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Organisational Culture and Its Influence on British Airways

Executive Summary

Organisational culture has a big impact on decision-making, employee behaviour, organisational structure, and how firms react to outside change. According to Mullins and Christy, culture is pervasive because it dictates "how things are done around here" and has an impact on management control, decision making, organisational structure, group behaviour, motivation, and job satisfaction. British Airways (BA), a significant multinational airline operating in a highly regulated, competitive, and culturally diverse environment, is the subject of this report's application of this reasoning.

The analysis applies Schein's three level model, Hofstede's cultural dimensions and Handy's cultural types to evaluate British Airways' prevailing culture. The evidence suggests that BA has a predominantly role culture, demonstrated through formal procedures, professional responsibilities, hierarchy and safety requirements, combined with an increasingly important task culture, demonstrated through cross-functional transformation projects, technological innovation and continuous improvement.

By promoting safety, professionalism, consistency, and customer service, British Airways' culture enhances organisational effectiveness. But aspects of its traditional culture, such as hierarchy, bureaucracy, legacy systems, and opposition to change, can also erect obstacles. Therefore, the airline's £7 billion transformation program aims to strike a balance between stability and agility.

Financial results show that things have improved recently. British Airways recorded an operational profit of about £2.23 billion in 2025, up £182 million from 2024, and an operating margin of 15.2%. However, as factors like fuel prices, passenger demand, and exchange rates also affect airline profitability, these outcomes cannot be exclusively attributable to organisational culture.

Non financial aspects are just as significant. Evidence of the sustainability of cultural change can be seen in employee satisfaction, engagement, stress, wellbeing, staff turnover, customer satisfaction, and operational reliability. Because BA must combine profitability with employee welfare, consumer interests, safety, environmental responsibility, inclusivity, and broader societal commitments, ethical considerations are also pertinent.

According to the report's conclusion, British Airways should promote task culture, employee empowerment, cultural intelligence, wellbeing, digital competence, and continuous improvement while preserving the positive features of its role culture. BA could attain long-term organisational effectiveness by taking a balanced approach that incorporates both financial and non financial performance.

Introduction

The common ideals, attitudes, presumptions, customs, and behaviours that shape how people function inside an organization are referred to as its organisational culture. Culture is ubiquitous because it dictates "how things are done around here," according to Mullins and Christy. They contend that culture affects organisational structure, decision making, motivation, work satisfaction, management control, and performance in addition to human resources.

This is especially pertinent to British Airways since the airline operates in a setting where workers from various national and professional backgrounds must collaborate to deliver a dependable, safe, and superior service. BA runs a vast global network and employs over 38,000 people. Pilots, cabin crew, engineers, airport employees, customer service representatives, technology specialists, and managers are among its workforce members who all contribute to the success of the company.

British Airways is changing significantly as well. A £7 billion transformation program including aircraft, customer experience, digital technology, operational performance, sustainability, and coworker experience has been launched by the airline. This change demonstrates the significance of organisational culture. Only when workers are ready and prepared to embrace new methods of operation can new technologies and systems boost productivity.

Therefore, this report assesses how organisational culture affects British Airways' structure and decision making, uses established theoretical frameworks to identify the prevailing culture, evaluates how culture facilitates environmental adaptation, and investigates whether culture acts as a barrier or an enabler. Along with evaluating both financial and non-financial performance, the report also takes controversial and ethical problems into account and makes suggestions for improvement.

Organisational Culture, Structure and Decision Making

Organisational structure and culture are closely related. Formal authority, accountability, and reporting connections are determined by structure, while employee behaviour within that structure is influenced by culture. Because aviation is heavily regulated and safety-critical, British Airways needs a relatively formal structure. Regarding aircraft operations, engineering, security, customer service, and emergency circumstances, employees are required to adhere to specified protocols.

This is consistent with Handy's (1989) theory of role culture, which holds that power is linked to organisational position and that employees have well-defined tasks. Because management, engineers, pilots, and cabin crew all have specific duties and must follow established protocols, BA exhibits many traits of role culture.

There are several benefits to this culture. Standardisation promotes responsibility, consistency, and safety. Regardless of the employees they interact with, customers expect the same basic safety and service standards. On the other hand, a too bureaucratic role culture may be detrimental. Departments may get siloed and decision making may slow down if employees need many levels of approval before taking action.

Thus, British Airways must strike a balance between official control and adaptability. According to its transformation program, the company is progressively embracing traits of task culture, in which workers from various departments collaborate to address specific issues. For instance, operations, technology, airport teams, engineering, and customer service staff may need to work together to improve flight timeliness.

Culture also influences decision-making. Safety is likely to be one of BA's strongest cultural assumptions. Employees must prioritise passenger and employee safety even when this conflicts with commercial objectives such as punctuality or cost reduction. This creates a positive risk-management culture.

However, safety should not become excessive risk aversion. Organisations must distinguish between unacceptable operational risk and manageable strategic risk. British Airways therefore needs employees who can follow safety procedures while also adapting to unexpected situations.

Technology is increasingly changing decision making. BA has invested approximately £100 million in operational technology, including artificial intelligence and machine learning, to support operational decision making. The airline reported that 86% of its Heathrow flights departed on time during the first quarter of 2025 according to its D-15 punctuality measure. This demonstrates how culture and technology can work together: technology provides information, while employees must have a culture that encourages them to use information effectively.

Schein's Model of Organisational Culture

According to Schein's (1985) model, there are three levels of organisational culture: fundamental underlying assumptions, espoused values, and objects.

The first level, artefacts, is made up of observable traits. Aircraft branding, staff uniforms, airport lounges, customer service protocols, safety checklists, training courses, and digital systems are all examples of these at British Airways. By itself, the BA brand conveys professionalism, British identity, and global connectivity.

Espoused values, or what the organization claims to believe, make up the second level. British Airways encourages responsible corporate practices, safety, inclusivity, sustainability, and customer service. The three main pillars of its BA Better World program are responsible business, the environment, and people.

The fundamental underlying presumptions make up the third level. Employes may take these underlying beliefs for granted. At BA, these are probably the convictions that consumer trust

is essential to the airline's success, professional expertise is crucial, and safety comes above commercial convenience.

But preconceived notions can sometimes lead to opposition to change. Workers might think that senior managers should always make choices or that conventional procedures are safer than novel ones. As a result, BA's task is to maintain good presumptions like professionalism and safety while altering presumptions that needlessly support bureaucracy.

Hofstede's Cultural Dimensions

Hofstede's cultural dimensions provide a framework for examining how national culture may influence organisational behaviour. The dimensions include power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence

The UK is generally associated with relatively low power distance, suggesting that employees may be more comfortable questioning managers and expressing opinions. This can benefit British Airways because frontline employees often have valuable information about customer expectations and operational problems.

The UK's relatively individualistic characteristics may encourage autonomy and personal responsibility. However, airline operations require teamwork, meaning BA must combine individual accountability with collective responsibility.

Uncertainty avoidance is also relevant. Aviation involves unpredictable weather, technical problems, airport congestion and customer disruption. British Airways therefore needs formal procedures for managing predictable risks while encouraging employees to remain adaptable when unexpected situations occur.

Hofstede's model must nevertheless be used cautiously. National culture does not determine individual behaviour, and employees may identify more strongly with their profession or organisation than with nationality. Therefore, BA should use cultural dimensions to develop cultural intelligence, rather than stereotyping employees.

Handy's Cultural Types and the Prevailing Culture

Handy identifies four cultural types: power, role, task and person culture.

British Airways is best described as a hybrid role/task culture. Role culture is dominant because the organisation requires clearly defined responsibilities, professional expertise, formal procedures and hierarchy. This is appropriate for a safety critical airline.

However, task culture is increasingly important because BA's transformation requires cross functional teams to address technological, operational and customer-service problems.

Power culture is unlikely to dominate the organisation because BA is too large and complex for decision-making to be concentrated in a small group. Person culture is also unlikely to dominate because organisational objectives must generally take priority over individual interests.

The most effective approach is therefore to retain role culture where safety and compliance require consistency while using task culture to encourage innovation and problem-solving.

Culture and External Environmental Adaptation (Pestel)

British Airways operates in an environment characterised by technological change, sustainability pressures, changing customer expectations, international competition and operational uncertainty.

Technology is one of the most important external influences. Customers increasingly expect mobile applications, digital check in, real time flight information and personalised services. BA has responded by investing in digital systems, AI and operational technology as part of its wider transformation programme.

Environmental pressure is another major influence. British Airways has established an ambition to achieve net-zero carbon emissions by 2050 or sooner and is investing in fuel efficient aircraft, sustainable aviation fuel and operational efficiency.

Globalisation also affects culture. BA must integrate employees from different nationalities into a coherent organisational culture while respecting diversity. This directly supports Mullins and Christy's argument that globalisation increases organisational complexity and requires effective management of diverse workforces.

Ethical and Unethical/Controversial Aspects

Organisational culture has an important ethical dimension because values influence how employees treat customers, colleagues, communities and the environment.

British Airways demonstrates several positive ethical practices. Safety is fundamental to its business model, while its responsible business programme includes commitments relating to inclusion, human rights and social responsibility. BA states that it has a zero-tolerance approach to modern slavery and human trafficking and provides training to employees to help identify vulnerable passengers.

The airline also promotes diversity and inclusion and states that it aims to provide fair opportunities for employees. Community programmes, including its Flying Start partnership with Comic Relief, also demonstrate an attempt to create wider social value.

Environmental responsibility is another ethical area. BA acknowledges aviation's environmental impact and has established a net-zero ambition. However, there is an inherent ethical tension between encouraging air travel as a commercial activity and reducing its environmental impact. Sustainable aviation fuel currently represents only a proportion of total aviation fuel use, meaning that significant challenges remain.

Employee relations also create ethical considerations. Like other large airlines, British Airways has experienced disputes relating to pay, working conditions and restructuring. Such situations highlight the tension between organisational financial sustainability and employee wellbeing. During the COVID-19 crisis, the airline undertook major restructuring as the aviation industry experienced an unprecedented reduction in demand. From management's perspective, restructuring was intended to protect the organisation's future, but from employees' perspectives it created uncertainty and potential stress.

These examples demonstrate that ethical behaviour cannot be judged simply by examining corporate policies. There can be a difference between espoused values and actual employee experiences. This is particularly relevant to Schein's model: BA must ensure that ethical values communicated publicly are reflected in everyday decisions, management behaviour and reward systems.

Organisational Culture as an Enabler or Barrier

Overall, organisational culture at British Airways acts as both an enabler and a barrier.

It is an enabler because safety, professionalism, customer service and shared procedures create consistency and reduce uncertainty. A strong culture can also improve employee commitment and help employees understand organisational priorities.

However, culture becomes a barrier when established practices no longer fit the external environment. Excessive hierarchy, bureaucracy, legacy technology and resistance to change can reduce flexibility. Kotter and Heskett argue that cultures can contribute to performance when they fit environmental conditions but become problematic when they prevent adaptation.

British Airways' transformation suggests that management recognises this issue. The airline's challenge is not to remove its existing culture but to evolve it. Safety and professional standards should remain stable, while methods of working, technology and customer-service processes should remain open to improvement.

Financial Performance

Financial performance provides an important measure of organisational effectiveness. British Airways operates within IAG, meaning that its financial performance is reported through the group's financial reporting structure.

In 2025, British Airways reported an operating profit of approximately £2.23 billion, compared with approximately £2.05 billion in 2024. This represents an increase of £182 million, or approximately 8.9%. Its operating margin increased to 15.2%.

These results provide encouraging evidence that the airline's transformation is producing positive outcomes. However, culture cannot be identified as the sole cause of improved profitability. Fuel prices, passenger demand, exchange rates, capacity and other market conditions also affect airline performance.

The airline's £7 billion transformation investment is significant. New aircraft, technology and improved operational systems have the potential to reduce costs, increase productivity, improve customer satisfaction and strengthen long-term competitiveness. However, the return from the investment needs to be assessed over several years.

Return on investment (ROI) can be calculated using:

ROI = (Return from investment − Investment cost) ÷ Investment cost × 100

British Airways does not publish one overall ROI figure for its organisational culture or transformation programme. It would therefore be inappropriate to claim a precise cultural ROI. Instead, ROI should be calculated for individual projects, such as technology investment, aircraft investment and digital transformation.

For example, the airline's £100 million investment in operational technology should be assessed through savings from reduced delays, improved aircraft utilisation, lower disruption costs, productivity improvements and increased customer satisfaction.

Operating cash flow is also important because accounting profit does not necessarily represent cash generated by normal operations. Airlines require significant cash resources to finance aircraft purchases, maintenance, technology and infrastructure. Strong operating cash flow therefore provides financial resilience and allows the organisation to continue investing.

The profit and loss account should also be interpreted carefully. Higher profit is positive, but excessive cost-cutting could create long-term problems if it increases employee stress, reduces training or damages customer service. Sustainable profitability should therefore result from productivity, innovation and customer loyalty rather than simply reducing costs.

Non Financial Performance

Financial results alone cannot fully measure the effectiveness of organisational culture. Mullins and Christy emphasise motivation and job satisfaction, making employee performance an important part of the analysis.

Job satisfaction and engagement are particularly important because British Airways' employees directly influence customer experience. Factors such as pay, management, recognition, workload, career opportunities, work life balance and employee voice can influence satisfaction.

The airline's emphasis on colleague pride, inclusion and development is therefore strategically important. A satisfied and engaged workforce is more likely to contribute ideas, support organisational change and provide positive customer service.

Employee stress and wellbeing are also important. Airline employees may experience irregular hours, customer complaints, operational disruption, time pressure and significant responsibility. Excessive performance pressure could therefore negatively affect morale and increase absenteeism.

Staff turnover is another important indicator. High turnover creates recruitment and training costs and causes the loss of organisational knowledge. This is particularly significant for highly skilled employees such as pilots, engineers and experienced cabin crew.

British Airways should therefore monitor employee engagement, satisfaction, stress, sickness absence and turnover alongside financial performance. If profits increase while employee wellbeing deteriorates, the organisation may be achieving short term rather than sustainable performance.

Customer satisfaction is also a major non financial indicator. British Airways has invested heavily in customer experience as part of its transformation programme. Operational performance provides another link between culture and results. Improved punctuality, baggage handling and disruption recovery demonstrate whether organisational changes are working in practice.

Recommendations

British Airways should first develop a balanced role and task culture. Safety and regulatory procedures should remain highly formalised, but innovation should be encouraged through cross-functional teams.

Second, the organisation should increase frontline employee empowerment. Employees dealing directly with customers should have clearly defined authority to resolve relatively minor problems without unnecessary managerial approval. This would improve responsiveness and employee involvement.

Third, BA should introduce a culture and performance dashboard combining financial and non-financial indicators. Measures should include operating profit, operating cash flow, ROI,

employee engagement, job satisfaction, stress, turnover, absenteeism, customer satisfaction, punctuality and safety.

Fourth, employee wellbeing should become a strategic priority. Management should monitor workload and stress to ensure that transformation does not create unsustainable pressure.

Fifth, BA should strengthen cultural intelligence among managers. Training should address communication styles, hierarchy, teamwork and conflict management across different cultural backgrounds without stereotyping employees.

Sixth, rewards should be linked to desired cultural behaviours. Employees should be recognised for teamwork, innovation, customer service, safety, sustainability and problem-solving rather than financial or productivity targets alone.

Seventh, British Airways should continue its digital transformation but maintain appropriate human oversight of AI and automated decision-making. Technology should support professional judgement rather than completely replace it.

Finally, BA should strengthen employee voice by encouraging staff to identify problems and suggest improvements. This can create a culture of continuous improvement and help employees feel that they have genuine influence over organisational development.

Conclusion

This report has demonstrated that organisational culture has a significant influence on British Airways' structure, decision-making, adaptation and performance. Mullins and Christy's argument that culture influences “how things are done around here” is particularly relevant to BA because the airline relies on shared expectations concerning safety, professionalism, customer service and teamwork.

Schein's model demonstrates that BA's culture can be observed through visible artefacts, espoused values and deeper assumptions. Hofstede's framework highlights the importance of managing cultural diversity within an international workforce, while Handy's model suggests that BA is predominantly a role culture supported by task-culture characteristics.

The culture acts as both an enabler and a barrier. Safety, professionalism and consistency support effective operations, while excessive hierarchy, bureaucracy and resistance to change can restrict adaptability. BA's £7 billion transformation programme represents an attempt to create a more flexible, technologically advanced and customer-focused organisation.

Financial results are encouraging, with operating profit increasing to approximately £2.23 billion in 2025 and the operating margin reaching 15.2%. However, culture should not be viewed as the sole cause of financial improvement. ROI, operating cash flow and profit should be considered alongside employee and customer measures.

Non-financial factors such as job satisfaction, employee stress, engagement, staff turnover, customer satisfaction and operational reliability are equally important. A culture that

produces financial growth while damaging employee wellbeing would not represent sustainable organisational effectiveness.

Ethically, British Airways demonstrates positive practices in areas including safety, inclusion, modern-slavery prevention, community investment and sustainability. Nevertheless, tensions remain between profitability and employee wellbeing, commercial growth and environmental responsibility, and operational efficiency and customer service.

Overall, British Airways should preserve the strongest elements of its traditional role culture while developing greater adaptability, employee empowerment, cross-functional collaboration and innovation. The most effective future culture for British Airways is therefore one that combines safety with innovation, consistency with adaptability, financial performance with employee wellbeing, and commercial success with ethical responsibility.

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