The Role of Leadership and Technology in Successful and Sustainable Airline Management: A Case of Two Carriers

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ABSTRACT

A study about the role of leadership and technology in successful and sustainable airline management was conducted to further the knowledge concerning the effects these factors have on the sustainability of airline business. The goal of the study was to identify suitable leadership approaches, core and enabling technologies that are of importance for airline executives in the context of the global nature of the industry and its challenging, competitive environment. Conducting interviews with former executives from Continental Airlines and Lufthansa German Airlines and with C-level managers from airlines unaffiliated with these carriers provided insights concerning adequate methods to lead airlines that experience operational, organizational, or financial crises. One of the findings of the study, which was conducted by evaluating successful crisis management programs of Lufthansa and Continental Airlines, is the need to integrate both core and enabling technologies with a leadership approach that allows organizations to outperform their competitors and, more importantly, maintain their leading position.

Keywords: Airlines, Continental Airlines, Contingency Preparedness, Crisis Management, Information Technology, Leadership, Lufthansa German Airlines, Predictive Models, Revenue Management, Sustainability, Technology

INTRODUCTION

Executives leading international corporations seem to fail within the first three years of their assignment when tasked with increasing the profitability of their organizations while maintaining a sustainable growth strategy (Seshadri, 2007), which is of particular relevance for leaders in the airline industry (Bieger & Agosti, 2006). Such failure seems to result typically from executives’ reluctance to embrace the theory of integrative leadership (Avolio, 2007), approach that combines the leader’s vision and objectives with the organization’s strategic type and structure as well as the core and enabling technologies to avoid a goal-path dissonance. The authors examined the critical success factors essential for sustainable airline leadership.
as well as efficient crisis management. Various scholars have researched international leadership and addressed the issue of global leaders who are aiming for unsustainable growth; yet the question concerning solutions to this dilemma was left unresolved. Applying the findings of management scholars to the airline industry prompted a study conducted with the goal to explore how different leadership approaches and technology can affect the profitability of airlines under adverse circumstances during times of organizational and financial crisis. The research the study concerning leadership and crisis management in the airline industry, which was performed by evaluating successful crisis management programs of two major full service carriers (FSCs), those being Continental Airlines and Lufthansa German Airlines provided insights concerning leadership approaches, core, and enabling technologies that could ensure the success and sustainability of airline leadership.

AIRLINE-SPECIFIC LEADERSHIP APPROACHES

The findings concerning airline-specific leadership approaches revealed that integrative leadership, diversity management, innovation as well as crisis and change management in a global context, has become increasingly important in the 21st century. The recent literature suggests that the topic of crisis and change management especially in combination with risk management and emergency preparedness programs and the respective enabling technologies takes precedence over other aspects. Therefore, one needs to consider crisis and change management a major contributor to effective leadership in the airline industry.

Apart from taking the critical success factors outlined above into consideration, effective airline executives need to align their leadership approaches in a way that allows for innovation and unorthodox problem-solving strategies, empowerment of the workforce, strategic realignment of organizational and individual objectives, and finally an organizational culture of entrepreneurialism (Brenneman, 1998; Bruch, Gerber & Maier, 2005; Lumpé, 2008). Recent findings from scholars in the field of management science and practitioners in the area of aviation management suggest that participative-transformational leadership methods, especially when combined with simulation technologies, could constitute an adequate approach to successful airline leadership in the context of crisis and airline-specific risk management. Although the insights gained from recent research allow for understanding of the mechanics of the change management initiated by Jürgen Weber and Gordon Bethune in the 1990s, little has been published since then with regard to the sustainability of the changes mentioned.

The study was conducted by conducting interviews and collecting narratives from members of the leadership teams of the former CEO of Lufthansa German Airlines, Jürgen Weber, and the former CEO of Continental Airlines, Gordon Bethune, to obtain a firsthand account of their CEOs’ leadership approaches in the context of crisis management that was not covered by the relevant literature. Those participants were members of the former CEOs’ senior staff, as well as individuals who played an integral role in the crisis management of both airlines. The participants were selected based on the following criteria: (a) involvement in the development and execution of the crisis management programs of Continental (“Go Forward Plan”) and Lufthansa (“Programme 93”) at a senior management level and (b) direct interaction with the respective CEOs. Although the “Go Forward Plan” and “Programme 93” were initiated in the early 1990s, both programs were still being executed in 2005 (Bruch et al., 2005; Continental Airlines, 2009). The former Lufthansa and Continental executives were further selected because of their ability to provide insight concerning the sustainability of the organizational changes and innovations implemented under the crisis initiatives outlined above. Additionally, 10 C-level executives were selected from airlines...
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