherent in them.

EasyJet is fully committed to reducing its current carbon footprint by 50% as part of the new EU and UK sustainability policies. The Airbus planes they use are more fuel efficient compared to an average plane. (EasyJet, 2023)

EasyJet Porters 5 Forces strategy

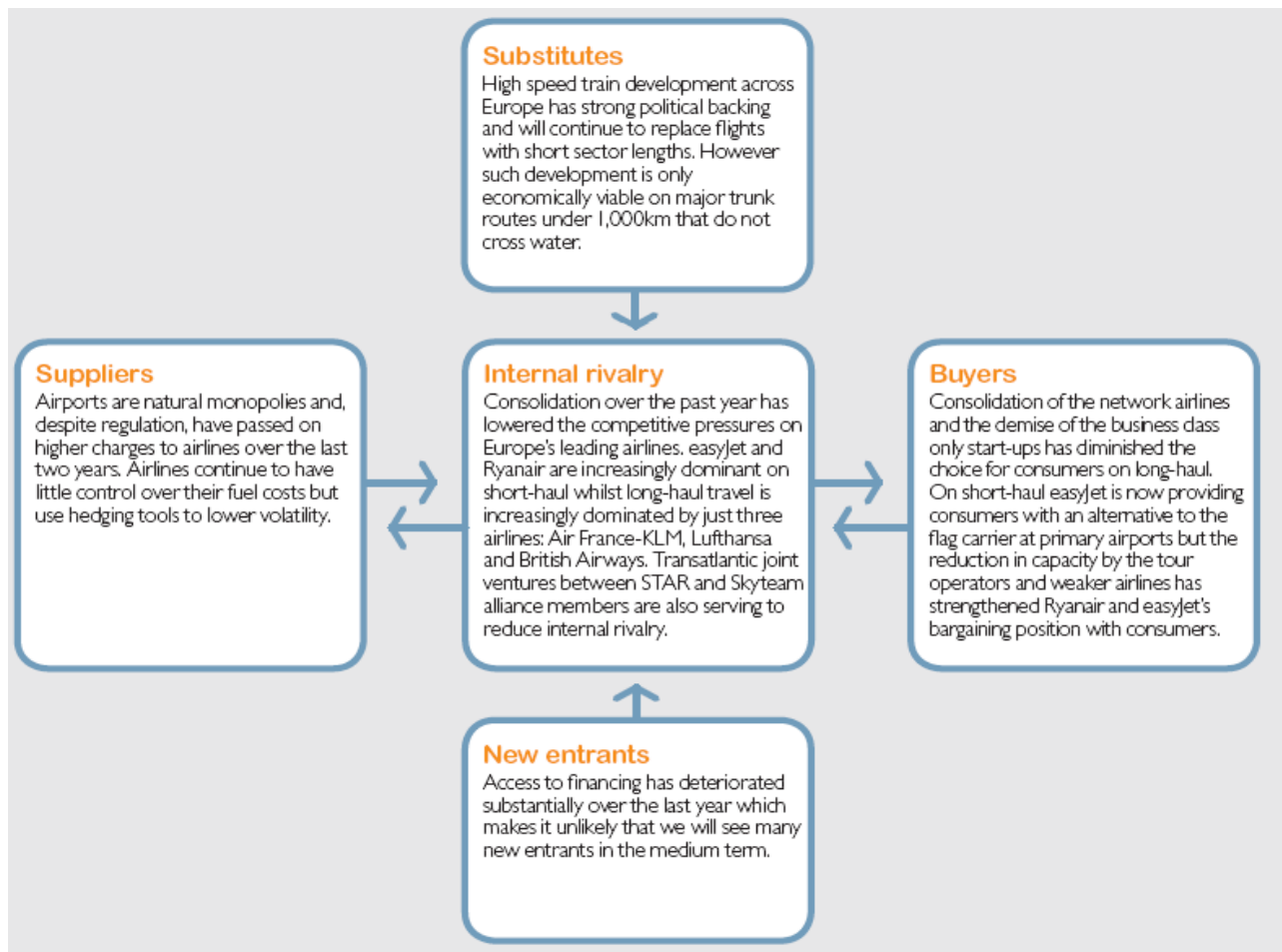


Figure 2 EasyJet Porters 5 forces Analysis (EasyJet, 2023)

The risk of new entrants is low due to the current economic downturn, which is due to the global Covid 19 pandemic. As new entrants require large capital investments, this is highly unlikely in the current economic climate.

Substitution risks are moderate. We can think of substitutes in the form of high-speed trains across Europe. The time and cost advantages of low-cost airlines far outweigh the increased comfort and flexibility of trains or cars. On international routes, the distances are usually too long for a car or train to be an alternative to air travel.

The buyer's bargaining power is high, because buyers are more price sensitive. The number of customers, their relative size, and the costs of reaching them determine the bargaining power of the customers compared to the company. The smaller the number of customers and the larger the size of the customers in relation to the company, the more power they have in influencing prices.

Many budget airlines compete with Easyjet and customers can easily switch from one airline to another. This means that EasyJet has to keep prices competitive in order to gain market share.

The bargaining power of suppliers is medium, which is favorable for Easyjet. 90% of the aircraft came from two commercial aircraft manufacturers (Airbus, and Boeing). Key suppliers are selected through a thorough inspection and great emphasis is placed on building a good long-term business relationship for an efficient supply chain. Due to economic changes or market conditions, for example, the price of jet fuel is directly related to the cost of oil, which cannot be controlled.

The competition is strong. It has more services in the local and international markets. There are already many new low-cost airlines, of which Ryanair and EasyJet are more well-known, but here is Air France, Lufthansa, and British Airways. In the case of Ryanair, the level of rivalry is low, as the two major low-cost airlines avoid direct competition by choosing different routes to serve. If any company decides to compete on a similar basis to Ryanair, there will be strong pressure on prices.

When we think of flying and travel, EasyJet is probably not the first thing that comes to mind. The larger airlines are in the foreground, which are branded as luxury airlines.

It is a cheap and affordable airline that has come a long way in less than three decades. Cheap, Affordable, and covers many areas. During this time, the airline gained a lot of followers and recognition.

EasyJet as a brand enjoys many successes, but it also has significant shortcomings, especially the cyber divide. Scandals like this can rob a loyal customer base in minutes, even if it has been built up over years.

The bribery scandal did not make a good impression on the brand either, because it seems that there are disputes between the owner and the company's top management. However, their environmental policies and efforts to achieve sustainability are nothing less than commendable. It is not easy nowadays to make these important changes for our future.

Their customer service has improved a lot over the years, mainly due to digitization and their impressive adherence to technology. EasyJet is a thriving brand as long as the weaknesses and threats are kept in check. (Sauce, 2021)

Easy Jet Plc.'s ethical approach to its organizational culture and its benefits.

Business ethics means the application of ethical values, principles, and norms to business conduct. Business ethics are relevant both at the individual level and at the organizational level. It can be applied to every part of the business: from corporate strategy to how companies treat their employees, their suppliers, and other external stakeholders, right down to sales techniques or accounting practices. Ethics goes beyond the legal requirements imposed on companies, compliance with the law is the minimum from a business ethical point of view, and so ethical business is about the voluntary decision and value-driven behaviour of ethical companies. In practice, business ethics is about commitment to ethical behaviour, making ethical values and standards clear and public, and integrating them into everyday practice. An important part is that help companies, organizations, and their employees, as well as other stakeholders in solving ethical dilemmas, in being able to "do the right thing". (Manager, 2022)

Ethics goes beyond the legal requirements imposed on companies, so it is about discretionary decisions and value-driven behaviour.

EasyJet Plc. ethics code:

Everyone who works for EasyJet has a duty to comply with the principles contained in the code

- > Is your action legal?
- > Is your action safe?
- > Does it meet our guidelines and values?
- > Would you feel bad if you did? Is this how you want to be treated?
- > Could it damage EasyJet's reputation if this is made public?

Operating according to ethical values plays an increasingly important role in today's business life. Companies do not operate in a vacuum, but as part of society, which is defined expects companies to comply with standards of conduct. Corporate stakeholders can be associated with responsible organizations. Fair, honest, and consistent treatment is an essential value for the company's customers, suppliers, investors, and employees.

Companies cannot be sure that their employees have understood what ethical standards they must follow when performing their work on behalf of the company. The guidance it is essential to create and maintain an ethical culture and to avoid ethical misconduct.

Avoiding costly crises and scandals is very important for companies. Reputational attacks are very difficult to recover from without solid trust. At the same time, it clearly formulated values and ethical standards are part of good corporate governance practice and are the hallmark of well-functioning companies.

Operating with integrity is key to sustainable business success.

EasyJet Plc has defined five principles of business ethics, which are as follows:

- Safety.
- Integrity.
- Conflict of interests.
- Compliance with laws.
- Speak up. (Manager, 2022)

The Ethical Code draws attention to the fact that if you notice anything that you believe may call into question your or the Company's conduct, or become aware of any existing or potential breach of laws, regulations, this Code, or any EasyJet policy, it is essential that you report this immediately report it. You can act on the basis of what is written.

Business ethics refers to the application of ethical values to all business behaviour and functions. This is both about individual behaviour and about the behaviour of organizations, it expresses the way in which "we behave in our business activities". Corporate responsibility expresses the organization's commitment to its stakeholders to increase the positive effects of its activities and reduce the negative effects. This manifests itself in basic business activity and can mean volunteering beyond that or charity programs. (Hill, 2007)

EasyJet's main business and ethical principle is environmental protection. EasyJet's business model ensures that some of the environmental benefits are inherently built into the core principle.

Main principles:

- CO2 emissions per passenger and kilometre
- Waste minimization. (EasyJet, 2023)

According to the Ethical Marketing News article of October 31, 2022 EasyJet is investing in the latest aircraft technologies to achieve permanent carbon reduction across its entire fleet by 2050. Based on data announced in October 2022, it will further

increase the efficiency of EasyJet's operations by updating fleet technology, complementing the airline's entire range of initiatives aimed at reducing carbon dioxide emissions. (Mitchell, 2022)

Easy Jet's distribution is internet-based. The virtue of a ticketless airline helps to minimize waste in the form of paper-based documents. Reduces on board waste by not providing free meals. (EasyJet, 2023)

Recommendations

Based on the environmental and ethical challenges, I will make the following suggestions to improve its performance.

In the past decade, significant changes have taken place in the European aviation industry.

In the UK, where environmental issues dominate, Easyjet dominates the industry by continuing to replace environmental efforts with state-of-the-art aircraft. EasyJet works with stakeholders and authorities across Europe to advocate for airspace modernization. (Neely, et al., 2004)

It operates modern aircraft on all routes to combat environmental pollution. Profit and expansion; it examines every aspect of its operation, reduces overheads, and makes money with it anywhere and anytime. EasyJet compares its costs with its competitors in order to offer its customers the lowest possible prices. Innovative, for example, its online booking system is well ahead of its competitors.

EasyJet Plc. was the first to introduce the use of online plane tickets, thus reducing the environmental pollution resulting from the use of paper.

EasyJet pays a lot of attention to people's development. Its strategy is to use talent, engagement, and organizational design to ensure that strong leaders have the right skills. Recognizing that having the right skills, experience, and culture directly affects

their performance against other strategic objectives, creates an environment where people perform better.

Avoiding costly crises and scandals is very important for the company. Pressure from trade unions and labour relations committees can significantly affect day-to-day operations, as strikes prove very costly to a company's image.

The nature of the economy and rising oil prices can have a significant impact on operating costs, which can principal to a reduction in the number of casual travellers and corporate trips. (Elmers, 2007)

My suggestion is the following:

- Since employee satisfaction is important, in order to avoid scandals, I recommend EasyJet management apply a human resource management strategy, such as reward systems, management, and personnel approaches to satisfy employees and meet their needs
- So that customers are maximally satisfied with their services, can be achieved by improving communication with customers and ensuring the efficiency of time management. Therefore, it is necessary to pay more attention to the quality of the same service.
- Application of diversification, focusing not only on the airline but also on other profit-generating businesses, such as EasyJet hotels, trains, etc. introduction. This helps in case the flight business goes down and money is needed.

Conclusion

The main objective of this report was to assess the relationship between EasyJet's organizational culture and structure and how they affect financial and non-financial performance.

I also described the wider environment of EasyJet Plc. using PESTLE and Porters 5 Force analysis in order to identify the main drivers of change in working methods/approaches at EasyJet Plc.

At the same time, this study includes the organizational culture of Easy Jet Plc., the advantages of applying certain ethical approaches, as well as recommendations to improve its performance based on environmental and ethical challenges.

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