# British Airways: Culture and Structure

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# BRITISH AIRWAYS: CULTURE AND STRUCTURE

**Abstract**

Nearly twenty years after the publication of the (in)famous *In Search of Excellence*, the notion of 'cultural change' within organisations continues to excite attention. This continuing attraction is readily understood, since cultural interventions offer practitioners the hope of a universal panacea to organisational ills and academics an explanatory framework that enjoys the virtues of being both partially true and gloriously simple. Such a combination is apparent in the way that many attempts to shape organisational culture are presented to the public: as simple stories with happy endings (see among others, Peters and Waterman, 1982; Peters and Austin, 1985; Deal and Kennedy, 1982; Pfeffer 1994, 1998).

Accordingly, in this article we attempt to rescue a fairy-tale. The story of British Airways is one of the most widely used inspirational accounts of changing culture (Heller, 1992). Throughout the 1980s and 1990s it was used to demonstrate the necessary compatibility of pleasure and profits (see among many others, Georgiades and Macdonnell, 1998; Barsoux and Manzoni, 1997a, 1997b; Salama, 1994; Gabel, 1994; Leahey and Kotter, 1990; Dana, 1998; Schneider and Bowen, 1995; Goldsmith and Clutterbuck, 1984). In these, culture change is presented as the only explanation for the transformation that occurred. This corrective makes no attempt to deny the very substantial changes that took place in BA. Rather, it sets these in context noting the organisation's environment at the time of the transformation, the structural changes that took place and observing the impact that such changes had over the long term (see also Blyton and Turnbull, 1998, Legge, 1994, 1995; Colling, 1995).

**BRITISH AIRWAYS: CULTURE AND STRUCTURE**

Today, nearly twenty years after the publication of the (in)famous *In Search of Excellence*, the notion of 'cultural change' within organisations continues to excite attention. This continuing attraction is readily understood, since cultural interventions offer practitioners the hope of a universal panacea to organisational ills and academics an explanatory framework that enjoys the virtues of being both partially true and gloriously simple. Such a combination is apparent in the way that many attempts to shape organisational culture are presented to the public: as simple stories with happy endings (see among others, Peters and Waterman, 1982; Peters and Austin, 1985; Deal and Kennedy, 1982; Pfeffer 1994, 1998).

To a certain extent, of course, any form of narration encourages a story, an ending, and, as a result, a simplification (Watson, 1999; Wray-Bliss, 2001) and stories may be used to shed light on attitudes and understandings not otherwise easily available to the researcher (Gabriel, 1991; Watson, 2000). But there is a very significant difference between listening to the accounts that individuals tell in order to make sense of their lives and allowing the study of the workplace to become 'fictionalised'. The former involves engaging with the 'subjects' of the research, attempting to understand their world view and allowing them a voice in the process they are participating in. The latter can mean a selective reading of the data with examples chosen because they illustrate pre-set conclusions.

In management particularly the capacity of writers to turn case studies into celebratory fictions is worrying. As Marchington (1995) argues, too many texts focus on "fairy tales and magic wands" (see also Harvey-Jones, 1989: 1). Such an emphasis encourages the belief that what is important in the workplace is not context, structure, power, economics or industrial relations but whatever new initiative management have chosen to introduce (the "magic wands"). The form that this magic takes varies from intervention to intervention but the impact claimed for each is curiously similar with unproductive workplaces turned around and reluctant employees transformed into enthusiasts. Any changes that take place are seen to be a direct result of the magic and most are exaggerated. As a result, research into management becomes research into a series of fads and fashions (Kieser, 1996) with Total Quality Management or Business Process Re-engineering or employee involvement or culture vying for attention and every intervention presented as new. So academic understanding of the workplace starts afresh each time a guru develops a new magic wand. Lessons cannot be carried forward since BPR is not employee involvement and company culture is not TQM. Elements of the workplace that might have provided a crucial element of continuity are ignored or dismissed as unimportant since only change is magical. As a result, by relying on these accounts, we understand less and less about why organisations function in the way that they do and practitioners are encouraged to believe that each initiative starts with a blank sheet, entirely unconstrained by what has gone before.

Accordingly, in this article we attempt to rescue a fairy-tale. The story of British Airways is one of the most widely used inspirational accounts of changing culture (Heller, 1992). Throughout the 1980s and 1990s it was used to demonstrate the

necessary compatibility of pleasure and profits (see among many others, Georgiades and Macdonnell, 1998; Barsoux and Manzoni, 1997a, 1997b; Salama, 1994; Gabel, 1994; Leahey and Kotter, 1990; Dana, 1998; Schneider and Bowen, 1995; Goldsmith and Clutterbuck, 1984). In these, culture change is presented as the only explanation for the transformation that occurred. This corrective makes no attempt to deny the very substantial changes that took place in BA. Rather, it sets these in context noting the organisation's environment at the time of the transformation, the structural changes that took place and observing the impact that such changes had over the long term (see also Blyton and Turnbull, 1998, Legge, 1994, 1995; Colling, 1995).

Managing Culture: Promises and Problems

In many respects, managing culture is peculiarly susceptible to being presented as a corporate fiction. While other management initiatives seek to promote positive attitudes by increasing employees' area of responsibility through empowerment (Wilkinson, 1998) aligning their financial interests with those of the organisation through adjustments to the payment system (Kessler, 1995) or demonstrating an organisational commitment to its 'human assets' by investing in training (Keep, 1989); cultural change targets employee attitudes directly and aims to secure 'commitment' rather than 'resigned behavioural compliance' (Ogbonna, 1992/1993) with all employees sharing a 'common vision' and working together for the good of the organisation.

As a result, the managerial task becomes one that involves establishing control over the meaning of work, rather than its execution (Mitchell, 1985), of 'converting'

employees to the corporate 'faith'. In the words of Peters and Waterman (1982 p xxv) managers' jobs become "more fun.  Instead of brain games in the sterile ivory tower, it's shaping values and reinforcing through coaching and evangelism in the field – with the worker in support of the cherished product".  When the managerial task is to inspire and enthuse, it follows that, if management academics are management's advocates and apologists (cf. Storey, 1985) their task is to provide prescriptions, exemplars and celebrations.  Such accounts exist to provoke an emotional response and provide a spur to action and, to fulfil these functions, must necessarily describe productive interventions.  In this narrative tradition management fads and fashions can only succeed.

So, not only is culture as a topic particularly likely to be represented as fiction, but also management writers may see their role as essentially celebratory.  For those who read case studies to be inspired and enthused this combination is probably welcome. Others, who seek to understand the way organisations function; assess the impact of interventions on employees; consider how structural and strategic factors combine; or even (through their writing) contribute towards a wider, emancipatory agenda; prefer accounts that do not automatically seek to report triumphs.  In these, the management of culture is depicted as something rather more complex than a 'magic wand', 'successes' are more than counter-balanced by initiatives with mixed or negative results and interventions are not assumed to be permanent 'fixes' (Kunda, 1992; Grugulis *et al.*, 2000; Collinson, 1992; Storey, 1992; Hamper, 1992; Rosenthal *et al*, 1997; Legge, 1994, 1995; Watson, 1994).

Occasionally the failures of culture management programmes are comic, Collinson (1992) argues that many of the initiatives designed by one British factory's (new, American) management served only to inspire shop-floor humour including stigmatising the company newsletter as 'Goebel's Gazette'. Hamper's (1992) account of his time at General Motors included the story of the quality cat 'howie makem' whose job was to patrol the factory exhorting workers to produce higher quality. The General Motors' employees reacted to this by producing their own 'quantity cat' who (fittingly) chased 'howie makem' off the factory floor. And British employees of the Gap, a US-owned clothes chain, produced their own version of the organisation's mission statements (see Fig. 1):

| **The Gap**<br>**Words to live by** | **The Gap**<br>**Words to live by**<br>*Staff Contributions in Italics* |
|---|---|
| Everyone counts | Everyone counts *the days until they leave* |
| Every difference makes a difference | Every difference makes a difference *apart from indifference* |
| Own it, do it, done it | Own it, do it, done it *EH?* |
| Less is more . . . simplify | *Our wages* Less is more . . . simplify |
| Take the smart risk | Take the smart risk *and quit* |
| Do it better every day | Do it better every day *and still feel shit* |
| Do the right thing | Do the right thing *and leave* |

**Fig 1.** The Gap, Words to Live By

Other accounts of cultural interventions are less amusing. Keenoy and Anthony (1992) note that shortly after the TSB launched its culture change programme (which aimed to construct an 'achievement orientated culture') it announced that some 5,000 staff were to be made redundant; and Ogbonna and Wilkinson's (1988, 1990) research into culture change in supermarkets describes practices that are very stressful for the

checkout operators told to implement them. In many organisations, it seems, cultural interventions are simply a form of work intensification (Anthony, 1994; Wray, 2000).

Significantly each of these references differs from the celebrations in their willingness to believe that culture's impact on employees is not automatically positive. This is not to argue that cultural interventions are never welcomed. Kunda (1992), Casey (1995), Kidder (1981) and Grugulis *et al*. (2000) all describe environments in which enthusiastic staff welcomed the management of culture (though in each case the impact of this was problematic). Watson's (1994) managers viewed ZCT's corporate culture changes with a mixture of hope and scepticism; and Storey (1992) notes that, while little sympathy was forthcoming from the shop floor, several line managers were supportive.

Going beyond the prescriptive accounts to understand organisations also raises questions on the efficacy of culture in securing 'bottom line' benefits. This coaching, evangelism and conversion, what Reed (1992, p. 205) describes as a shift from "control by repression to control by seduction" is done because it is assumed that employee commitment equates to higher profits. In part because employees will now invest their energy, enthusiasm and ideas without constraint (see, for example, Kunda, 1992; Kidder, 1981; Grugulis *et al*, 2000); and in part because work is being re-defined in emotional rather than productive terms (Hochschild, 1983; Fineman, 2000). In practice, of course, the link between a unitary culture and corporate profits is elusive (Legge, 1995). Indeed, not only is the failure of organisations actively engaged in culture management and high commitment work practices notable, but also anti-managerial cultures seem just as capable of fostering high levels of output as

more consensual ones (see, for example, Burawoy, 1979; Ackroyd and Crowdy, 1990).

The British Airways Story

Even by the standards of modern management myths the British Airways transformation is impressive. At the end of the 1970s and the start of the 1980s BA was performing disastrously against almost every indicator. An old fleet made for uncomfortable journeys and contributed significantly to the airline's record for unpunctuality (Corke, 1986); its productivity was considerably below that of its main overseas competitors (Warhurst, 1995); it was beset by industrial disputes; and it was recording substantial financial losses (£140 million or some £200 a minute in 1981). It seemed that staff discontent was more than matched by customer disatisfaction and in 1980 a survey by the International Airline Passengers' Association put BA at the top of a list of airlines to be avoided at all costs (Blyton and Turnbull, 1998). By 1996 this picture was reversed. Not only had BA become the world's most profitable carrier, it was also voted the company that most graduates would like to work for (*Financial Times* 9th July 1997) and, by the year 2000, another survey declared it the second most admired company in Europe (*Financial Times*, 18th March 2000).

Much of the management literature attributes this turnaround to BA's own cultural change which remodelled staff attitudes and set customer care as the primary focus of activity (see, among others, Georgiades and Macdonnell, 1998; Barsoux and Manzoni, 1997a; 1997b; Salama, 1994; Gabel, 1994; Leahey and Kotter, 1990). As Doyle (1999 p. 20) noted:

In the 80s BA had been transformed from a disastrous loss-making state enterprise - the British Rail of the sky - into the world's largest and most profitable international airline. It was a triumph for management, showing that Britain could produce world-class companies that could beat the best of the competition. Its success was the result of the process and strategy that management introduced. The process focused on creating a vision that would inspire the BA staff and gain their enthusiastic commitment.

It is certainly true that a great deal of effort and energy went into shaping BA's culture. At the heart of this was the '*Putting People First*' training programme launched by Colin Marshall, the company's new chief executive, in December 1983. Originally intended for staff who had direct contact with customers it was, in fact, attended by all 40,000 employees by 1986 and it aimed to revolutionise their attitudes. In a direct challenge to the hierarchical and militaristic culture which existed in BA at the time, staff were instructed not to attend in uniform and, once on the course, put into cross-functional and cross-grade groups. The course itself was consciously designed to modify behaviour. Attendees were encouraged to take a more positive attitude to themselves, taught how to set personal goals and cope with stress and instructed in confidence building and 'getting what they wanted out of life' (Young, 1989). Lapel badges inscribed with the motto "We're putting people first" provided a visible reminder of the course's message.

The approach was self-conciously "indoctrinative" (Bate, 1994 p 195). As Colin Marshall said "We . . . have to 'design' our people and their service attitude just as we

design an aircraft seat, an in-flight entertainment programme or an airport lounge *to meet the needs and preferences of our customers*" (cited in Barsoux and Manzoni, 1997a p. 14 emphasis added).

Colin Marshall's own personal commitment is one of the most written-about features of the PPF programme. He attended 95 per cent of all the PPF courses that ran, setting out his vision for BA and participating in question and answer sessions with staff (Georgiades and Macdonnell, 1998, though this figure is reported as 40 per cent in Barsoux and Manzoni, 1997a). This involvement extended beyond the PPF programme. Each time he flew the chief executive would introduce himself to front line staff and passengers and discuss their experience of BA. Once, when a queue formed at the launch of a new service he helped to deliver breakfasts to customers (Höpfl, 1993). In his presence all of the symbols of the 'new culture' were expected to be in place - even down to the PPF lapel badges. Staff not wearing one of these had replacements pinned in place and Colin Marshall wore his own PPF badge for two years (Georgiades and Macdonnell, 1998 p 209).

But the most impressive aspect of BA's cultural change is not so much the sophistication of the PPF programme itself, nor the commitment of executive time, but the extent to which other employment policies and practices were changed to fit the 'new' culture and the continued emphasis on these practices and programmes throughout the 1980s and 1990s. Three-quarters of the one hundred Customer First teams, formed to propagate the message of PPF, survived into the 1990s. Not only were team briefings and team working introduced but these were developed and refined with TQM, autonomous team working and multi-skilling introduced in many

areas.  Direct contact with all staff was considered so important that 'down route' briefings were developed to ensure that mobile and isolated staff were not neglected and in March 1996 BA became the first company to make daily TV broadcasts to its staff (Colling, 1995).

The way cabin crew were rostered was also changed.  'Families' of staff were created to work the same shift patterns.  These were intended to provide mutual support, make cabin crew feel happier about their work environments and, as a result, facilitate the production of emotional labour (Barsoux and Manzoni, 1997a).  A new role of 'Passenger Group Co-ordinator' was introduced and staff appointed based entirely on personal qualities.  The importance of emotional processes was also reflected in the new appraisal and reward systems such that work was judged on the way in which it was performed as well as against harder targets (Georgiades and Macdonnell, 1998; Höpfl, 1993).  Managerial bonuses could be as much as 20 per cent of salary and were calculated on a straight 50:50 split between exhibiting desired behaviours and achieving quantitative goals.  *Awards for Excellence* and an *Employee Brainwaves* programme encouraged staff input.  The Personnel Department was renamed 'Human Resources' with many decisions devolved to line managers and, in the first few years of the programme at least, a commitment was made to job security.

Closely following these developments, a *Managing People First* programme targeted managerial employees and aimed to bring their behaviours into line with a list developed by two consultancy firms (see fig. 2).  As on PPF, the emphasis on this five-day course was on quasi-group therapy and experiential exercises.  Outward bound courses were also intended to support the re-shaping of personality and the

small groups formed on these residential programmes were expected to act as mutual

support vehicles once back in the workplace.

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**THE MENU OF PRACTICES**

| FACTOR I<br>CLARITY AND HELPFULNESS | FACTOR II<br>PROMOTING ACHIEVEMENT |
|---|---|
| Establishing clear, specific objectives for subordinates | Emphasising and demonstrating commitment to achieving goals |
| Helping subordinates to understand how their jobs contribute to the overall performance of the organisation | Giving subordinates feedback on how they are doing |
| Clearly defining standards of excellence required for job performance | Communicating your views to others honestly and directly about their performance |
| Providing help, training and guidance for subordinates | Recognising people more often than criticising them |
| Giving subordinates a clear-cut decision when they need one | Recognising subordinates for innovation and calculated risk taking |
| FACTOR III<br>INFLUENCING THROUGH PERSONAL EXCELLENCE AND TEAMWORKING | FACTOR IV<br>CARE AND TRUST |
| Knowing and being able to explain to others the mission of the organisation and how it relates to their jobs | Behaving in a way that leads others to trust you |
| Communicating high personal standards informally through appearance and dedication | Building warm, friendly relationships |
| Noticing and showing appreciation for extra effort | Paying close attention to what people are saying |
| Sharing power in the interest of achieving overall organisation objectives | Responding non-defensively when others disagree with your views |
| Willing to make tough decisions in implementing corporate strategy | Making sure that there is a frank and open exchange at work group meetings |

**Fig. 2** The four factor menu of practices used in British Airways in 1984 – 1985 (Source: Georgiades

and Macdonnell, 1998 p 174).

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Other courses were developed to maintain the momentum created by *Putting People*

*First* and *Managing People First*. These included *Winning for Customers*, *A Day in*

*the Life*, *To Be the Best*, *Leading in a Service Business* and *Leadership 2000* and, while each was different, they all shared a focus on shaping staff emotions. The most dramatic form of this was probably the 'love bath' exercise in one of the early courses in which delegates took it in turns to sit in the centre of a circle while their colleagues complimented them (see Höpfl, 1993 for an account of participants' reactions to this process). Nearly twenty years after the launch of PPF, BA managers attending a training course were still being told about understanding themselves and taking responsibility: "understanding self is our starting point . . . . That means that to make a change within the airline we need to start with you - what can *you* do differently?" (BA Training Course, *Dangerous Company*, BBC2 April 2000). In 1995, Bob Ayling, newly taken over from Colin Marshall as chief executive, continued this active management of company culture and said of his staff: "I want them to feel inspired, I want them to feel optimistic, I want them to feel that this is a good place to be" (*Dangerous Company*, BBC2 April 2000).

Such substantive change certainly seems to justify the plaudits heaped on it. But, as an account, it suffers from a number of flaws. Most significantly, as Anthony (1994) notes, together with other presentations of culture change it neglects structure. Yet the existence of cultural factors do not negate more material ones and there were certainly structural reasons for BA's success. Colin Marshall's emphasis on putting people first and caring for one another had been preceded by a rule of fear. BA's first response to its problems had been a massive series of redundancies, the largest in British history at the time, with staff numbers reduced by 40 per cent between 1981 and 1983 (albeit with generous severance). Senior staff were not exempt from this

process, with 161 being 'removed' overnight on one memorable occasion in 1983 (Barsoux and Manzoni, 1997a).

More fundamentally, the company was well provided with slots in Britain's prestigious Heathrow airport and faced little competition on many of the routes that it served. European markets were still tightly regulated and market share often depended on negotiation skills rather than competitive success. In 1987 just before privatisation, BA controlled some 60 per cent of the UK domestic market and only experienced competition on 9 per cent of routes into and out of the UK (Monopolies and Mergers Commission, 1987). Post privatisation its position was actually strengthened when it gained a 75 per cent share of domestic routes (Colling, 1995). Such was BA's dominance during this period that it could almost charge what it liked (*The Economist*, 18th March 2000). Moreover, BA built up a series of alliances and mergers to consolidate this position (see Colling, 1995, for a full list).

While staff numbers were being drastically cut the infrastructure was dramatically improved. The fact that new uniforms were provided is well covered in the human resource and marketing literature. Less commonly noted is that BA invested in control systems, terminal facilities and aircraft. Between 1980 and 1985 BA replaced over half their fleet (Colling, 1995). Computer reservations were introduced; a series of hub and spoke routes through first Heathrow and then Gatwick networked flights; and selectively focused competitive pricing served to limit what little competition the airline faced (Blyton and Turnbull, 1996). Nor was this the only strategy deployed against competitors. In 1993 BA used shared booking information to persuade Virgin customers to transfer to BA, informing them (incorrectly) that Virgin flights were no

longer available. The subsequent court case fined BA £610,000 damages and £3 million costs (Leake, 1998). It raised questions about the extent of knowledge and invovlement of Lord King, the chairman, Sir Colin Marshall, the chief executive and Bob Ayling, the head of marketing (Lloyd, 1997; Kitson and Campbell, 1996) as well as criticising the impact of the BA culture itself (*Financial Times*, March 4th 1994).

Not only can much of the BA turnaround be attributed to structural factors, but also the extent of the company's cultural transformation itself is open to question. There is little doubt that, in theory, cultural change interventions are both manipulative and totalitarian (Willmott, 1993) seeking as they do influence and control over the thoughts, values, attitudes and norms of others. Yet such hegemony is easier to describe than it is to secure. Employees are not cultural dupes (Hill, 1995; Keep, 1989). Co-operation may reflect ambition or pride in work (Storey, 1992; Korczynski, 2001) as much as (or instead of) a belief in the organisation itself. And Höpfl's (1993) account of British Airways managers in the 'new' culture reveals hostility and uncertainty as well as enthusiasm. Further, despite the claims of the prescriptive literature, the existence of 'culture management' does not ensure either that employees trust management, or that management trusts employees. So, in BA, 'new' management practices varied in the extent that they were introduced in departments (Salama, 1994) and conflict between employees and management did not cease. Even at the point at which the company's unified culture was being heralded as a success at least one bargaining group a year ended up in dispute with it (Colling, 1995).

Nor was the much vaunted job security quite as robust as it seemed. Alliances, mergers and franchising agreements with other airlines already supported what was, in effect a 'tiered' system of terms and conditions with employees based at Heathrow privileged over those in the regional airports (Colling, 1995). This emphasis on part-time, seasonal and sub-contracted work was extended to most aspects of BA's operations. Its engine overhaul plant was sold off to GEC; data processing work was moved to Bombay; and job security for existing staff questioned (Warhurst, 1995; Blyton and Turnbull, 1996; Colling, 1995). And all this at a time when BA was making record profits.

So, to re-cast our fairy-tale in rather more prosaic terms, BA, while clearly putting a great deal of effort into encouraging certain behaviours from (or 'designing') staff did not base its employment policies and practices around the new culture in the way that many accounts suggest. Their array of 'soft' human resource management techniques was certainly impressive but not everyone benefitted from them and those employed in partner, assoicate, merged or taken-over firms often experienced very different terms and condidtions to the 'core' BA staff.

Nor is it fair to conclude, as many accounts do, with optimism about staff reactions to 'culture change'. There was enthusiasm and acceptance certainly, but there was also doubt, concern, opposition and open cynicism (Höpfl, 1993). Such indiviudal reactions were mirrored by the collective representations and the persistence of disputes even at the height of the cultural success. As Colling (1995 p 25) argues "The relatively high incidence of conflict throughout the period fuels doubts about a transformation in the culture of the company towards the mutual commitment model".

The 1997 Dispute: Change or Continuity?

By the end of the 1990s many of the structural factors that had provided the basis for the company's success were under threat. The emergence of low cost carriers such as Easyjet and Ryanair were undercutting BA's prices and, elsewhere, alliances between rivals Lufthansa and United Airlines ensured that cross national traffic would be less likely to transfer to BA. The company's hold on Heathrow was also loosening under double pressure from Europe and the USA. In response, Ayling claimed BA needed a second revolution. BA sought its own alliance with a different US carrier, American Airlines which came under the (unhurried) scrutiny of regulators in both Brussels and the USA, as well as proposing £1 billion of cost savings from within the organisation, with the aim of doubling profits by the year 2000. Much of this was to come from staff savings including 5,000 voluntary redundancies with staff to be replaced by newly hired employees on lower pay (Blyton and Turnbull, 1998). In addition, BA established links with a charter airline called Flying Colours intending to continue its policy of outsourcing to other operators.

This policy of reducing labour costs was also extended to 'core' BA staff. In early 1997, BA attempted to change the structure of payments to cabin crew. It was proposed that the existing employees would be 'bought out' of their series of allowances (petrol, overnight stay etc) by receiving a higher basic wage. BA offered a three year guarantee that no crew member would earn less under the new system but nothing beyond that and it was clear to cabin crew staff that the measure was launched with the explicit aim of saving money. When these negotiations failed, one

union, the TGWU, threatened strike action (Cabin Crew 89, a small breakaway union, had already accepted management's offer). Despite fourteen years of 'indoctrination' into caring for one another and putting people first, the tactics deployed by BA's management were described by two such different sources as the TUC and *The Economist* as bullying (Taylor, 1998; *The Economist* 27th July 1997). Members of the cabin crew were warned not to strike and BA managers were instructed to tell discontented staff that anyone taking industrial action would be summarily sacked, then sued for damages. Any who simply stayed away would face disciplinary action, be denied promotion, and lose both pension rights and staff discounts on flights for three years. BA were also reported to be filming pickets.

The subsequent strike ballot had an 80 per cent turnout with 73 per cent of employees voting in favour of strike action. The TGWU called a series of 72-hour strikes with the first action scheduled for 9th July 1997. In response, temporary staff and an alternative workforce of 'volunteer managers' were given a (probably inadequate) training to perform the key tasks of the ground handling staff (*The Herald* 26th June 1997) and BA threatened to take legal action over claimed discrepancies in the ballot. On the eve of the first day of action airline cabin crew were telephoned at home and warned that 'they had a duty to co-operate with their employer' (*The Times*, 8th July 1997).

These managerial actions certainly influenced the impact of the strike. On the first scheduled day of action less than three hundred workers declared themselves officially on strike but more than 2,000 called in sick. The company's threats and 'replacement workers' notwithstanding more than 70 per cent of flights from

Heathrow were cancelled (*The Economist* 12th July 1997). It seemed that BA's macho approach had ensured only that collective action took the form of collective illness.

Ironically this 'mass sickie' served to make things worse for BA. Not only did the pre-strike ballots (conducted to comply with legislation designed to discourage union activities) compound the effects of the strike by providing customers with advance notice of it; but also those employees who had called in sick tended to stay away longer than the official 72-hour strike. BA insisted that sick employees provide a doctor's note within 48 hours instead of the normal seven days but many employees still stayed off for the full two weeks that their sick notes allowed and, throughout this period, services were cancelled and passengers turned away (Gribben, 1997). The strike was costly. Airline seats are a particularly perishable form of consumer good and aircraft scheduling is easily disrupted. When Bill Morris, the General Secretary of the TGWU announced that he had written to Bob Ayling, suggesting that they resume negotiations, Ayling agreed before even receiving the letter.

The TGWU promised to save £42 million over three years. Catering was sold off but existing staff kept earnings and BA staff discounts, while sanctions against strikers were withdrawn and the TGWU increased its membership by 50 per cent to over 10,000. BA's management fared less well, despite Bob Ayling's claim that this agreement marked a 'new beginning and spirit of a cooperation' (*The Guardian* 13th September 1999). The gulf between the managerial rhetoric on culture and official actions during the strike had a predictable effect on employee morale. One undercover employee publication, aptly named *Chaos* advised on ways of maximising

payments by delaying aircraft. These included throwing duvet feathers into the engine, superglueing down the toilet seat and poisoning the pilot: "a particularly obnoxious captain can be made to suffer all the symptoms of violent food poisoning by emptying eye drops from the aircraft medical kit into his salad or drink" (*The Guardian*, 8th November 1997).

Moreover, the agreement itself fostered further dissent. 4,000 staff left by the end of 1997 but 4,500 more were recruited including 2,000 in 1998. By the terms of the agreement, these new staff were employed on different contracts to existing employees. As a result, cabin crew working the same shifts on the same aircraft were (increasingly) on different payscales. The impact of this on both labour relations and BA's much prized teamworking was problematic and problems were fuelled by suggestions that staff on new contracts were favoured by BA in promotion to purser (first line manager).

Bob Ayling attempted to salvage the situation by placing more emphasis on managing the company's culture. Following Colin Marshall he addressed staff training sessions and held question and answer forums with groups of employees. This time there were few positive reactions. The strike cost BA £125 million; morale never entirely recovered (Dove, 2000); and profits suffered. Between 1998 and 1999 they fell by 61 per cent and in 2000 British Airways announced losses of £244 million on its main business. While gains from disposals succeeded in keeping the company out of the red this was its worst performance (and first loss) since privatisation. The new logo Bob Ayling had launched (at great expense) during the 1997 dispute was unpopular and had to be withdrawn. These failures so coloured the public perception of the

chief executive that even his attempts to refocus BA onto profitable routes and introduce a new seat for business class long haul passengers were not entirely welcomed. On March 10th 2000, Bob Ayling resigned as chief executive.

Conclusions and Discussion

Re-presenting our fairy story in case study format shows the company's turnaround in a different light with international agreements, competition with other airlines, the state of the fleet and the network of links between flights making a contribution to improved performance that was as least as significant as the cultural change programme itself. It is difficult to believe that, without these structural interventions BA's profits would have risen in the way that they did (cf. Peters and Waterman, 1982). Equally, the structural improvements may have served to enhance the cultural messages just as Bob Ayling's "Chicago-style union busting macho management" (George Galloway, MP *Newsnight* 10th July 1997) made his seem hypocritical. As Grugulis *et al.* (2000) argue in their study of a consultancy firm, it is naïve to assume that practices which are effective when companies are successful will be equally welcome at other times. Employees do not 'react' to the management of culture in isolation, nor does a 'positive' cultural rhetoric negate problematic experiences of job design, dis-empowerment, payment systems or control mechanisms. Rather, responses will be influenced by a person's experience of work as a whole and employees are more than capable of noting discrepancies between managerial promises and organisational practice.

This is not to suggest that BA's cultural change was unimportant.  Indeed, the move to 'design' employees, to shape the way they think and feel about their work rather than simply control what they produce is a new development (Edwards, 1995; Willmott, 1993; Kunda, 1992 among others provide a consideration of its implications; but see also Dalton, 1966; Barnard, 1962; Kanter, 1977 for an account of the loyalties expected of managerial employees).  A growing service sector and an increasing focus on customer service in all industries has resulted in an emphasis on the service process (of which the employee is an integral part) rather than a manufactured product (see du Gay, 1996; Sturdy, 2001; Nickson *et al.*, 2001).  Clearly such a development has and will lead to fundamental changes in the way work is shaped.  But these changes are not attempts to make work "more fun".  They represent a new means of management control (Reed, 1992) targeted on staff emotions.  So personalities and individuals are valued only within pre-determined limits (Bate, 1994).

> Employers these days may take the line that they wish employees to express themselves and explore their potential, but actually they are interested in this sort of capacity only in so far as it is conducive to the benefit of the organisation.  They tend to have preconceived ideas about how much and what kind of individuality is needed.  They do not, in fact, wish to find too much variation from their ideas in this area; nor do they want dissent concerning their favoured policies.  Despite an apparent openness, therefore, there are things employers are definitely unwilling to countenance or indeed listen to. (Ackroyd and Thompson, 1999 p102).

Here, BA's programme of culture change was not an expression of mutual trust and reciprocal emotional obligations between the company's employees and its management. Rather, it was an alternative control mechanism and should be understood as such. The way that this control mechanism is implemented and the consequences that it has differ from other forms of personal, technical or bureaucratic control; but management by culture is not automatically either better or worse than other forms of regulation and may inspire varied responses. Employees may feel genuine pride in a culture management programme (Kunda, 1992; Grugulis *et al.*, 2000) or may desire to use it towards their own ends (Storey, 1992). Equally they may feel embarrassment (Höpfl, 1993) or cynicism (Collinson, 1992); set up active opposition (Ackroyd and Crowdy, 1990) or use the culture change as a vehicle for misbehaviour (Ackroyd and Thompson, 1999) and structural factors may influence and inform these responses. The 'successes' and 'failures' of these interventions are not magical, nor do they occur in environments that have no legacy of employee relations. But this point is clearest when case studies are extended beyond anecdote and prescription, a development which might encourage better practitioners as well as better academics.

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