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"Sustainable Work Environment and Ethical System in British Airlines"

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Company overview

British Airways is a global UK legacy carrier, with the largest fleet of aircraft operations in the UK (British Airways, 2017). The airline has a reputation for its focus on customer service, modern business operations, and pioneering technologies for improving customer flight experiences such as happiness blankets powered with fibre optic technology to provide better inflight sleep experiences for customers (LUXE, 2017). British Airways strategy is identified as a differentiation strategy based on Porter's (1980) framework for classifying competitive business strategies. According to the model, the differentiation strategy consists of a competitive strategy that achieved superior performance over competitors by offering more value, quality, innovation or uniqueness (Porter, 1980). In the case of British Airways, its differentiation strategy is based on quality flight experience and superior customer service (British Airways, 2017). However, the airline also faces stiff competition from low cost budget airlines, in addition to catering to people who would normally not have been able to travel by air, protracted economic recession has made these budget airlines more attractive to a larger customer base, encroaching into traditional market segments that were traditionally dominated by British Airways (Frankel, 2004; Needle, 2010). The budget airlines have also since shifted from offering only no frills services and single class tickets to offering improved customers services, priority and more privileged ticket classes that provided more comfort and travel efficiencies to business class travellers, which also directly competes with British airways for this segment of customers that were traditionally BA favourites (Future Travel Experience, 2014). In order to cope with the increased market competition and its higher cost base and reduced profit margins in relation to the low budget airline, British Airways has had to rethink its strategies by starting to offer reduced frill services and baggage charges on some of their flight routes (Denton, 2016).

Introduction: Sustainable Work Systems & British Airways Ethical System

Sustainable Work Systems: A voluminous amount of academic research in the recent decade has highlighted the importance of creating a sustainable work system to gain competitive advantage through high quality service and good customer relations. The resultant high performance workplace paradigm not only enhances employee productivity but constructs a work environment where social responsibility and positive corporate branding are to the fore. Such a sustainable work environment is characterised internally by the dynamic of learning and competence development, adaptability, flexibility, and innovative ability.[1] HRM prescriptions have been critiqued for short-termism, and for being inward looking and not understanding relationships with stakeholders within and outside of the organisation. A sustainable model of HRM corrects this deficiency, by developing people who can deal with future strategies[2]. The model creates internal efficiencies by utilising worker commitment and motivation to increase productivity and improve the quality of working life. External efficiencies are produced through positive customer-employee relations, competitive advantage and consequent higher productivity. Brand image and customer identification is enhanced by ethical best practice, and the adoption of societal concerns that embrace both social and environmental issues.

Such a high quality, high commitment framework is identified as *sustainable* through evidence of successful corporations gathered over a long period. Studies have found that the key to success for US corporations surviving more than a hundred years in business was they're' strong commitment to developing people and an unfailing ability to capture and share knowledge'[3]. These successful firms also outperformed the US stock markets buy a factor of 70. A key aspect of their people development strategy was the strategic choice of a balanced stakeholder approach (taking into account employee and customer needs) in preference to a 'shareholder first' philosophy[4]. In recognition of these factors successive UK Government reports have extolled the virtues of a high performance approach as a vehicle for closing the productivity gap between the UK and its competitors. A DTI Report in 2002 stated that 'The productivity gap is due to a number of factors. One of these is the relative failure to invest in the skills and abilities of the workforce t h e Government believes productivity can be boosted by firms and employees working together'. Similarly the Engineering Employers Federation (EEF) in its 2001 publication *Catching Up With Uncle Sam* extols the virtues of skill enhancement, while a joint EEF/CIPD Report in 2003 promoted working practices which centred on employee autonomy and involvement in decision-making'

The relevance of the above approach is particularly acute in the service sector, where highly competitive 'top-end' product markets can only be conquered by good customer relations and quality product. The model predicts that a crucial

strategic route to meeting this end goal is the loyalty, commitment, motivation and collective productivity of front-line staff. There is also a link between higher levels of safety and employee commitment[6], which is particularly relevant in the airline industry. Such a chemistry of ingredients is dependent on high levels of trust between management and employees. High trust relations creates a work environment whereby employees are willing to take the risk of working hard and developing deeply held attitudinal traits which emphasise the value of the company in comparison to its major competitors. It is in direct contrast to a low trust environment, whereby employees are dissatisfied, de-motivated and unwilling to adopt positive attitudinal traits. Instead 'good' customer relations, if they are possible, become dependent on less reliable and transient behavioural approaches, fed by management coercion and employee fear of disapproval.

British Airways Ethical System: British Airways is one of the leading airlines in Europe and the world. The company is a premium service air travel provider with its business based in London especially at Heathrow, Gatwick and London City. The company prides itself in serving an average of about 30 million passengers in about 300 major routes.

In England alone the airline serves at least 20 million passengers every year. Other than passenger services, the airline also runs other subsidiary services such as cargo, car hire, accommodation, holidays among others. British Airways has also engaged in partnerships with other companies such Spain's Iberia to from the third world largest airline.

As a result of its mergers and franchises the airline is able to fly in over more than 300 destinations worldwide. In order to retain its status in the global airline industry, the company has developed a mission statement outlining its business mandates. The statement thus stipulates: 'British Airways is aiming to set new industry standards in customer service and innovation, deliver the best financial performance and evolve from being an airline to a world travel business with the flexibility to stretch its brand in new business areas."

The company employs about 45, 000 workers. In efforts to boost it performance and motivate efficacy, British Airways has developed an employee's code of conduct (British Airways, 2011). The company has gone through turbulent times in recent years and its code of conduct has been called to question.

Work Sustainability & Ethical system in British Airways.

Work Sustainability: A short review of the academic literature on BA's employee relations and HRM strategies reveals a mixed path of sustainable

practice and non- sustainable short-termism. British Airway was created following the merger of BOAC and BEA in the early 1970s. In these early days the organisation culture was described as militaristic and bureaucratic. Many of its senior pilots had been socialised in the armed forces, and the driving ethos of the public company was to shift passengers from A to B under the logic of transport, rather than see passengers as customers wanting a quality service. Studies-referred to the acronym describing BA as 'Bloody Awful'[7]. As a result BA lacked competitiveness and became threatened by rival 'national' carriers as well as new entrants to the market. A cost- cutting drive followed within the company in order to try to restore profitability. 22,000 staff were lost in the early 1980s with 14000 jobs shed in 1981 alone. Cultural change was driven by fear, trust between management and staff was low, and staff were de-motivated as a result. The cost-cutting achieved only limited improvements in efficiency and productivity and it is probable that any improvements that did take place in corporate performance indicators were largely the result of a relative decline in the value of sterling. Privatisation beckoned in 1987, by which time BA was facing much fiercer transatlantic competition, and emerging competition on shorter haul routes in Europe and beyond. In the face of this challenge, from the mid-1980s on, BA management appeared to be willing to adopt a longer term vision based on staff development and the enhancement of customer quality. Programmes such as *Putting People First* and *A Day in the Life* emphasised staff development, employee engagement and a collaborative approach to industrial relations. In fact, BA became a model of sustainable work practices, positively cited in both the Management Press and academic literature (including a case study at Harvard Business School). The company moved into profit in the late 1980s and out- performed most of its national carrier rivals. Indicators of customer satisfaction improved substantially, to such an extent that the brand appeared to have earned its reputation as the 'World's Favourite Airline'.

However, BA's competitors had logged on to the customer-related innovations in the airline and copied the formula. Strains in the wider economy and a changing market environment placed the profitability of the company once more in question. In particular, the emergence of low cost carriers within the European arena severely challenged the business model of BA, creating challenges of a strategic choice between a 'high quality', full service carrier and 'low cost' model. There was no longer an option of government subsidies, and BA management returned to aggressive cost-cutting. Between 1990 and 1993, some 5,400 jobs (10 per cent of the workforce) were lost. The balance between the customer-focused, high-quality strategy and the cost-cutting approach shifted back towards the latter. There was evidence again of lower employee morale and industrial disputes were a persistent feature. At least one bargaining

group was in dispute every year in the early 1990s[8]. In addition, internal pressure on business units to deliver improved performance helped erode the BA corporate ethos of an open management style, and changes were secured more by threats of selling off-or franchising operations than through consultation and negotiation.

In the late 1990s, and in the light of these gathering problems, the strategy changed again. BA attempted to differentiate its customer base, focusing on premium, high-yielding passengers (in First and Business Class), and on 'point-to- point' traffic. In 2000, the Chief Executive was replaced and the new CEO then begun rationalising the company's short-haul European operations. BA cut out loss-making routes and reduced reliance on Gatwick as a second hub. In common with many other global airlines, BA suffered badly in the aftermath of 9/11. The immediate response was to rationalise some short haul operations and announce 1,800 job losses followed by a further 5,200, with a message to the unions that further cuts were likely. From 2000 to 2005, the company cut a further 14,000 jobs.

Ethical system: To ensure that the company retains its positions among the world leading airlines British Airways has developed a code of conduct and ethics. These ethical laws are applicable to all employees at all levels of management without discrimination. There are situations however that allows for waiver of certain provisions of the company's ethical code of conduct.

The company's ethical code clearly stipulates the responsibility and duties of employees towards the company, its clients as well as business partners. Employees have a duty to ensure that personal interests do not conflict with the interests of the company.

Therefore, employees have a duty to ensure that all conflicts of interest are resolved by consulting the company secretary. At British airways, employees' duty extends to ensuring that they protect any confidential information regarding the company, clients and business partners.

Furthermore, employees have a duty to ensure that they do not use any information regarding a company's securities for their own benefit. When handling the company's assets employees are responsible to ensure that these assets are not misused or used for personal gains (British Airways, 2004). Following a stand of between the company and its employees, the company's ethics code was revised.

More emphasis was put on employee's relations. The company endeavoured to respect the rights of all employees (British Airways, 2000). The company's

ethics code emphasis on the duties of employees toward the company. The code also emphasis the role of employees and see them as ends and not means to an end. As such the company operates on deontological system of ethics.

Strategic Choices for the Future: Sustainable or Not?

The twist and turns of BA's corporate strategy spill over into its management of employee relations, which, as argued above, have direct consequences for customer satisfaction and corporate profitability in the medium and long term. In particular, after 2005, and faced with a strategic choice between a Full Service Carrier (FSC) and Low Cost Carrier (LCC) business model the company must be cognisant of the logics associated with the choice. Academic research provides some important insights on these consequences. Box all (1999)[9], for example, distinguishes between strategies that develop *human capital advantage* (i.e. by recruiting and retaining outstanding human talent) and those which adopt a strategy adopting *human process advantage* (by fostering learning co-operation and innovation). An employee relations strategy emerges when such a choice is combined with a choice of management *style* which may vary along a spectrum from a co-operative to hostile attitude of management towards collective representation of the workforce, trade unions, and the balance between consultation and negotiation. A benign management approach to employee relations might thus embrace traditional collective bargaining and recognition of the autonomy of unions as a way of gaining (or re-gaining) control *by sharing control* with staff representatives. Partnership working is a more contemporary strain of benign relations which can occur with or without unions. In both variants the management of industrial relations is central to the HR function, and located within the strategic vision of the organisation. At the other end of the spectrum a management strategy hostile to collective worker representation might adopt a 'sophisticated' approach whereby staff benefits are high and management maintain control *by avoiding trade unions*[10]. Alternatively, management may wish to be openly belligerent, adopt a 'macho-management' posture and freeze out collective worker representation *by intimidation, threats and a culture of all-pervading entrepreneurial power* (organisational behaviour analysts sometimes characterise such a power culture with the analogy of a spider at the centre of her web). Instead of being a specialist function of HR, industrial relations may be downgraded within the organisation and devolved to line managers, more often than not without specific training in the nuances of employee relations management.

We can thus construct a matrix of options for the management of employee relations, which includes different approaches to human capital formation, as well as different approaches to industrial relations and employee representation. The two halves of the matrix may be linked. For example, a switch from high

quality to low cost may be constructed but will perhaps involve not only a change in human capital formation but also a change in management style. A realigns, for example, was faced with a switch from a large operating surplus of 76 million Euros in 2000 to a loss of 52.1 million in 2001. A survival plan saw it change to a low-cost model based on price competition. However, a fully blown LCC model, such as that of Ryanair or Easy jet was avoided as the company sought to balance cost- saving with service enhancement, customer loyalty campaigns, international alliance membership, use of primary airports, and associated infrastructure[11]. The industrial relations implications were that the company changed style in order to confront trade union resistance to the cutbacks, involving a three- day lock-out of employees at the height of a series of debilitating disputes. However, such a strategy is highly risk prone, both in terms of driving down employee morale and commitment to the organisation (with the consequent negative effect on customer service), as well as on the corporate brand (in terms of ethics and social responsibility). It was a strategy rejected by Barbara Cassani at *Go* when Chief Executive of the company. *Go a*dopted a similar modified LCC strategy to that of the re- jigged Aer Lingus but rejected adopting a belligerent management style. Cassani is quoted in her book as saying 'Develop an antagonistic relationship with unions and allow poor employee morale to eat away at your organisation? No thanks, I'd seen enough of that in the US airline industry.'[12] In effect, Cassani was seeking to draw distinction between the short term 'benefit' of confronting collective employee representation and contrasting this with the deleterious and negative medium and long term harm that such a strategy would create. Of course, it is not only the service sector that is faced with a possible trade-off between high quality and low cost. The Toyota car company, for example, was for many years celebrated as the leading exponent of quality control through continuous improvement (*kaizen*), combined with low cost *lean production*. However, the temptation to cut costs even further in order to compete on international markets was always present. In 2006 the All Toyota Labour Union warned in a letter to management that quality was being compromised by longer working hours, outsourcing, shortened development time and a drop in the number of experienced employees in favour of contractors. The letter went onto say "We are concerned about the processes which are essential for producing safe cars, but that ultimately may be ignored, with production continued in the name of competition."[13] The subsequent world-wide safety recalls of Toyota not only saw a plummeting share price but was preceded by a sharp decline in the position of Toyota in the quality and recall 'league tables' produced by motoring and consumer organisations.

British Airways at the Crossroads: Management '*Lite*'?

What then is the current BA management strategy on human capital formation and the management of employee relations? Is the strategy, such as it is, sustainable? On the first question evidence would suggest that BA remains formally committed to a mixture of a human *capital* and a human *process* advantage approach. This may be understandable given the company's need, for example, to recruit and retain the best pilots on the one hand, and to develop high levels of customer consciousness with front-line service staff on the other. The 2008/2009 Annual Report (p.34) states quite boldly that 'To create a really high performing business we need to build an inspiring and rewarding workplace where talented people can work to the best of their ability to meet our customers' needs and our wider social responsibility.' A High Performance Leadership system has been introduced with 'mechanisms to identify talented leaders and to provide them with the right tools and support to continuing development'. In addition to mandatory and job related training the company also operated an 'Owning Our Future' programme of workshops to develop understanding of the business strategy. E- learning programmes are prominent including advanced disability awareness programmes to improve customer relations and service. The 2009 Annual Report also champions the company's Dignity at Work procedures designed to tackle workplace bullying and harassment using internal mediators. 'All departments have targets to achieve and all employees must now complete the online 'Expect Respect' training course (p, 40).

Much of this programme may be drawn from the 'Compete 2012' and 'People and Organisational Effectiveness' programme introduced by BA's Organisation Department in 2008. However, since launching the programme BA has shed a third of its senior managers suggesting efforts to change culture as well as cut costs. This general cost-cutting has been fed by suspicions (Project Columbus[15]) that the company wishes to shift from a FSC to a LCC model (or a modified variant), involving the creation of new contracts for newly recruited cabin crew staff on lower terms and conditions. Indeed, the head of the programme was quoted in a recent CIPD report as stating 'When you're in a fight for survival, you strip out the work that doesn't need to be done You have fewer people but they are very enthusiastic. That's a powerful scene setter for cultural change.'[16] In terms of more generalised employee relations the company appears keen to enact processes of individual engagement with staff, including the use of workshops and a range of intranet based and other electronic communication strategies. A 'Speak Up! attitude survey is conducted annually on which 'All managers are now being given a clear responsibility to plan actions based on survey findings in an open and transparent way' (p, 41). Formal negotiations take place with three unions a major feature of which, following the experience of Terminal 5, is the 'direct colleague engagement with the involvement of our

recognised trade unions'. (p, 40). As such, when reading all of the above, we might describe the management style as one which seeks to operate traditional methods of collective bargaining with recognised trade unions supplemented with communications strategies designed to engage individual members of staff on all aspects of business strategy.

But despite this formal interpretation of employee relations strategy the 2010 cabin crew dispute appears to have revealed a different management agenda in terms of management style and approach towards individual and collective worker representation. One significant aspect of the new 'organisation-driven' approach has been to remove industrial relations specialists from the general HR structure, and to shift responsibility for employee relations down to line managers. A traditional management style cognisant of the autonomy of trade unions would predict a propensity of the management to negotiate change with the unions, as well as a willingness to refer any failure to agree to a third party for mediation or arbitration. In practice at the workplace floor this means everyday consultation between management and staff over the operational feasibility to proposed changes in customer service within a highly regulated environment. 'In flight consultative' arrangements between cabin crew and management are an example of this process, as are the mechanics of agreeing working arrangements in cases of disruption to service due to bad weather or volcanic ash. However, there is mounting evidence to suggest that the impasse between management and BASSA/ Unite has been accompanied with a turn towards a more belligerent management style. The rationale for management's position within the dispute is to reduce costs by restructuring pay and working arrangements for cabin crew (in line with suspicions first raised within 'Project Columbus'). This might include the creation of a 'new fleet' of cabin crew staff, the abolition of seniority and increment based pay, the introduction of merit and performance based pay, and the restructuring of lines of authority within the cabin crew staff. Management actions in response to the dispute have included, *inter alia*:

The **suspension or disciplining** of over fifty-five individual cabin crew who have indicated support for the strike. In some cases disciplinary procedures have been enacted as a result of staff's personal comments made on electronic social networking sites such as *Facebook*.

Fourteen crew have so far completed the disciplinary process arising from their involvement in a Facebook page. Eleven of them have either been suspended, demoted or are off sick with stress. Three have been sacked. The charges were "bullying and harassment and breaches of data protection". A further four staff have been disciplined, including dismissal, for sending SMS messages relating to the strike.

M. posted one comment (on *Facebook*). He suggested that a strike- breaker's name be sent to a third party for that party to name and shame. He received a two year final written warning, a two year promotion ban and must attend a course on bullying and harassment.

D. has 24 years of loyal service at BA and has won plaudits for the quality of service he provides to passengers. He has 2 young children. He is not a union activist. In the run up to the strike, D. sent a personal text to someone he thought was a strike-breaker, who was a long-term acquaintance and asking them why they were going to train as a strike breaker. This message was sent in error to a pilot with a similar name to the intended recipient. D. heard nothing back yet a couple of days later he got a call from an unidentified colleague asking him to confirm his name, which he did. A few days after that he received a call from the police who were asked to investigate a claim that D. had harassed a colleague. BA sacked.

His appeal was unsuccessful. He now awaits the result of final appeal.

Further disciplinary action has been taken by management against union members writing comments on the union's own electronic discussion forum; from comments written on the BA Forum website; and from private conversations overhead by management or reported to management. According to a dossier of such instances collated by Unite 'staff were told of their suspension - some by email, some were called on their emergency contacts. Some were met by managers on landing and accompanied from the aircraft. Others were marched out of briefings or met by managers when they arrived for work. One pregnant crew member on bed rest in danger of losing her baby was suspended by letter as was another crew member who was recovering from surgery. One crew member, unable to come in for a disciplinary hearing because she was caring for a seriously ill child was instructed to bring the child with her'. Management appear to have ignored normal disciplinary avenues in these cases and moved to immediate suspension.

- The **seeking of an injunction** in the High Court to prevent strike action on the grounds of balloting procedure. This is despite an overwhelming majority of cabin crew union members voting in favour of industrial action in an exceptionally high turn-out of voting n members.

- An intent to conduct an '**industrial relations review** 'of existing negotiated agreements for cabin crew staff

- A further intent to renegotiate all aspects of **trade union facilities** – including time off for union activities – and new redeployment, disciplinary, grievance and absence policies

- The **dismissal of the trade union branch secretary** representing cabin crew staff

- The **removal of travel concessions** from striking crew members and the punitive re-instatement whereby accrued seniority will no longer apply

- The **recruitment of alternative staff** within the company (including pilots) to train and then act as strike breakers during the course of the dispute

- The creation on management initiative of **an anti-strike union**, the Professional CabinCrew Council

- A proposal to rescind the **Redeployment Agreement** and the associated abolition of any protected earnings if staff from elsewhere in the organisation are redeployed to cabin crew as an alternative to redundancy. In addition to these clearly identifiable aspects of a hardened and belligerent management stance to trade unions the main union representing cabin crew staff, Unite, also reports an increase in bullying and harassment of its members within the company. Such instances appear to stand outside the company's Dignity at Work statements, and would imply a tacit encouragement of such practice throughout the organisation, designed to isolate cabin crew union members and undermine the dispute. This has a disturbing gender implication, when 70 per cent of cabin crew staff are female, while the majority of flight crew are male. We see here aspects of what some might describe as 'macho-management', defined as an embedded culture of bullying and authoritarianism deliberately engineered from the top echelons of the company hierarchy. Indeed, the use of disciplinary action on such a scale by management on the basis of reported comments or overheard private conversations is unprecedented. Apart from being reminiscent of the worse aspects of methods used by Stalinist secret police it also harbours in a culture of management driven authoritarian oppressiveness, and the deliberate creation of a climate of fear clearly designed to intimidate cabin crew union members.

Strategic Analysis of British Airways

The airline industry is a highly competitive and mature industry that comprises of legacy carriers such as British Airways, Lufthansa and Virgin Atlantic which traditionally provided full service flights, and low cost budget carriers such as

Ryanair and EasyJet which provide a no- frills service (Byrne, 2011). Due to market deregulation in the UK, liberalisation of the EU markets and open sky agreements between the European Union and other countries, both market opportunities and competition have intensified for legacy national carriers such as British Airways, as more of its market share has been encroached upon by an increasing number of market rivals and other market forces (Berechmann and Wit, 1996).

Important market dynamics that have resulted in the current industry structure include the emergence of the low cost budget carriers which introduced a different business model into the airline industry by redefining cost structures and operational strategies that were previously taken as industry standards (Wild, 2014). For example, through a radical cost cutting approach, Ryanair and EasyJet were able to democratise air travel and drive down the prices of airline tickets. This involved removal of standard extras such as inflight meals and entertainment, baggage handling, insurance and seat reservations, which were usually provided by as free complimentary services within the ticket price; charging for these services instead and offering customers the option of purchasing flight tickets at very attractive reduced prices (Frankel, 2004). This essay provides strategic analysis of British Airways in terms of its competitive environment and current challenges. The sections covered in the essay include company overview, external and internal environmental analysis based on the PEST Framework and SWOT analysis respectively. The essay also provides TOWS framework analysis which identified market development and market diversification strategic options for British Airways based on the SAF assessment of the recommended option.

Strategic Review - Environmental Analysis

PEST Analysis

The PEST framework is used to carry out analysis of British Airways 'external environment in terms of the political, economic, social and technological factors that are affecting its operations (Johnson et al., 2014).

Political

British Airways is affected by the government policies and political situation of the various markets in which it has operations. For example it has to comply

with anti-terrorism security legislations and air control laws that have come into place since 9/11 terrorist attacks and the London bomb attacks that took place in 2001 and 2005 respectively (Blalock et al., 2007). Britain's exit from the EU may also affect business operations due to the delays, and immigration disputes that may arise and the changes to passenger immigration arrival and departure procedures for flight between the UK and EU countries (Fan, 2019).

Economic

British Airways is affected by the general economic conditions and the disposable income that is available for people to spend especially with regards to discretionary spending. For example, the 2008 economic crisis which affected both households and businesses caused many individual and business flyers to favour budget flight options which offered more value for money. Furthermore, there has been a general decline in the number of passengers compared to the pre-recession period (Borko, 2018). The lowered value in the strength of the Pound Sterling in relation to the Euro and US dollars also has significant implications for the airline's profits as though the weakened pound may encourage tourists to travel to the UK, it is also likely to significantly increase costs of its foreign operations. Another major economic factor that affects its profits is the price of fuel (BBC News, 2016)

Social

The demand for British Airways' flights are affected by social trends such as tourism, holidays and social events that require people to travel from one city or country to another. Furthermore, the wide availability of the internet means that customers can now compare flight prices from different providers easily which affects the way the company prices its flights. Current social distancing as a result of the Covid-19 pandemic has also resulted in a halt of flights and closure of the airline's operations at Gatwick airport (BBC, 2020).

Technology

Technology is an important aspect of British Airways' operational strategy in terms of its online booking system and check in services. Furthermore, it offers its customers convenience, flexibility and personalised flight services through mobile app technologies that customers can access anywhere at all times (Caswell, 2018).

SWOT Analysis

The SWOT framework (Johnson et al., 2014) is used to carry out analysis of British Airways internal environment in relation to the strengths and

weaknesses of its operations and the threats and opportunities that are in its external environment.

Strengths

British Airways 'strengths are identified to include its long history of reputation and competence in providing quality customer service as well as its premium global brand. It also has strong profitable strategic alliances such as its membership of the IAG Group and the One World Alliance, which provides it with wider network accesses, advanced technological resources and a bigger passenger database through code sharing partnerships (British Airways, n.d.; IAG, 2020).

Weaknesses

A major weakness of British Airways is that due to its large fleet operations it has higher operational costs than most of its competitors, including its low cost rivals. This is further compounded by its differentiation strategy which is based on quality, innovation/value added services and exceptional customer services (British Airways, 2017). The airline also has a history of labour issues due to frequent strikes by its pilots and cabin crew over pay disputes resulting in disrupted operations and loss of profits (BBC News, 2019). Recent dispute over pilots 'salary resulted in cancellation of more than 2,325 flights (Topham, 2019).

Opportunities

Given current poor employee relations history, there is opportunity for British Airways to improve in this area, which will helps to reduced operational disruptions improve reliability of its service. Furthermore, in order to improve its market share, there is opportunity to grow in the short-haul market through forming of the right strategic partnerships with low cost budget airlines that specialise on such routes.

Threats

Shrinking market share and increased encroachment from budget rivals such as Ryanair and EasyJet remain a serious threat for British Airways. Another serious threat relates to the Covid-19 pandemic, which has greatly reduced international travel and general movement of people (BBC, 2020). Deepened recession in the aftermath of the pandemic is also likely to affect disposable income of both businesses and consumers. Furthermore, the current social trend of meeting online and attending social events online through popular technologies such as Zoom, may have a more lasting effect on people's view

about travelling, which will reduce the need for both domestic and international travel and flights (PMGroup, 2020).

The Implications of BA Management Strategy

This short report has attempted to review the changing employee relations strategy of BA over the years and to contextualise the strategic choices open to BA management to create a sustainable work environment. What we observe over the years is a very pragmatic management strategy, whereby HRM is applied on a piecemeal basis with no consistent long term sustainability or coherence. While there is formal commitment to quality service and investment in human capital, the commitment is constrained by short term exigencies. The company appears to vacillate from one employee relations 'tactic' to another, according to external or internal shocks. At its very worse, the company resorts to turning on its own staff in a short term effort to cut costs, irrespective of the effects this might have on staff morale, staff commitment, and, ultimately, customer relations and business competitiveness. Standards of behaviour, while central to quality service, and recognised (at times) by the company to be of crucial importance, are dissolved by sporadic opportunistic hostility to collective worker organisation. Notions of employee engagement are left behind, exposed as mere rhetoric in the process. Most importantly, a culture of low trust between management and its employees is created and acts to constrain or even destroy more laudable attempts to build motivation, commitment and attachment to the company goals from rank-and-file staff.

For cabin crew the implications of the current management approach to their pay and working arrangements is highly damaging. Cabin crew are the most important 'front-line' staff within any airline's operations in terms of customer satisfaction and corporate brand experience. Quite simply, their emotional and aesthetic labour is central to an airline's relationship with its customers, determining not only the immediate customer experience, but, more importantly, the willingness (or not) of a customer to return to the airline as a brand of choice. However, all the case study evidence analysed and dissected by academics highlight the importance of the link between job satisfaction of staff, customer service, and higher organisation profits[17]. Crucially, we can define a difference between *attitudes* (deeply held beliefs) and *behaviour* (short term ways of responding). Attitudes are stronger and more stable, but personally held and formed by internal motivational drivers which link directly to organisational commitment. The associated *emotional labour* 'requires one to induce or suppress feelings in order to sustain the outward countenance...this calls for a co-ordination of mind and feeling, and it sometimes draws on a source of self that we honor as deep and integral to our identity' (Hochschild, 1983)[18]. Behaviour, in contrast, is transient, subject to vacillation and change,

and can be altered by external shocks and stimuli as well a breakdown of lowering of trust between management and employee. For BA, as high quality full service carrier competing for business passengers on important and busy competitive routes, the need for cabin crew to display *attitudinal* strength towards customer service is essential. The alternative scenario, of coerced or bullied behavioural patterning implanted from the outside on a demoralised and resentful staff is potentially disastrous. The fixed smile and the helpful demeanour will crumble at the first sign of stress, and confidence in the 'customer experience' of flying BA will be the first casualty, closely followed by a decline in competitiveness and profit opportunities. Importantly, links between organisation culture, staff training, employee commitment and health and safety need further exploration. The LCC strategy of employing newer, younger staff on lower terms and conditions may not only affect employee commitment (and customer satisfaction) but also have implications for safety when evaluated through 'critical incidents' or 'human error' reporting. The reporting of 'errors' may diminish if staff feel vulnerable and insecure in their employment[19]. Indeed, safety culture has been argued to be 'part of a generic organisational culture and is a measure on how safety is focused both by management and employees throughout the organisation by acting, saying, thinking.[20]'. Such an embedded culture of safety is difficult to obtain, but easy to lose. Recent survey work reinforces this point, and indicates that organisations with a positive safety climate tend to have fewer accidents.

The strategic alternatives for the management of employee relations in a high quality service oriented organisation have been outlined in this report. Evidence is provided of the choice currently adopted byBA senior management. This strategy attempts to develop human capital while recruiting and retaining talent at the top, and promises employee engagement. However, it is combined, currently, with a cost cutting strategy which involves a belligerent approach to collective employee representation for a core group of staff. The associated bullying, harassment, intimidation and hostile actions taken against trade union organisation could be described in more generalised terms as 'macho-management', made possible by the outward manifestation of an organisational culture whereby power is centred at the centre of a web and behaviour of subordinates is controlled by fear and disapproval. Industrial relations management is now no longer a central strategic HR function, but is left to the vagaries of line managers. Such an employee relations strategy is non-sustainable, and is counter-productive to the medium and long-term interests of shareholders and stakeholders in the company. An alternative strategy is open. This would be to recognise the plurality of interest within the organisation, while at the same time establishing an organisation culture and business behaviour that develops sustainability by high quality service, employee

commitment and motivation. Such a high trust environment recognises the dignity of individual employees and their right to express their interests through elected representatives. It involves a commitment from management and unions to meaningful negotiations and collective agreement. In effect, to quote Flanders (1967) 'The paradox, whose truth managements have found so difficult to accept, is that they (management) can only regain control by sharing it.

Application of code of ethics at British Airways

There are various levels that the code of ethics is applicable at British Airways. At management level code of conducts is used to help in curbing, curtailing and prevention of corruption. The company sees corruption as receiving or giving of bribes and gift to influence business decisions.

Ethic code requires that all company managers at all level shall not receive or give gifts or favours from customers, agents, supplier or any other party so as to gain any business or personal advantage. All managers are protected from exploitations by shrewd business associates in that should the company make losses due to adherence of zero tolerance policy by its managers, the managers are not liable to punishment for such loss.

Local management are responsible for ensuring that all managers and business leaders at all levels are trained and monitored for compliance. Should any manager contravene any of the provision of this code, the Director of Safety, Security and Environment has the responsibility to take any disciplinary action (British Airways, 2002).

British Airways code of ethic regarding employees is used for two main reasons. It esteems to ensure that employees are treated in fairness and that their rights are respected. This is aimed at motivating employees to do the best for the company.

The code of ethics also stipulates that employees have a duty to uphold the highest principles of ethics. The company to ensure that employees feel part of the company has devised new and efficient ways to communicate with employees.

Furthermore the company has proposed several ways through which employees can report any case of contravention of its ethics. Employees have a responsibility to report to any authority of any contravention of ethics or if they feel that their rights as employees of British airways have been put in jeopardy, they can go through a third party (British Airways, 2000).

The company social and environmental report of the year 2000 explains that the Board of Directors are directly responsible for the implementations of the company's social, corporate and environmental ethics.

This will be done to ensure that the company maintain a good cooperate image as well as being socially responsible in service to community. However, the report fail to mention the implications should any member of the board of directors contravene any of the company's code of ethics (British Airways, 2000).

Modification of existing code of ethics

In light of the resent standoff between the company and its employees there is need to modify the code of ethics especially regarding employees relations. Despite the fact that the company modified code of conduct to cater for employees relations, the way in which the company handled the stand off requires that there be ethics provisions that allow for participation staff unions in trade disputes.

As such it would be important to revise the codes of conduct to empower staff unions such as Unite so that the company does not take advantage of such a loophole and exploit workers. Employees always feel that they might be discriminated or their positions in the company put in jeopardy when they reveal any breech of code of ethics.

As such creating a direct link with the company secretary without going though a third party and without revealing the identity of employees, should be part of the ethics code. These would be attained by asking staff union to submit proposal for incorporation, which will be discussed at board level and concession incorporated during the soonest available opportunity.

Such modifications in the company's code of conduct will generate reactions on both the employees and managers. Employees will be motivated to be more committed to the company as they will be rights will be more secured. Employees will also be empowered to report any contravention of the ethics codes without fear of retaliation in terms of discriminations or intimidation.

The company's managers will be compelled to be more diligent in their duty as to as they will be more accountable. The company's ethics system is inclined towards duty of the employees towards the company as well as ensuring that employees 'welfare is taken care of (British Airways, 2000; British Airways, 2002).

Therefore such changes will find ready acceptance especially amongst employees who will see them as opportunities to have more say in the company's business decisions. This will lead to better employees 'relations as the company will be obliged by to be more ethical in the way it approaches staff matters.

Conclusion

As a leading airline and corporate brand British airways ought to ensure that it develops an all inclusive code of ethics. The current code of ethics is very articulate in establishing the roles and duties that all employees, from the top managers to lower cadre staff plays in ensuing that the company attains its business goals.

However, the company's ethics code should aim at developing provisions that not only address the relationship between the company and its employees but also address emerging issues.

The ethics should not only be business oriented but also focus on other issues such as employee's welfare. Only when such changes are done will the company reinstate employee confidence as well as avert any future employees ' administration standoff.

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