Week 1 Group Assignment: Corporate Culture

HR 6350 - Professor DiCroce

Regis University

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American Airlines was founded in 1930 and has become one of the largest airlines in the world. It is headquartered in Fort Worth, TX with team members in 60 countries. The company’s employee base grew to 130,000 after a merger with U.S. Airways shifting the organizational culture to focus more on developing a people-centric culture (Ranosa, 2018). Two main initiatives that helped drive this culture shift were to demonstrate care and the use of HR technologies.

Demonstrating care was key after the merger because it was important to rebuild trust with the company’s employees. “Airline mergers bring different cultures together and by putting caring, trust, and employee experience at the forefront, a people driven culture emerges” (Forbes, 2018). In addition, the company needed the right tools to help drive the organizational change. They implemented and launched SAP SuccessFactors to help understand and improve the employee experience as well as Private Cloud Payroll and Fieldglass to help manage its large workforce. Employee surveys have also been beneficial in measuring and gauging how employees are engaging with the company and how they feel about the company (Forbes, 2018).

To further support American Airlines’ people-centric culture, the company offers employee benefits. Aside from 401k match and healthcare benefits, the company provides learning and development opportunities which include educational grants, a wellness program, and in depth job training to best prepare their employees to be the best in the business. An example of people-centric benefits is with the company’s Flight Attendants. Prior to officially flying with American Airlines, Flight Attendants attend a six-week training course where they are “immersed in a mix of fast-paced classroom, online and hands-on training” (AA, 2021) and to help continue their professional development, annual trainings are offered. American Airlines Flight Attendants have also formed and manage the Wings Foundation which “offers assistance to American Airlines Flight Attendants who are in critical need of financial assistance due to illness, injury, disability or a natural disaster” (Wings Foundation, 2021). The foundation has delivered $10,726,146 in assistance since 2005 and raised $1,056,197 alone in 2020 (Wings Foundation, 2021).

Extending the company’s people-centric culture beyond company doors, American Airlines sponsors and participates in local volunteer programs. A specific campaign that American Airlines has been participating in is Change for Good, “an innovative partnership between UNICEF and the international airline industry where travelers on selected international American Airlines flights can donate unused U.S. and foreign currencies onboard the aircraft to help UNICEF in its mission to put children put” (UNICEF, 2021).

American Airlines’ organizational culture puts a great focus on their employees by understanding and investing in them. This type of organizational culture is good for employees because it helps ensure their needs are met and that they are empowered to further their professional growth. In addition, having the right mindset and tools in place help the leaders within the company position themselves to care for employees in the way that would most add value and prepare for the company’s future.

Despite the people-centric culture that American Airlines strives to have, it is also one of the organizations within the airline industry known to have a culture of cutting or laying off employees during a crisis (Weise, 2019). The first event took place in the 1982 recession, again during the 2008 financial crisis, and they recently communicated layoffs during the COVID-19 pandemic. Though CEO, Doug Parker, would recently announce that employees could “tear up the notices,” the unease of job stability leaves an uncertainty and an area that the organization can improve in.

Although organizations cannot truly prepare for a financial crisis or pandemic, “CEO's have defended layoff decisions as difficult but necessary to make firms efficient and competitive” (Henderson, Masli, Richarson, & Sanchez, 2010), despite their substantially high pay. Consequently, these announcements have a common theme of public outcry when CEO salaries are exposed, resulting in negative media coverage (Henderson et al.,2010), and a poor employee experience. One recommendation for CEOs to avoid the scrutiny and improve the organization culture is to forego some or all their salary. As surmised by Johnson (2020), “various strains of research indicate that this type of sacrifice can improve morale and trust”. Though it's not an easy decision to make, CEOs will gain respect, commitment, and admiration from their employees.

Another area where the organization culture can improve is within its team building atmosphere. With the Aviation industry consisting of a number of employees who are constantly on the go, it is impossible to have a corporate meeting or networking event with all employees. Moreover, one on one time with managers can be difficult to manage. This fast-moving environment can make it difficult to build rapport with peers or establish trust with their managers.

One recommendation that will improve organizational culture is reward and recognition. Both areas have been found to be a primary indicator in job satisfaction and employee morale. Furthermore, research had found that the use of rewards motivated employees and increased performance by 22% (Sonawane, 2008). Though American airlines currently has a peer-nominated “Flight Service Champion” award, only 250 Flight attendants meet eligibility. Though this prestigious award is worth working towards, having a smaller scale recognition program will allow employees to simply thank their peers for doing a respectable job. Many organizations use recognition programs allowing employees to earn points for each recognition received. Often, points can then be redeemed for gifts or gift cards. Accompanying the recognition should be notifications sent to direct managers. Through these notifications, managers will have direct insight to the work that their employee is doing, showcasing their performance, and earning the employee additional accolades.

Lastly, one on one time will continue to be a challenge for employees and managers in the Aviation industry. However, with the increased use of technology, there should be an increased effort to occasionally conduct these chats via video conferencing. This gives both employees and managers facetime showing engagement. Being fully engaged in conversations gives both the manager and employee time to build trust and establish rapport. Managers can also use this time to review the recognition received by other peers and further reward the employee with gratitude. With increased trust within American Airlines, the organizational culture will continue to improve increasing its competitiveness and improving its brand.

Human Resource (HR) professionals at American Airlines play a huge role in organizational strategy and culture. These professionals influence organizational strategy by promoting strategy development at every level of the organization (Meinert, 2016). This includes every division and department within the company. To promote this development, HR needs to ask the tough strategic questions, such as what are our company goals and what do we need to do as a team to get these goals accomplished. Assessing the realistic status of the organization should be the first step in the process. This will allow the company to fully see where they are at now and where they want to be in the future. Another way HR professionals can play a part in organizational strategy is by providing strategy development training and resources to the company (Meinert, 2016). A company’s employees need to be fully equipt with the appropriate resources to help them ultimately succeed.

American Airlines’ HR professionals also influence organizational culture through three main categories: compensation and benefits, training and development, and Human Resources leadership. The company’s choice for how much they pay their employees can hugely impact a company’s culture (Miller, 2020). Employees want to feel valued and respected. Therefore, it is important for the organization to invest in their employees by paying them based on the competitive airline industry. Not only pay, but benefits also play a role in this influential culture (Miller, 2020). One perk at American Airlines is that all employees are given reduced airline fees to travel around the world. This benefit establishes a positive addition to the company’s culture by allowing employees to really explore the destinations that American has to offer. Incentive strategies can also play a part in employee motivation and behaviors (Miller, 2020). Establishing a bonus structure or incentive strategy could promote positivity throughout American Airlines, while also increasing productivity and efficiency.

American Airlines’ culture is also influenced by its training and development strategies. A company’s training options can show whether an organization is viewed as being supportive to employee development (Miller, 2020). This is an important topic as many job seekers want the ability to grow and develop within an organization. Training programs also show employees that the company is investing in them to promote professional growth. The types of training offered can influence the company culture (Miller, 2020). For example, American Airlines has offered diversity and inclusivity training to employees in the past. This training program aligns with American’s mission and values, and helps engage employees at work. American has also required anti-harassment training for certain employee departments. This training session demonstrates how much importance the company puts on specific policies and sets the tone for what the company stands for and values. In this case, American is demonstrating their values by promoting the health and safety of their employees in a work environment.

Human Resource leadership is another influential category that can affect a company’s organizational culture. HR professional leaders are usually role models, mentors, and coaches. These individuals help build the bridge between employees and management, therefore, they need to be great communicators. These professionals need to have the knowledge and expertise to help employees be more aware of labor laws, hiring rules, and benefit and compensation issues. Having this type of HR professional at a company will only increase the positivity of the company culture. HR professional leaders also play a role in the recruiting process. They have the opportunity to hire new individuals that not only have the required resume skills, but also have cohesive soft skills, such as personality, that align with the company (Miller, 2020). This allows the recruiting leaders to choose candidates that fit in with the existing culture of American Airlines.

American Airlines’ organizational culture puts an emphasis on the company’s employees focusing specifically on the “human element of human resources, leadership, and business interactions and communications” (Creighton, 2019). Even so, there is room to improve the culture and make it better for the employees and the business. The company’s HR team takes on a leading role in influencing the organizational strategy and culture to become successful.

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