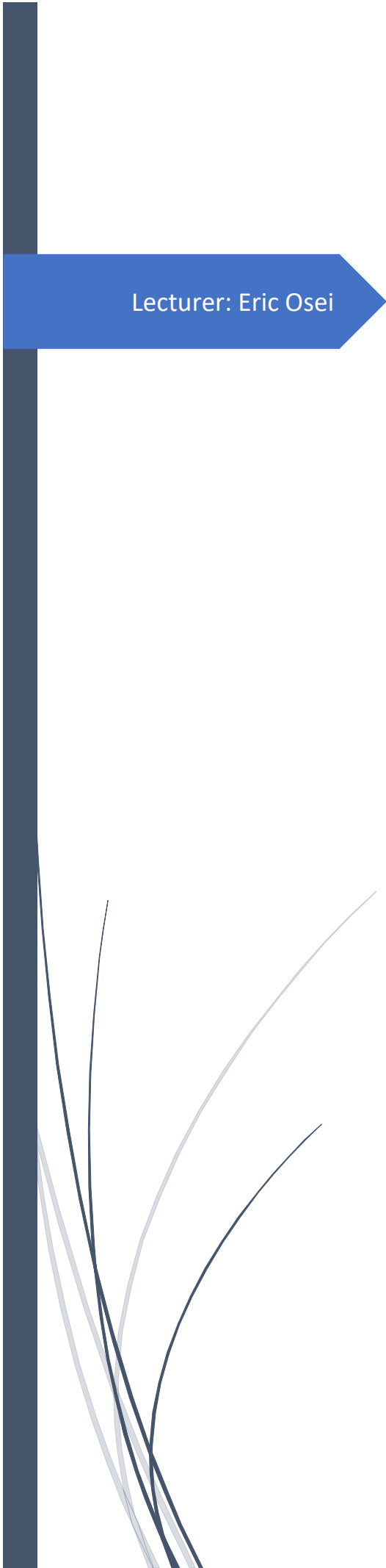


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Lecturer: Eric Osei

Workplace Culture and its impact on Organisation Efficiency

3,300 Wordcount (Report)

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Introduction

In this report, PESTEL analysis will be thoroughly evaluated, providing information on 6 different factors: **Political, Economic, Social, Technological, Environmental** of British Airways. A Cultural Web will be provided which consists of 7 components, explaining the different aspects of British Airways such as how the company operates, the symbols used to represent the brand and power structures. British Airways utilizes a Flat Organisational Structure which will be explored to discover the roles of CEO, CFO & People's Director. Three ethical dilemmas will be reviewed that are currently being faced in British Airways and recommendations will be provided to help confront these issues.

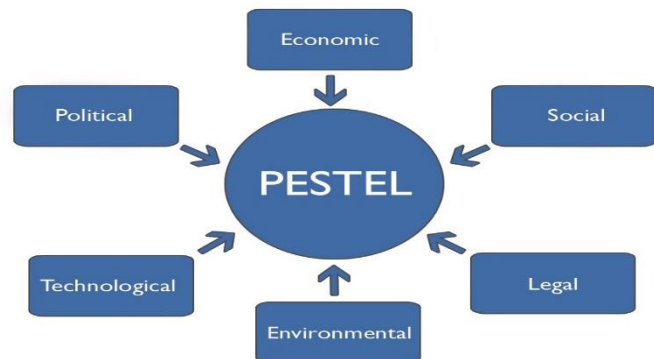
British Airways

British Airways is an airline company within the United Kingdom and is the second largest in the country, having more than approximately 300 plane units. Although there are various airlines in the UK, British Airways is the only carrier to bear the country flag which consists of the Union Jack. British Airways was created in Great Britain and is commonly used in European countries because of its fair prices and the direct flights to London. Constantly flying to more than 60 countries and boasts a capacity seating of 469 passengers at any given time (Bloomberg, 2015).

What is PESTEL?

PESTEL analysis is a tool that market researchers will utilise to find different factors that may affect organisations. The tool is made of 6 factors:

- P** – Political
- E** – Economic
- S** – Social
- T** – Technological
- E** – Environmental
- L** – Legal



Political Factors

This involves any government interventions based on the economy and different policies that may arise, such as restrictions in trading, instability in the market and foreign trade policies. With all of these in mind, an organisation may find the best approach to tackle these issues accordingly.

Economic Factors

This can have a negative effect on businesses depending on the various ways business is conducted. For example, profit rate can start declining if there is more interest to pay, inflation, lower exchange rates between countries. However, analysing further suggests that these can be put into groups of two: Macro-economical & Micro-economical. The key differences between the two is that Macro-economic deals with the government sides of things, such as tax, interests rates and other expenditures whereas Micro-economical deals with the various ways people spend their money on.

Social Factors

Social Factors, also known as 'socio', deals with areas involving the mass where it be attitudes or shared beliefs. Social factors take into consideration of things such as the different age groups, lifestyles, careers or distribution. One of the main reasons as to why this plays a huge role is because it provides an insight on the thing's consumers are interested in, allowing the market to be altered around that.

Technological Factors

With the fast growth of technology, it is used worldwide due to its ease of access. Most organisations now have adapted to using some form of technology to influence the marketplaces. Many benefits arise from using technology, such as the broad advertisements of new products and services and new, easier ways of distribution. Shops such as Primark allow users to browse through their wares without having to physically be in the shop. This is made possible due to having access to the internet and connecting to servers provided by the distributor. Communication is made easier with smart phones and live chats on most Organisational websites. Although it has its benefits, there can be some downside to this such as having server downtimes, long waiting times or simply not having access to the internet at all.

Environmental Factors

Environmental factors may affect businesses in-directly. An example of this would be how rare materials are becoming and consumers are becoming more conscious of the environmental around them, demanding things to be sourced more ethically minimising harm to the planet. This wasn't a huge problem 15 years ago due to materials being much easier to get a hold of and the quantity of those items being more common.

Legal Factors

Legal factors consist of the legality of an Organisation. This is fundamental to any business as they must follow certain procedures to ensure their lifespan. Although rules and regulations differ from country to country, there is a guideline that must always be followed, such as health and safety, no discrimination and the human rights act. The Human Rights Act was created to ensure everyone is treated fairly and get the same level of respect that they are entitled to. As humans, everyone should have the right of going to work without being discriminated because of the colour of ones skin or simply because of their gender. With the Human Rights act in place, Governments must now follow this rule (The Human Rights Act, 2017).

1. PESTEL on British Airways

Political

With the events of Brexit, British Airways have lost most of their influence in European countries because of the Aviation Safety policy put in place by the agency. Although British Airways has huge brand recognition, their reputation is slowly diminishing due to the frequent strikes caused by the employee union in the UK. In more recent times, British Airways have been having numerous debates with Heathrow Airport about expanding the runway to 3 instead of the usual 2. According to (Research Methodology, 2015), the head of British Airways is displeased with the UK government and is contemplating on expanding the business overseas if they do not comply.

Economic

Inflation and the current exchange rate can have several impacts on the economy within the UK, directly affecting British Airways. This means pricing of fuel and ticket prices will rise due to everything costing more. In 2015, 5.7 million tonnes of jet fuel were used, which is an 13.8% increase from the previous year, which resulted in a huge profit opposed to the times when using less resources on fuel (Pratap, 2020). With the organisation residing in the UK they are there for subjected to business taxes starting at 20% which only increases base revenue.

Social

The different demographics affects British Airways in a vital way because the airline company wants to target those who constantly travel as opposed to those from the previous generations who wouldn't be spending as much on their travel plans in countries like the United Kingdom. British Airways has always had the best interests of its consumers regarding their safety and the ease of travelling, further focusing attention more on the social side as this can help them gain better reputation and profit. Although there are other social factors that directly affect British Airways, the company has recently prioritised its longevity and is minimising the effects it has on the environment to expand its userbase to those who are against the company due to its carbon emissions. In recent events with the Corona virus, major airlines have suffered low turnouts for flights as customers have been advised by government to avoid unnecessary travel to curb virus spread. Due to this, flights were being grounded and the amounts of refund that had to go back to the consumer directly impacted their revenue. From the 16th of March, British Airways cancelled all flights because of how fast the virus was spreading, this led to large amounts of people being stranded in European countries and America, refusing to use any means of transportation to remain safe.

Technological

With the fast growth in technology, the airline industry has been utilising this to digitally advertise their business so it can expand on its customer base. Major organisations now tend to have their own websites and app, which allows consumers to gain a better understanding on how things operate. British Airways relies on the uses of websites as it can be accessed worldwide with minimum issues to be faced. To offer consumers better services, British Airways are investing more of their money to ensure a more pleasant experience to the passengers as this will entice them to do business with them again. Inside the plane cabins, British Airways offer numerous technological benefits to different travel classes, such as First class having more access to entertainment systems. This includes having free Wi-Fi which enables the consumer to surf the internet, listen to music on apps such as Spotify, watching TV series or movies on Netflix without having any disruptions or latency issues (Murphy, 2018). Although Economy class offers some entertainment, users do not get access to the internet. Only having handpicked movies and music chosen by British Airways already integrated in the system.



First Class



Economy class

Environmental

In 2016, British Airways underwent issues with harsh weather which led to more than 50 flights being cancelled. The effects this has on British Airways public image were negative as the vast level of consumers were left unhappy, seeking out other options. These are the type of external environmental issues that British Airways wants to avoid as this would harm brand recognition in the longevity and future business may differ otherwise (abc assignment help, 2019). The industry relied on the use of fossil fuels which in long term is seen as unsustainable. Climate activists have in recent times have brought awareness about the severity of climate change and the need for alternative methods needed to be implemented. In the Paris Climate Agreement 2015, it was established that signatories agreed to keep global average temperature below 2 °C. This is practice meant that UK based businesses had to play their parts to meet this objective.

Legality

In the Airline industry, legal factors are one of the main concerns that companies face in the UK. In 2019, British Airways was faced with a difficult challenge which made the pilots go on strike as the company lost its legal attempt to prevent it from happening, this led to a settlement being paid in order to minimise down time. Balpa, which is the pilots union, suggested a new deal which would provide each member a 12% increase over the course of 3 years as the company was losing “tens of millions of pounds a day” (Topham, 2019) due to strikes.

2. Cultural Web



Stories

This is how the organisation explains itself. It is said that British Airways has a stricter rules and policies due to how big the organisation is on a global scale, and for that to remain they must follow procedures. This includes dressing formally and maintaining polite manners. British Airways always prioritizes the customers first, and for them to maintain their reputation they must always stay professional. As social responsibility is one of their goals, they are often recruiting people who possess the necessary skillset to satisfy their requirements.

Rituals and Routines

Managed by daily behaviour and actions that are deemed appropriate. British Airways prides itself on excellence by performing checks and rigorous examination of their work ethic. This means that the company will ensure they follow a strict guideline to ensure the safety of its staff and customers. In their fleet, they make sure that before every flight several routine checks such as plane maintenance, fuel checks and ensuring that communication between air traffic control is in working order. Before every flight, the flight attendance will be trained in health and safety, covering emergency preparation. In British Airways, regular drills are simulated, providing a demonstration of what to expect and helps build awareness.

Symbols

This is the visual representation of an organisation. It is primarily made up of logo's and dress codes. In 1987, British Airways started to privatise the company, which meant they needed a new logo representation. To differentiate British Airways from the other airline companies, they incorporated the flag of the United Kingdom, better known as the Union Jack on their aircraft's tailfin to retain British values (British Airways, 2018).

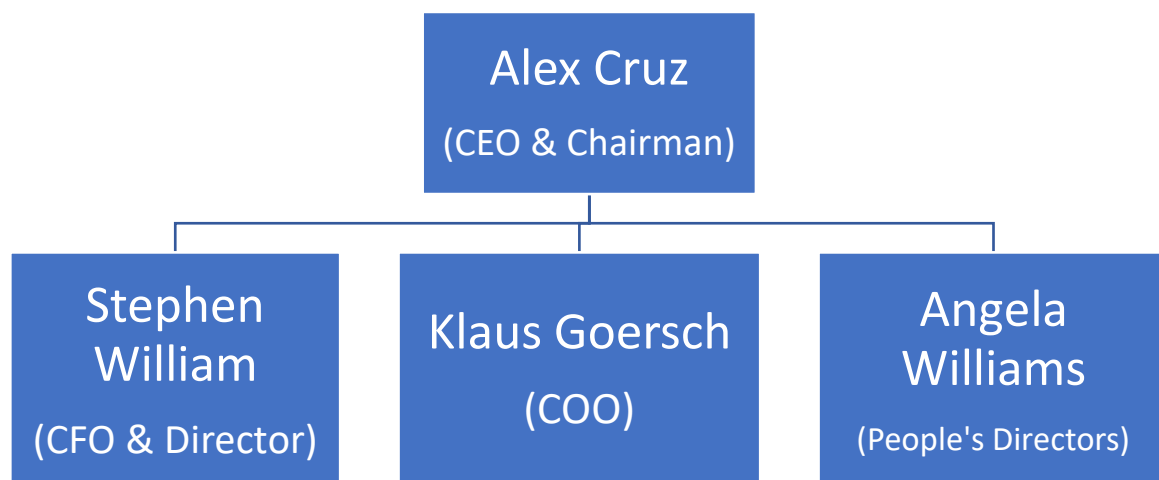
Control Systems

The ways an organisation is managed. This will include many systems such as Financial and Reward schemes (Mind Tools, 2018). British Airways uses a reward scheme known as "Avios". When joining the company, employees gain points if they take flights, rent cars, booking hotels partnered with British Airways. After enough points are accumulated, they can be used to obtain a reward such as upgrading flights or having the hotel paid for on their holiday (British Airways, 2018).

Power Structures

Power structures usually involves the various power organisations have. For example, managers, senior executives or anyone who has a greater level of influence in decision making. In British Airways, directors are responsible for maintaining the organisations internal control, which includes keeping all documentations and assets safe. These systems are put in place to achieve a better working ethic and ultimately succeed in the business.

Organisational Structure – Flat Structure



British Airways follows a Flat structure as it has a chain of command, linking the different types of management levels. This usually contains a decision-making process that starts at the top and works its way down as this gives each management teams a clear understanding of their responsibility (Kenton, 2019). In British Airways, the chain of command begins with Alex Cruz, who is the CEO of the company. His responsibilities are managing the overall day to day operations and is the main communication point between the board of directors. Stephen William is the CFO & Director of British Airways and is responsible for the financial actions, including cashflow and any future projects, keeping the company's strength and weakness in mind and providing cohesive actions that may be needed (Grant, 2020). Klaus Goersch is the COO and is one of the senior executives who reports directly to the CEO, Alex Cruz. Klaus' job is to handle internal affairs while the CEO is the spokesperson of the company and deals with all outgoing communication (Bloomenthal, 2020). Angela Williams is the People's Director; her job is to regularly report with the board regarding people matter. Although she specializes in Human resources, she helps contribute with the overall business strategy. Like Klaus, she too reports to the CEO.

A few benefits of using the Flat structure is the responsibility it brings to the employers and helps generate a more open communication (Williams, 2019). With more freedom, employers can implement new ideas and focus on their objectives without being bombarded with other responsibilities. However, even though employers have more freedom, it can cause confusion amongst people. An example of this could be employers not knowing which supervisors to report to.

3. Ethical dilemmas faced in British Airways

Within British Airways, there are numerous dilemmas that have impacted the organisation in a negative way, such as not being in line the company's Code of Practice, using Emails to pass off important information and Whistle Blowing.

Codes of Practice

An ethical issue faced by British Airways is the codes of practice such as the use of fuels and the outcomes of using these fuels that are considered harmful to the environment and atmosphere. It is believed that British Airways has used large amounts of these fuels and has had a part in speeding up the development of climate change. The ethical issue faced is within the general public losing confidence with British Airways and their role in contributing to climate change (p3bariso, 2015). This will affect the organisation as the userbase will choose to go the opposition like Emirates where they do not affect climate change as much as British Airways.

Emails

User information such as flight and delays are given through emails to notify users of any changes that can occur. However, the userbase must ensure that they are using secure tools like anti-virus to protect their private and personal information from being hacked as many use emails for commercial purposes. British Airways aims to secure and protect their users in communication. A common issue experienced is security with emails when accessing wireless access points on board the plane they are on.

Whistle Blowing

The whistle blowing policy protects individuals who identify any wrong doings in the workplace. This includes the misuse of a system by administrators who are abusing the system by using it for personal advantage in emails, bullying or the internet in general. This would be an issue for British Airways as they use both emails and the internet to contact their userbase. This policy benefits British Airways as it allows them to stop administrators from personally gaining benefits from using the systems of British Airways. British Airways have implemented a private email and contact number for employees to report on a misuse of their system.

These three ethical issues are currently faced within British Airways. This will impact them as the consumers will not feel safe using the systems of British Airways resulting in having a lack of trust for the organisation and choosing to go to their opposition such as Emirates.

Recommendations

To prevent any ethical issues from arising, British Airways will need to implement policies to maintain a working system where only members of staff would be able to access this information when required. Policies when using emails or accessing the internet will need to be unified so that employees are able to access the different parts of the information of which is needed. With the emails issues that are faced in British Airways, a few ways this can be circumvented is if British Airways allocate access points for users to use unique individual passwords to connect to a WIFI hotspot. There is also a strict policy regarding emails where employees must follow rules when writing an email to a user. This would include using emails in a fair and authorised method such as business purposes. Employees must not use emails for personal use or in unfair reasonings. Ultimately, this prevents ethical issues from arising and stops any threatening or dangerous emails from being sent.

Conclusion

After a thorough investigation from applying the PESTLE analysis, it was found that many influencing factors did indeed have a profound effect on a business such as British Airways. It was evident that in a time of volatility, British Airways is facing challenging time. A host of factors stemming from governmental influences from legislation and taxation created additional barriers that needed care consideration whilst in operation. However, in more recent time, British Airways is facing further frailties as the airline industry is increasingly scrutinized for its environmental exploits that has seen boycotts from activists and pressures from governments, prompting them to re-evaluate their methods.

The use of Johnsons Cultural Web has applied, enabling a further dissection of British Airways from an internal standpoint. This revealed exclusivity of the components that make up the business and how it is operated. From this, it was revealed that British Airways follows a flat organisation structure which enables a chain of command stemming from the CEO, Alex Cruz. Although full authority resides from the CEO, other managerial duties are equally shared. British Airways adopts a strategy to provide a comprehensive employee package that consists of a fair salary and reward-based schemes for further enticements such as package upgrades. As an employee, all members are trained to follow a routine to emphasize the expectations of the organisation and shape the employee as a valued member of staff.

As an organisations heavy reliance on technology, further considerations are required to mitigate potential problems that may arise. Protecting emails are amongst British Airways top ethical dilemmas as it is often relied upon by customers to ensure flight details are accurate. Investing in cutting edge security is therefore imperative to help secure emails, especially as it accounts for a large portion of their operations.

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