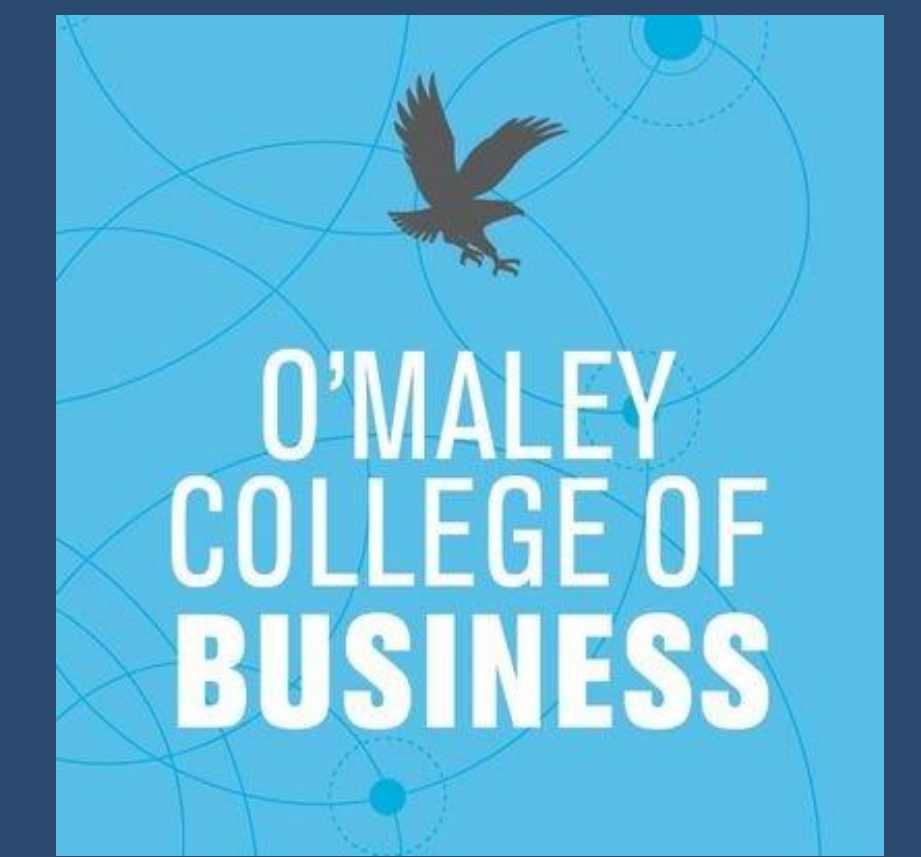




A Comparative Study of Company Culture Differences among Low-Cost, Hybrid, and Legacy Major Airline Carriers in the United States

By: David Vaden-Kiernan, Danny Sully, Wesley Simpson, Pallavi Angirish, Emily Weaver

Faculty Advisor: Dr. Sohel M. Imroz (BA 520)



Abstract

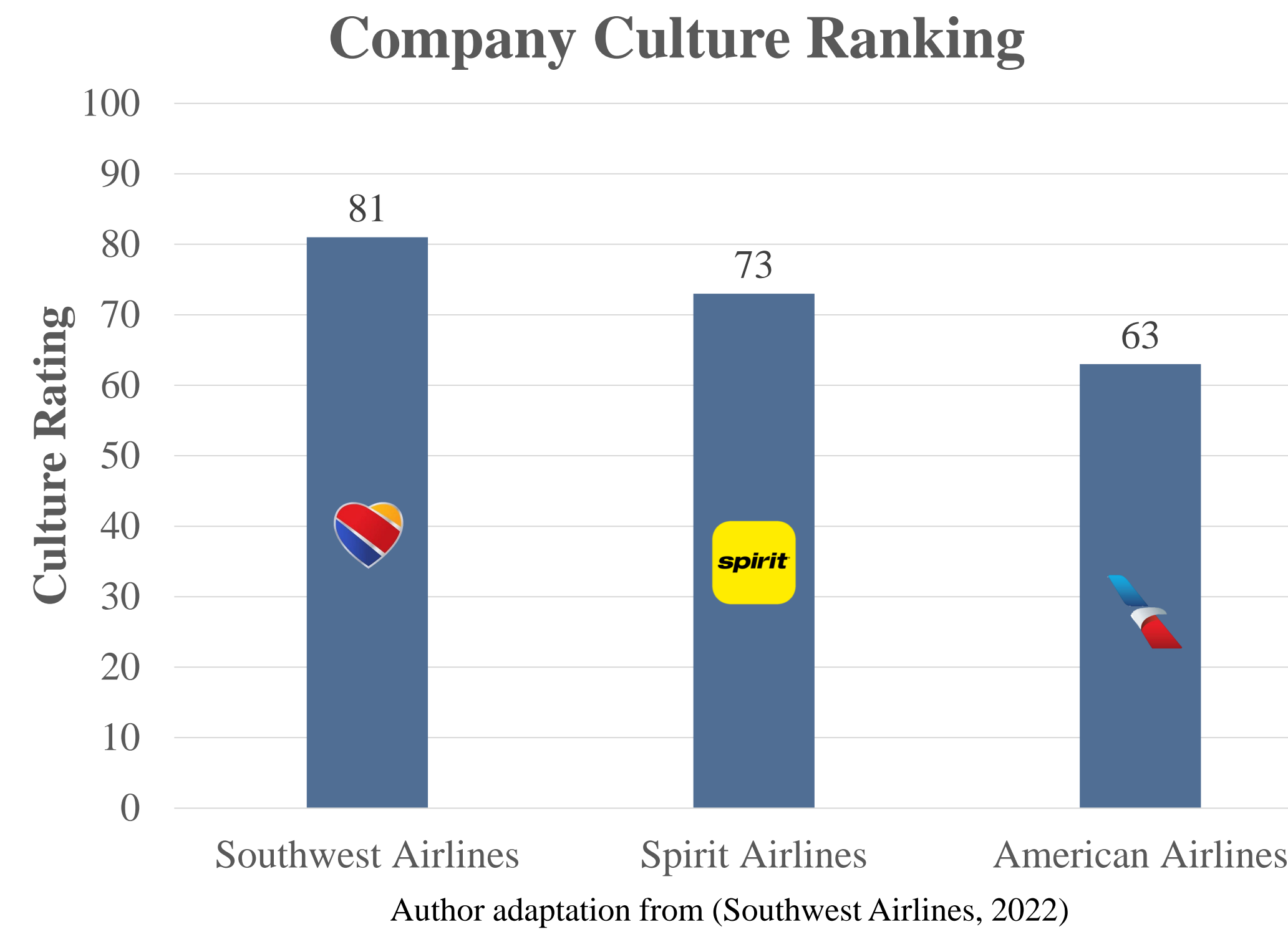
The overall health and well-being of an airline company is rooted in its culture. Companies with strong culture attract more talent, reduce turnover, create better chemistry among teams, and affect employee performance in a positive manner (Forbes, 2017). In fact, a Gallup research found that companies with higher employee engagement experienced 23% increase in profitability, 18% increase in productivity, and 10% increase in customer loyalty and engagement (Gallup, 2022). This paper could assist the airlines in implementing programs that foster employee engagement, performance, productivity, and safety.

The purpose of this paper is two-folded. First, it compares the cultures among low-cost (e.g., Spirit, Frontier, Allegiant), hybrid (e.g., JetBlue, Alaska), and legacy full-service (e.g., American, United, Delta) airline carriers within the United States based on CEO management philosophy, benefits, employee satisfaction, and general workforce metrics. Second, the paper discusses the impacts of company culture within the aviation industry. This paper could assist the airlines in implementing programs that foster employee engagement, performance, productivity, and safety.

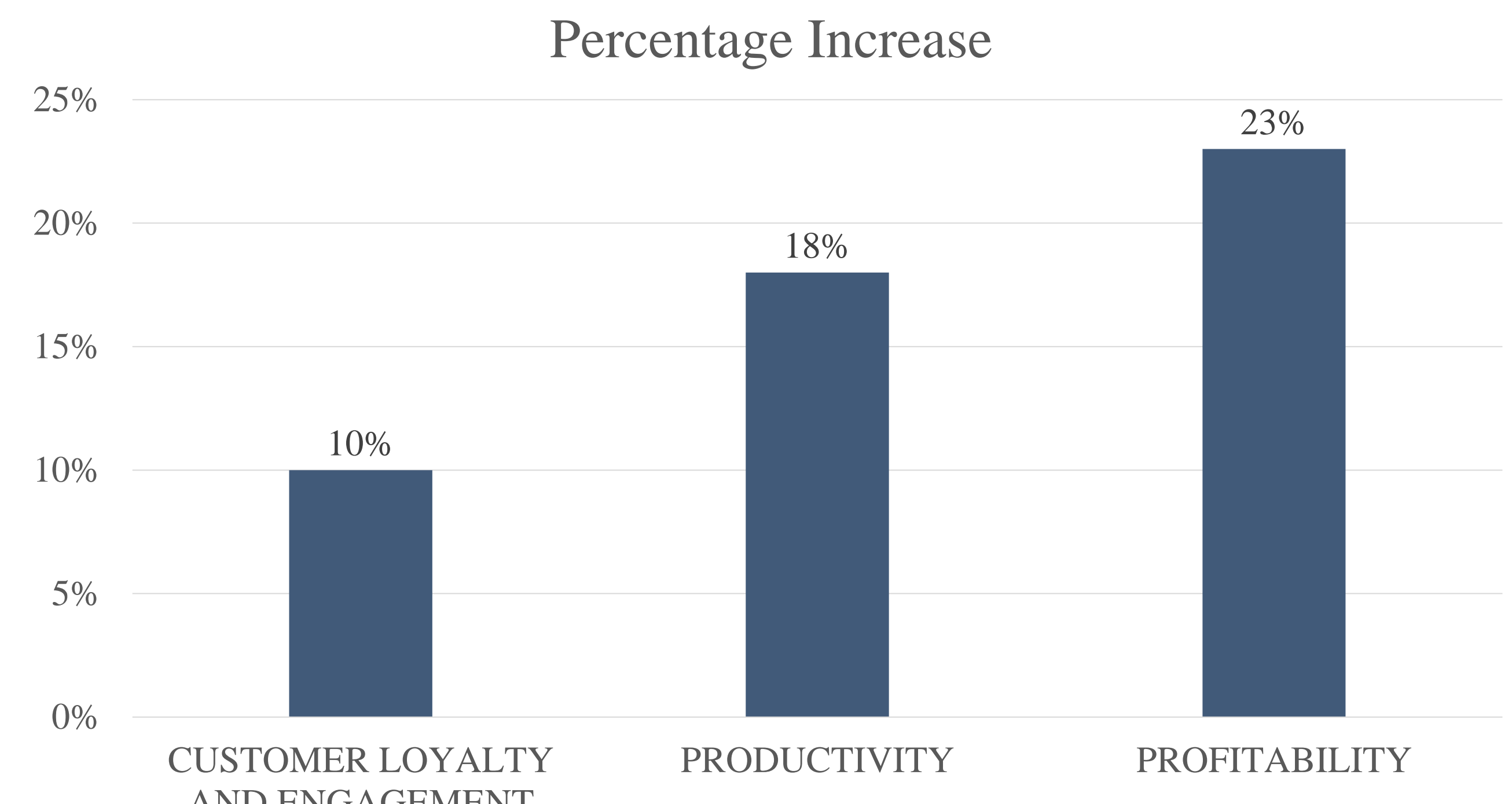
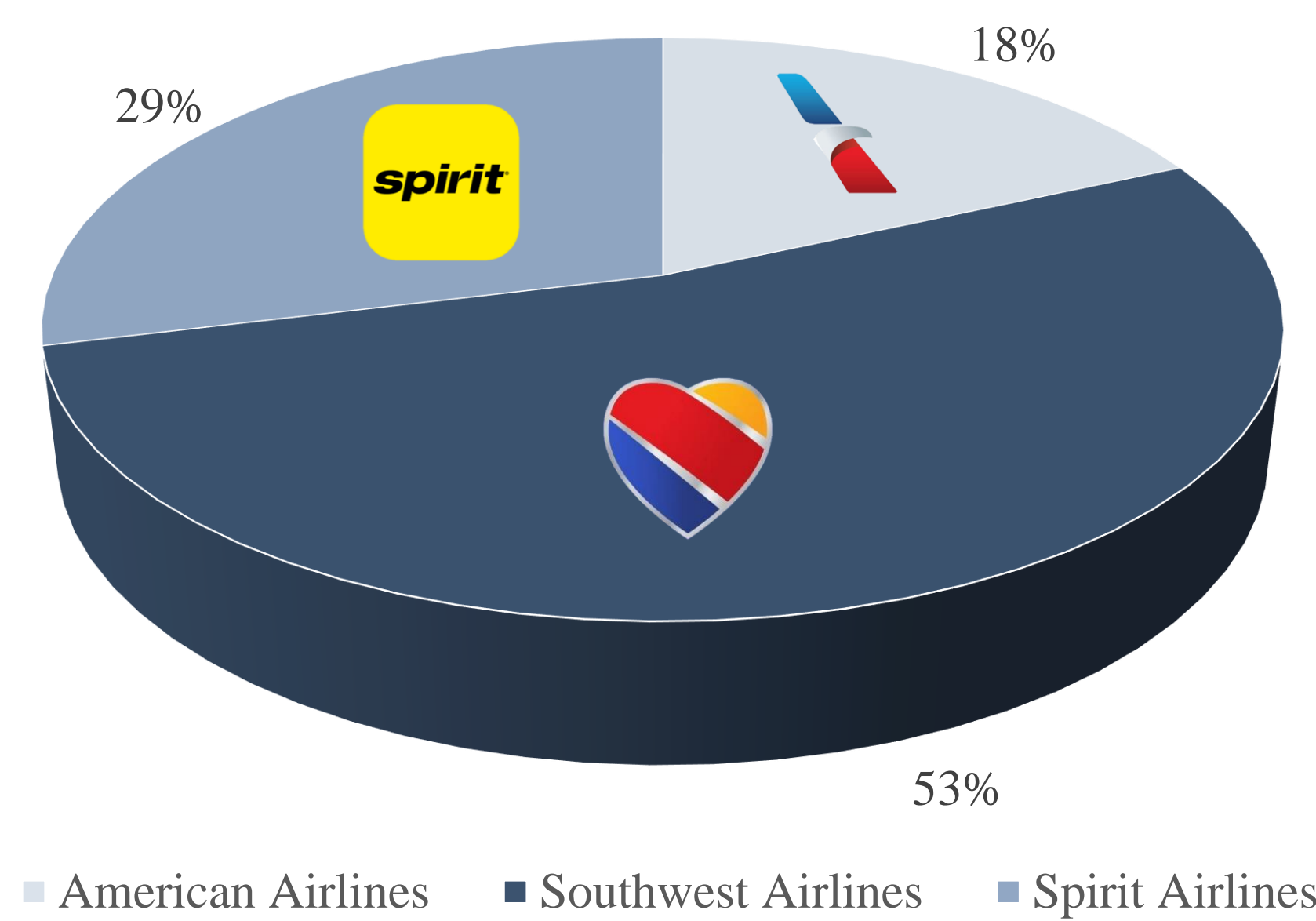
Methodology

- In order to Analyze airline company culture, each selected airline will be compared using several company metrics.
- These metrics and aspects will include CEO management philosophy, benefits, employee satisfaction, and general workforce metrics.
- These metrics will come from databases, polls, studies, and other sources.
- Notable company culture differences between the selected airlines will be highlighted and analyzed.
- The impacts of company culture within the airline industry will also be discussed.

Results



Employee Net Promoter Score



Company Culture Benefits

- Improved Productivity
 - Reduced Turnover
 - Enhanced Loyalty
 - Increased Profitability
 - Promotes Happiness
 - Improved Talent
 - Increased Engagement
 - Boost Performance
- (Gallup, 2022)

Recommendations

- Promote work and life balance by implementing friendly events.
- Award employees based on impact and accomplishments
- Minimize overlooking non-monetary forms of recognition.
- Provide opportunity for employees to advance self-development skills
- Advise corporations to conduct internal surveys from their employees

Airline Selections

Representative Airline Selection Process

Categorization of all U.S. airlines by Legacy, Hybrid, or Low-Cost air carriers (Rosenstein, 2013), (Sabre, 2008), (Singh, 2021)
 Selection of the largest airline by capacity within each category (Pearson, 2021)

Category	Selected Airline
Legacy	American Airlines
Hybrid	Southwest Airlines
Low-Cost	Spirit Airlines

Literature Review

Low Cost	Hybrid	Legacy
<ul style="list-style-type: none"> Focus on business and operational practices that drive down airline costs. Cost-saving practices include operating at secondary airports, flying a single plane type. Increasing plane utilization, relying on direct sales, offering a single-class product. Avoiding frequent-flyer programs and keeping labor costs low. 	<ul style="list-style-type: none"> Fly multiple plane types, operating at primary airports, or offering frequent-flyer programs. Using global distribution systems, offering more frills to passengers, or flying medium- to long-haul routes. 	<ul style="list-style-type: none"> Major hub operations for domestic, regional, and international services. Large, complex fleets; airline alliances; and a broad array of service offerings, such as airport lounges, onboard meals, and multiple cabin classes. Use geographical advantage to funnel both short- and long-haul traffic through their hubs.

(Haydon, 2016)

References

Alton, L. (2022, October 12). *Why corporate culture is becoming even more important*. Forbes. Retrieved October 25, 2022, from <https://www.forbes.com/sites/larryalton/2017/02/17/why-corporate-culture-is-becoming-even-more-important/>

Chopra, S., & Lisiak, R. (n.d.). *How Should Airlines Structure? A Comparison of Low Cost and Legacy Carriers*. Kellogg School of Management Northwestern University.

Gallup, I. (2022, August 23). *How to improve employee engagement in the workplace*. Gallup.com. Retrieved October 10, 2022, from <https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx?site=357638>

Haydon, R. (2018, March 8). *The rise of low-cost carriers: An airline business model overview*. LinkedIn. Retrieved November 1, 2022, from <https://www.linkedin.com/pulse/rise-low-cost-carriers-airline-business-model-overview-ryan-haydon/>

Pearson, J. (2021, August 25). *American Airlines leads the top-10 United States carriers*. Simple Flying. Retrieved November 7, 2022, from <https://simpleflying.com/top-10-united-states-carriers/>

Ready, D. (2022, January 10). *Does your company suffer from Broken Culture Syndrome?* MIT Sloan. Retrieved October 11, 2022, from <https://mitsloan.mit.edu/ideas-made-to-matter/does-your-company-suffer-broken-culture-syndrome>

Rosenstein, D. E. (2013, April 1). *The Changing Low-Cost Airline Model: An Analysis of Spirit Airline*. Purdue E-Pubs. Retrieved November 7, 2022, from <https://docs.lib.purdue.edu/cgi/viewcontent.cgi?article=1018&context=atgrads>

Sabre. (2008, May 8). *Sabre study shows "hybrid" airlines edging out traditional LCCs*. Press Release. Retrieved November 7, 2022, from <https://www.sabre.com/insights/releases/sabre-study-shows-hybrid-airlines-edging-out-traditional-lccs/>

Singh, S. (2021, April 28). *How American Airlines was founded by merging 82 Small Airlines*. Simple Flying. Retrieved November 7, 2022, from <https://simpleflying.com/american-airlines-founded-from-82-airlines/>

Southwest Airlines competitors | comparably. (n.d.). Retrieved November 1, 2022, from <https://www.comparably.com/companies/southwest-airlines/competitors>

Southwest Airlines vs Spirit Airlines | comparably. (n.d.). Retrieved November 1, 2022, from <https://www.comparably.com/competitors/southwest-airlines-vs-spirit-airlines>

The airline industry: Comparing the cultures of American, Delta ... (n.d.). Retrieved November 1, 2022, from <https://www.comparably.com/blog/the-airline-industry-comparing-the-cultures-of-american-delta-jetblue-southwest-and-united-airlines/>