5 Constraints on the Research

The research was undertaken during a period in which the global airline business was in recession. It is important therefore to describe the context and resulting constraints placed on this research from its outset before the two studies are presented. The constraints are presented in two parts. First, the constraints placed on the research by British Airways are given; second, a general overview of the business context in which British Airways was in from 1997 to 2001 is presented.

5.1 Organisational Constraints

In order to undertake the research presented in this thesis, British Airways was extensively consulted to obtain its agreement. The group consulted was the Human Resource Leadership Team which comprised of the Human Resource Director, Senior Managers of the Human Resource department and Union liaison. In principle, the Human Resources Leadership Team agreed that the research should be undertaken and were satisfied that the results would be beneficial to British Airways. The agreement that needed to be obtained concerned the time taken to conduct the research, the size of the sample for both Study One and Two, the methods that were to be employed to gather data, how the results would be presented and who would have access to the results.

The Human Resource Leadership Team applied constraints to the research to minimise any risks to the Company. They agreed that given the nature of PhD study they accepted that the period of research would be *circa* three years. However, they requested that the data should be gathered within two short defined periods only (one for each study) so as not to interfere with other corporate initiatives that were underway to restructure the organisation, or indeed, be confused with them. They agreed to Study One being conducted by interview, but
with strict constraints outlined below. They agreed that Study Two data could be gathered by means of a questionnaire survey with some constraints.

The size of the sample for the qualitative study was changed because of the perceived in-depth nature and intrusiveness of the interviews by the HR Leadership Team. The original sample size for Study One was proposed to be at least fifty to sixty employees across different departments, interviewed in an unstructured format on a one-to-one basis for one hour. The sample size given was twenty employees and was, therefore, not possible to represent all departments in Study One. They also requested that the interviews should not exceed thirty minutes. Sampling, therefore, was purposive by a management/non-management dichotomy and random from different departments. For non-management employees, quota sampling was used to ensure that all grades were represented rather than purposive according to the original research objectives. The proposed interview for Study One was unstructured, lasting at least one hour and with open questions with regard to Organisational Learning rather than specifically on the Organisational Learning Facilitators (OLFs) that existed in the current literature.

The subsequent questionnaire for Study Two would have been based on the results of the original design of Study One. Due to the time constraint and the request by the HR Leadership Team to make the interviews more transparent (i.e. not unstructured), the questions in Study One were focused on the OLFs identified in the current literature and framed in a semi-structured interview format to allow participants to talk about their own experiences or those of colleagues. It was anticipated that, as a result of the sample size constraint, this might indirectly increase the pool of people about whom information was elicited. The resulting questionnaire survey of Study Two, however, had to use the existing OLFs in the literature as its structure but it was possible to use items derived from the analysis of transcripts of the interviews in Study One. The original objectives were to use any new OLFs borne out of the open, unstructured questions used in Study One.
The sample size for the quantitative aspect of the research (Study 2) was also restricted. Unlike the internal Employee Opinion survey which is sent to all 65,000 employees, it was decided that only up to 2000 employees could be approached (when the initial proposal was for 10,000 employees). The reason given for access to a much smaller sample was to minimise the intrusiveness of the research into the organisation. It was agreed that the data for the quantitative study could be obtained by means of a questionnaire survey but it should not be lengthy. This affected the number or items per OLF in the questionnaire. For example in order to ensure that the internal reliability of the meta-variables was very high at least six items would be necessary. As a result of the requirement to keep the questionnaire as short as possible this was compromised and only four items per OLF were used. The original number of items for the continuance and affective organisational commitment were kept.

It was anticipated in the original design for Study Two that the questionnaire would be used across individual, departmental and organisational levels in the organisation. The Human Resource Leadership Team felt that the questionnaire’s use to obtain data at the individual level would be too intrusive and that it would be perceived as an evaluation of an employee and therefore concluded that this would not be acceptable. The Human Resource Leadership Team agreed to its use at departmental and organisational levels and they agreed to the commitment measures (which were at an individual level of analysis) because they felt that this would provide useful data with regard to some corporate initiatives.

The Human Resource Leadership Team were informed that the data would be presented collectively and that individuals would remain anonymous and could not be identifiable from the results. The results were intended to be available in the British Airways Quest Library in the Head Office building based at London Heathrow. There were no objections to this.
A third study for this research would have been highly desirable either to conduct a validation study of the questionnaire or to investigate the relationship between OL and organisational financial performance by replicating Huselid’s (1995) study on the impact of Human Resource Management practices on turnover, productivity, and corporate financial performance. A further study that could have been replicated is that of Huselid, Jackson & Schuler (1997) in which they investigated the impact of human resource capabilities on HR management effectiveness and the latter’s impact on corporate financial performance, productivity, cash flow and market value. The HR Leadership Team did not agree to a third study given the current length of the research that was going to be conducted. Furthermore, the nature of the replicated studies was perceived as particularly intrusive and sensitive given the economic situation the airline found itself in at the time the research was about to be undertaken.

Final consent to undertake the research, within the constraints given above, was obtained from the Chief Executive Officer, Bob Ayling, with the understanding that this research is presented as research undertaken for the purposes of doctoral research and not as a corporate initiative.

A further consideration was how the low job security and low employee morale‡ might have affected the research. It was found however, that employees were positive and pleased about the research and appeared more than willing to share their current views and experiences at work.

‡ Low morale - data was obtained from the Employee Opinion Survey used by British Airways on an annual basis as well as anecdotal comments made by employees and managers
5.2 Business Context from 1997 to 2001

The research was conducted while British Airways was undergoing a global strategic transition and it is important to describe the business context which existed at the time the research presented in this thesis was undertaken.

The research was conducted during a period of considerable transition within the airline industry generally which had a significant impact on British Airways. The aim of this transition was to retain and improve competitive advantage.

The principal factor affecting all airlines was the rise in fuel prices, which in turn had a considerable effect on operating costs. Transatlantic competition placed a great deal of pressure on airlines operating across the Atlantic Ocean, and it was noted that there was over-capacity on these routes; that is, too many available seats.

Internally British Airways had a large workforce (N = 65,000) worldwide, and morale was particularly low. In order to counter external market forces, British Airways had to embark on a number of initiatives. British Airways had seen profits fall to its first loss since privatisation.

The research was conducted during a three-year period from March 1998 to March 2001, during which time British Airways underwent considerable and significant changes across all areas of its business.

The research started at the end of the 1997 - 1998 financial year. British Airways announced pre-tax profits of £580m, down 9.4% on the previous year. The share price ranged between 499.50 pence and a high of 760 pence.

5.1.2 Business Context: Financial Year 1998 - 1999

British Airways announced pre-tax profits of £225m, down 61.2% on 1997/1998. The share price ranged between 308.25 pence and a high of 703 pence.

The British Airways Employee Opinion Survey (EOS) was used to gauge people’s views across a number of organisational aspects of the airline. The results were not encouraging and this prompted a number of internal changes affecting the employees of the organisation.


Data collection for the first study of the research was undertaken during the first quarter of this financial year, as major organisational changes were beginning. It was a particularly challenging year for British Airways.

British Airways had announced pre-tax profits of £5m (as a result of selling assets) down 97.8% on the previous year, the worst result in eighteen years. The share price fluctuated between 261 pence and high of 553.5 pence.

The EOS was repeated and results indicated a drop in morale compared to the previous year. General satisfaction was also down. There were no items on organisational commitment in the EOS, however considerable movement of people within the Airline was apparent, indicating some kind of dissatisfaction either with their current role or their department, or both.
During this financial year the Board agreed a number of changes to be made throughout the organisation. These are detailed below:

- Delivery of the new strategy (already under way), with new aircraft, new products and training for a new service style.

- Significant investment in 21st Century Travel, with flat beds in Club World, a new World Traveller Plus cabin, upgrades to Club Europe, Concorde and First, and ongoing implementation of the seat-back video and other improvements to the World Traveller cabin.

- Nine major new initiatives to improve the profitability of the company launched.

- An agreed e-business strategy, including plans to increase on-line commercial activity, smarter ways to work and plans for several e-ventures to capitalise on the Airline's assets.

- Further progress to be made with Oneworld alliance partners, including combining sales functions in the Far East and schedule changes with Qantas, and investment in a 9% stake in Iberia, the Spanish national airline.

- Robert Ayling to resign as Chief Executive in March 2000.

- A reduction in headcount across the Airline.


Studies One and Two were undertaken in the financial year 2000 - 2001 while British Airways was still implementing major change programmes. The data
were collected in the 2nd and 3rd quarters of the financial year. The major changes were due to be delivered in the beginning of the 2001 - 2002 financial year. Rod Eddington was appointed Chief Executive, with effect from 1 May 2000.

Major changes were announced in British Airways's Gatwick Airport operations, including a reduction of headcount of 1800 people. Because of the nature of some of the items in the questionnaire, particularly those making reference to organisational commitment, no data were collected from British Airways in Gatwick Airport. It was important to be sensitive to areas of the Airline which were undergoing a significant transition, particularly in Africa, where a number of change initiatives were under way.

Other problems affecting the Airline at this time included a continuous climb in the price of fuel, and the withdrawal of Concorde's airworthiness certificate (the aircraft was grounded until the CAA approved safety modifications). A staged reduction in headcount continued. Talks with KLM\(^6\) took place regarding a possible merger of the two businesses, but no merger resulted and talks ended in August 2000.

\(^6\) KLM -- the national airline of the Netherlands.