

# **Guidelines for Change Management for Airline X**

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<p>Organizational change is a vital part of the airline industry. Leading change is considered one of the most important parts of success. This thesis project focuses on creating instructions for Airline X in the development of their change processes.</p> <p>This project started from the researcher's own idea. It was presented to the commissioning company who found it useful and approved the topic. The goal of this project was to create a useful tool for the organization that they are able to utilize in complicated and delicate change situations, which have major impact in the company's working environment and atmosphere.</p> <p>The theory part of this thesis focuses on change management. Communication is also in focus, as well as creating an insight to the current trends in aviation and why change management is important in aviation.</p> <p>The concrete results for this project were created through a case study with qualitative interviews with the employees and management of the organization. The main purpose was to figure out what kind of aspects should be considered in change situations. Results were measured through analyzing the employee satisfaction in change management. Qualitative data analysis was used for creating the results. The learning objective of this project was to gain insight on change situations and how to manage people in these situations.</p> <p>The results of this study suggest that honest and equal communication plays a key role in change situations. Change projects need a project leader and clear alignment, goals and deadlines from the management in order to be successful. Also the role of the HR Department is considered significant as it should offer both the management and the employees tools for the changes. Timing is also important as there should be enough time to prepare for changes.</p> <p>The conclusion of this study is that change management is a critical part of the organization's management processes. The guidelines that have been created through this study could be used in order to create useful management tools for the organization. They may also be used in order to improve the co-operation and communication and create more efficient patterns to enhance the level of change management. Successful change processes involve employees and create employee loyalty, which is important in the constantly-changing aviation industry.</p>	
<b>Keywords</b> change management, organizational change, communication, behaviour in change situations, change readiness	

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# 1 Introduction

This project started from the researcher's own idea. It was presented to the commissioning company who found it useful and approved the topic. Change management is a current issue in the tourism and aviation industry as change is occurring every day. The challenge of this project is that the organization has not been active or supportive about the thesis project and it has been difficult to receive answers or contribution from their side. Change management in aviation industry is important because the travel industry is one of the most vulnerable businesses that is affected by global and local shocks.

*"Change is the only constant."* –Heraclitus, Greek philosopher

During the beginning of this research the commissioning company started massive collective negotiations resulting in nearly 50 per cent of their employees being laid off. It also led into new savings and negotiations with their owner. This complicated the study but also gave it a whole new point of view. The organization has chosen not to allow the company name to be published in this research so it will be referred to as "Airline X".

## 1.1 Research problem and aim of the research

The purpose this project is to create guidelines for Airline X that they are able to utilize in all kinds of change situations, whether large or small. The advantage is that the organization does not currently have these kinds of instructions for the middle management sector, so there is clear need for it. In the study both management and employees opinions are observed. The task of this project is to create a useful tool for the organization that they are able to utilize in complicated and delicate change situations, which have major impact in the company's working environment and atmosphere.

The target is to have an impact in the organizational change processes at Airline X. The project is meant to have immediate influence in the organizational behavior. The objective is to make behavioral patterns that the employees respect.

The concrete results for this project are created through interviewing the employees and management in order to figure out what kind of aspects should be considered in change situations. Results will be measured through analyzing the employee satisfaction in change management. Qualitative data analysis is used for the results. The learning objectives are to gain insight on change situations and how to manage people in these situa-

tions. It is also important to understand why people react strongly to change and why change management is relevant in the aviation business.

Cooperation and CRM (Crew Resource Management) is excluded from this study. Communication between cabin crew and pilots during the flights will not be in focus in the research. Although daily change situations are a part of the everyday processes at Airline X, it will not be in the main focus of this project. The pilots of Airline X will also not be considered in the study as it will focus mainly on the Cabin Crew Members.

The main interest group of the project is the Management of Airline X's Cabin Department as well as the HR Department. The users of the forthcoming solutions and the guide will also be the Management Team as well as the Cabin Crew Members of Airline X.

## **1.2 Structure of the report**

The theoretical framework will consist of the following topic. Chapter 2 focuses on the main terminology of Change Management. A closer look on employee behavior, resistance and loyalty will also be introduced. The impacts of change on airline safety issues and risks are analyzed. In chapter 2 also the Transformational Leadership models are introduced. The focus is also on the significance of clear communication and how that affects the change processes and change readiness.

A short introduction of the commissioning airline is presented in chapter 3. The airline industry is presented in terms of regulations and structure and what is typical in the working environment. The need for change management in the aviation business is also analyzed.

Research methodologies are described in chapter 4. The base of this research is interviews conducted with the Airline X's managers and employees. A case study method was implemented in creating the guidelines and tools for the organization. The reliability and validity of the study is also evaluated in this chapter.

Chapter 5 presents the results of this study with the analysis of the interviews.

The guidelines for the Airline X's change management situations are presented in chapter 6. It is also the end product of this case study.

## 2 Definitions of Change

Organizational change occurs daily in today's business world. The main characteristic of change is that for the most part it is unplanned and gradual. Planned organizational change on a large scale is not so common. These planned changes affect the entire system and are unusual. Revolutionary changes are even more unusual and result in major modifications in the organization's mission, vision and strategy. Most changes develop in either smaller or larger scales and are either planned or unplanned. External changes occur from current and future trends and are usually more rapid than organizational change. The market is continuously ahead of the organizations that depend on it. The organizations must have knowledge on how to understand, lead, manage and change themselves. Continuity is vital for the organizations to survive and to last. (Burke 2011, 1-2.)

There are many types of organizational change. Major changes in technology forces organizations to develop and be aware of new ideas and solutions with various forms of technology used. Changes can also be strategic, which means that the company adjusts its core business idea into external changes. Cultural changes affect the personnel of the organization and can be caused by either expanding the business culture into new areas or implementing new cultural ideas into the organization. Structural changes usually mean combining different tasks or re-forming the organization's composition. This can also lead into changes in scale, for example downsizing. Individual changes in personnel or personal tasks affect the everyday life of the employees. (Lehtinen-Toivola, A. Spring 2014.)

Young (2009, 524-548) has created a theoretical meta-model of change that serves as a useful guide for the effective implementation of planned organizational change. According to his article, approximately seventy percent of planned change initiatives fail. Young shapes his model according to the contrast of the changes' size and speed, nature, continuity and degree of complexity. His theory to guide organizations facing the challenge of change suggests that it is vital to regard change from both organizational- and individual-based change models. He divides the change process into pre-change, consideration, preparation, commitment, do-check-act –phase and the results. Young also underlines that the “new normal” –phase at the end of the change process needs continuous updating in order to be seen as successful.

The fascinating accounts of change and how it occurs is described as phenomenon that gradually spread and turn into significant issues. Fashion trends can often start small and

grow into great movements. Burke (2011, 5) describes the common characteristics of change with facts that:

- Changes are contagious.
- Small causes can have big effects.
- Changes occur at one dramatic moment, not gradually.

Contagiousness does not only mean “epidemics” that are related to health but also telling others about something that you like and getting them interested in the same thing as well. The second claim means that in order to have a large impact, we do not have to do something dramatic and big. Progression is important for understanding change. These small changes can also happen very quickly. The last statement may be somewhat difficult to accept but when it comes to transformations in organizations it should be clear that the tipping point is the moment of critical mass and can occur suddenly and rapidly.

(Burke 2011, 5-6.)

Major changes in organizations are not easy or often successful. When executives or managers try to significantly turn the organization in another direction or fundamentally modify the way things are done, they must provide the members of the organization with a whole new vision of the future. For long-term survival the management must adapt to their environment. Typical changes, however, consist of fine-tuning and require determined decision making. Organizational improvements occur more frequently and work more efficiently. If the organization is doing well, it is often hard to make a case for change. However, the peak of success is the time to plan significant change. Successful change requires steps and phases, adequate communication and gradual implementation. (Burke 2011, 11-12.)



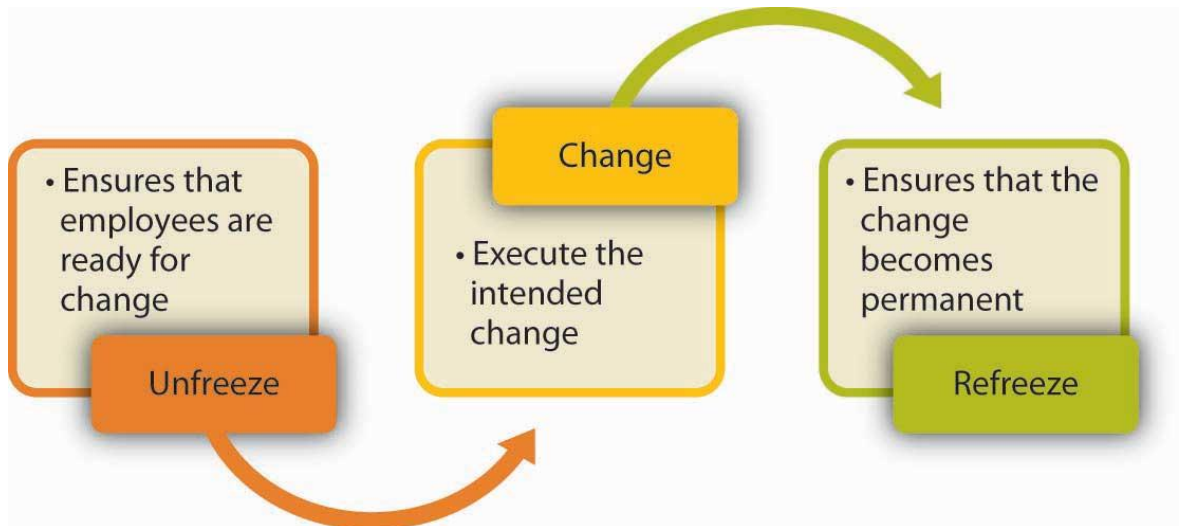


Figure 1. Lewin's Change Management Model (Mindtools, 2014)

Lewin (Mindtools, 2014) has developed a model to understand organizational change back in the 1950's and it still holds true even today (Figure 1). The model is known as Unfreeze – Change – Refreeze, and refers to the three-stage process of change. The model was created by using the analogy of changing the shape of a block of ice. First you must melt the ice and make it amenable to change (unfreeze). Then the iced water is molded into the shape wanted (change). And finally, the new shape is solidified (refreeze). In order to manage the entire change process, it is useful to divide the change into different stages.

According to Lewin's model (Mindtools, 2014), the motivation for change must be created before change can occur. In the first stage a need for change must be accepted. Employees must understand that change is necessary. The organizational change must be started from the actual core of the organization, and it is usually the most difficult and stressful part of the change process. Beliefs, values, attitudes and behaviors are challenged. In the second stage (change) employees start to resolve uncertainty and look for new solutions. This takes time, and it is important that the employees are involved in the process. People need to understand how the changes will benefit them. Time and communication are two key elements in successful change phases.

In the last phase of Lewin's model (Mindtools, 2014), the organization has found a stable situation (refreeze). In this phase the management must make sure that the changes are in use all the time, and that they have been implemented in everyday business. Success in this last phase brings a sense of stability, and employees feel confident and comfortable with the new ways of working.

## 2.1 Leading organization change

Leadership is the most important factor in change situations. It is possible that leaders can either hurt an organization or even destroy it completely. But they can also help their organization and add value to it. There are two relevant arguments for a leader to consider in planned change situations. First, more than one phase of change occurs simultaneously. Second, back-up plans need to be in place because often things do not turn out as planned originally. (Burke 2011, 270-271.)

The crucial success on employee-leader relationships comes from trust. A great leader has credibility that helps form trusting relationships with the employees. Credibility is a foundational characteristic of effective leadership and refers to trustworthiness, expertise and authenticity. Credibility is formed from three different things: the degree of sharing information by two-way communication, the ability to display expertise while remaining open and accessible to employees and matching actions with words by having integrity. If a leader manages to create this kind of an atmosphere, there is less need for watching over people's shoulders and correcting their mistakes. Employees are able to make decisions on their own based on their own judgment. (Burchell & Robin 2011, 27-29.)

There are some tactics that drive successful transformational change. These tactics include setting clear targets by creating a clear structure, maintaining energy and involvement throughout the organization, and exercising strong leadership. These approaches are tightly related to successful transformations of both short-term performance and long-term corporate effectiveness. The most important factor is the ability to engage employees collaboratively throughout the organization and throughout the transformation journey. Building leadership capabilities is also important for maintaining long-term organizational strength. An effective way to do this is to focus on the positive things and achievements, instead of underlining the problems. (Keller, Meaney & Pung 2010, 1-5.)

When creating a change plan, there are some approaches that are tied to success. The company's present situation must be assessed strictly, identifying the current state of corporate capabilities as well as the issues that require change. The organization must also identify mind-sets that must be changed for a successful transformation. It is helpful in the first phase of change to divide the process into specific and clearly defined initiatives. Risk management and project management skills have not been proven to be the most effective in transformations. A key success factor is employee engagement as early as the planning process emerges. Strong leadership and maintaining energy for change among employees are two extremely important principles. When roles and responsibilities are

clearly set, employees feel accountable for delivering results. Leaders should act as role models and make sure that the communication is ongoing throughout the process. (Keller, Meaney & Pung 2010, 1-5.)

The competence of a great leader comes from coordination, oversight, vision, reliability and honesty. Employees respect leaders who know what they are doing. Coordinating resources intelligently from a financial and a people perspective creates trust. Coordination relies upon involvement from the people who are carrying out the work, and effective communication. The leader has the responsibility to make the decision, or to implement the suggestions of the employees. Good decision-making is a signal of a leader's ability to coordinate. Having oversight and assigning employees with meaningful responsibilities creates a sense of autonomy in getting the important work done. It is also motivating for the employees because they are trusted to make the right decisions according to their job description. (Burchell & Robin 2011, 38-48.)

A leader's ability to have vision comes from driving the company to the desired direction with the help of effective communication. It is inspiring to follow the organization's values and immediate priorities. In the best companies, employees understand what the values look like in the context of their work. Leaders use values to explain their decision-making processes and reward the employees for living up to those values. (Burchell & Robin 2011, 38-48.)

A great leader also has integrity and is prepared to answer questions concerning the integrity of the decisions that are made. Reliable leaders communicate honestly and share the whole truth, not just portions that are technically true and not potentially harmful for the organization. (Burchell & Robin 2011, 38-48.)



Figure 2. Kotter's 8-step Change Model (Mindtools, 2014)

John Kotter, a professor at Harvard Business School, has created an 8-step change process model that is based on leadership and change management (Figure 2). The eight steps in leading change are (Mindtools, 2014):

1. Create urgency.
2. Form a powerful coalition.
3. Create a vision for change.
4. Communicate the vision.
5. Remove obstacles.
6. Create short-term wins.
7. Build on the change.
8. Anchor the changes in corporate culture.

## 2.2 Transformational Leadership

Without leadership, planned organization change will never be successful. It is the leader's task to bring together the external environment with the organization's mission, strategy and culture, and provide a vision of the change goals. Experiencing leadership is relatively individual and employees may have different views on what makes a great leader. The main difference between leaders and managers is that leaders have a more personal touch to the organization. Managers do not relate as intuitively but more according to their role. Transformational leadership is a term describing leaders who adapt to change. It is the opposite of transactional leadership that focuses on the leader-follower relationship as a transaction that separates these positions from each other. Transactional leaders are

those who exchange one thing for another by rewarding for productivity, for example. (Burke 2011, 216, 246-250.)

The transformational model of leadership emphasizes stimulation and inspiration of the followers in order to achieve extraordinary outcomes as well as develop their own leadership capacity in the process. Transformational leaders help followers grow and develop into leaders by responding to their individual needs and by empowering them to achieve objectives and goals of the individuals, the group and the larger organization. Transformational leadership can move followers to exceed expected performance. It can also lead to high levels of follower satisfaction and commitment to the group and the organization. (Bass & Riggio 2006, 3.)

According to Bass & Riggio (2006, 5-7) transformational leaders do more with colleagues and followers than set up simple exchanges or agreements. They act by employing one or more of the four core components of transformational leadership. Leadership is charismatic and inspires the followers with challenge and persuasion. A transformational leader provides both meaning and understanding, and is intellectually stimulating by expanding the followers' use of their own abilities and strengths. The leader provides support, mentoring and coaching. These four components of transformational leadership are:

- Idealized Influence (II)
- Inspirational Motivation (IM)
- Intellectual Stimulation (IS)
- Individualized Consideration (IC)

### **2.2.1 Idealized Influence**

The idea of transformational leadership is for the leader to behave as a role model to the followers. The followers admire, respect and trust the leader, who underlines the followers' capabilities, persistence and determination. There are two aspects of idealized influence: the leader's behavior, and the elements that the followers attribute to the leader by. These leaders manage to reassure others to act as they wish, and they are willing to take risks. They demonstrate high standards of ethical and moral conduct. (Bass & Riggio 2006, 6-7.)

### **2.2.2 Inspirational Motivation**

Transformational leaders motivate and inspire people around them by providing meaning and challenge to the work. Team spirit is an important factor, and is encouraged with enthusiasm and optimism. Leaders involve followers by clear communication and demonstrate commitment to goals and shared vision. (Bass & Riggio 2006,6-7.)

### **2.2.3 Intellectual Stimulation**

The main idea of transformational leadership is to stimulate efforts to be innovative and creative. This is done by questioning assumptions, reframing problems, and approaching situations in a new way. Creativity is highly appreciated. The followers are included in these processes and encouraged to positive criticism. (Bass & Riggio 2006,6-7.)

### **2.2.4 Individualized Consideration**

The individual needs of the followers are paid special attention to. They are developed to higher levels of potential. New learning opportunities are created for the individuals along with a supportive climate. Individual differences are also taken into consideration by creating a learning atmosphere that is accepting and encouraging. Followers are also encouraged to two-way communication, and the interaction between the leader and the follower is personalized. Individually considerate leader listens effectively, and delegates tasks as a means of development. (Bass & Riggio 2006, 6-7.)

Transformational leaders have charisma, energy and determination. Employees like a sense of belonging and good leaders encourage their efforts, listen to their ideas and acknowledge their contribution. Personal contact is and intimacy is highly valued. The following model (Figure 3) emphasizes the role of a leader and explains the main principles of the advantages of transformational leadership. (Oakridgecentre, 2015.)



Figure 3. The Model of Engaging Transformational Leadership (Oakridgecenter, 2015)

The model highlights the need to *engage individuals* by showing genuine concern, by encouraging questions and simply by being accessible. Providing an individual with a sense of personal value creates personal motivation. The model also seeks to *engage the organization* by inspiring others and by creating a sense of meaning and purpose with focus on team effort. *Moving forward together* in this model means that the organization has a shared sense of value, purpose and approach. Networking is vital in order to draw the talents of others. Shared vision also helps tackle the obstacles and issues on the way. (Oakridgecentre, 2015.)

### 2.3 Employee behavior, resistance and loyalty

There are several behavioral factors that affect successful change. Leaders should understand human behavior in order to gain long-term and sustainable change. Employees need to feel that change matters. The story behind change should have the power to motivate employees to push their performance to the next level. Influences should come from beyond the organization and include the working team, customers and individual interests of the employees. This helps inspire commitment for the transformation. Change also must be seen as fair. Whenever organizations make changes to their structures, processes or systems, they must pay attention to the process and the outcome to be fair for all employees. (Aiken, Galper & Keller 2008, 46-53.)

Another influential factor in helping change last is positive feedback and active learning. Focusing only on defining and fixing a problem is not necessarily a very effective way to handle change. Attending more to the success instead of the mistakes is far more preferable in order to improve performance. Understanding that emphasizing the positive impacts of transformation brings added value to the process. When employees are engaged actively in the learning process, the results will be much more sustainable. The management needs to take into consideration that changing behavior requires changing the mindset of the employees. This means that it is necessary to appreciate why people act the way they do and understand that influencing their mindset can help them change their behavior. (Aiken, Galper & Keller 2008, 46-53.)

When managing change, it is also important to take into consideration that employees will not change unless their leaders do. Leaders must commit to role-modeling behaviors and include themselves as part of the problem that needs to be changed. They must also have thorough insight on their employees' duties and vice versa. This helps understanding the working environment and the issues in it better. Personal involvement is the key and listening to the employees creates effective and long-lasting change that makes employees committed and loyal to the organization. Employees need to feel actively involved in making change and also deciding what and how to change. (Aiken, Galper & Keller 2008, 46-53.)



## The Prosci Change Management Methodology



Figure 4. Prosci's organizational change management process (Change Management, 2015)

According to Prosci's (2015) model, the change process can be divided into three phases. These phases are:

1. Preparing for change

The first phase aims at getting ready for a change and provides situational awareness that is critical for effective change management. Phase 1 includes as-

sessing change characteristics profile, organizational profile, change management strategy, team structure and the roles of the sponsors.

## 2. Managing change

In the second phase the critical plans for the change are created. This includes communication plans, sponsorship roadmap, training plan, coaching plan and change resistance management plan.

## 3. Reinforcing change

This phase helps the teams create action plans that ensure the change is sustained. The results are measured with the help of reinforcement mechanisms, compliance reports, corrective action plans, individual and group recognition approaches, success celebrations and after action reviews.

Prosci's (2015) methodology is set apart from other change management methodologies with the linkage between individual change management and organizational change management. Prosci's theory suggests that linking these two tightly together ensures the best business results.

### **2.4 Communication**

Communication is an important part of management processes. Communication influences the employee's entire experience at the workplace. Genuine two-way communication is a healthy part of a functional working environment. With thorough information, employees understand business decisions, even if they do not always work out in their favor. Effective communication is *informative* and *accessible*. In the best organizations, employees receive informative communication from both senior leaders and middle-management. The communication from the middle-management can be more tactical in nature, providing a sense of direction for the day or the week. In some organizations, managers are given additional tools and support for their efforts to communicate directly with employees. One main theme in organizational communication is that information is made available to the people as soon as possible after its initial release. This creates credibility, respect, fairness, pride and companionship between the employees and the management. (Burchell & Robin 2011, 29-38.)

### **2.4.1 Informative communication**

Informative communication means that leaders give employees the information they need to do their job and make expectations clear. There are many tools for informative communication, whether it is done by face-to-face meetings, newsletters or blog postings. Typical ways to keep the employees aware of the company's situation and goals are informing about the events of the week and providing an opportunity for the employees to ask questions from the management. The purpose is to give the employees a sense of accomplishment and meaning. Information should be available and unedited, when given to the employees. Many managers prefer to have the two-way communication channel open every day by encouraging employees to see them whenever they feel a need for it. (Burchell & Robin 2011, 30-34.)

The biggest mistake managers make in the area of informative communication is to simply communicate more often, rather than considering the tools or the type of information being communicated. Leaders should always take into consideration their audience when choosing methods to communicate. Sometimes a quick stand-up meeting is the most effective way to communicate, if there is no time to sit down in lengthy meetings. Employees are always looking for information that matters to them and often translate communication to their own function in the organization. It is recommended that managers translate company results into the work unit of each department. They are in the best position to make information relevant to their employees. (Burchell & Robin 2011, 30-34.)

### **2.4.2 Accessible communication**

Accessible communication means that leaders give straight answers, and employees believe they are approachable. Employees should also feel comfortable around their managers, and feel that they really listen to what is said. Accessible communication also underlines non-verbal communication. A good manager visits employees at their workstations, rather than always inviting them to their office. It is important that the employees feel comfortable in approaching the managers. (Burchell & Robin 2011, 34-38.)

Another important part of accessible communication is honesty. Communication is not only about sharing facts, but also opinions, reactions, emotions and hopes for the future. Accessibility also comes from answering the toughest questions and making yourself vulnerable in that situation. (Burchell & Robin 2011, 34-38.)

## **2.5 Change readiness**

According to Burke (2011, 111), there are three ways to help organizational members deal with change: conceptually, by achieving closure, and through participation. Giving employees a way of thinking about what they are experiencing can be useful. Change is seen as something that starts and stops, or when something that used to happen in one way start happening in another. Employees must let go and stop identifying with the old habits before they can embrace the new ones. This includes giving up roles, positions or titles and setting their minds up for transition. After this is done, it is time for reorientation and attaining a new psychological place. Then, the new beginning allows people to learn new skills and competencies, make new relationships, and develop a new vision for the future.

Letting go of the past and achieving closure are the most relevant parts of surrendering to change. Naturally, there are individual differences in change readiness. When new things are introduced in organizations, employees spend a lot of energy trying to deal with the incompleteness of finishing the old business in the former way. This might sabotage change. Providing ways for organization members to disengage from the past helps them focus on the change and the future. (Burke 2011, 112-113.)

## **2.6 Safety issues and risks in change situations in aviation**

According to the article by Thurlow and Mills (2009), change creates fear. This is reflected in the sense making process and results in different parts of the organization to talk about change differently. The aviation business is all about the safety and security of the passengers. The cabin crew has a major role in safety performance and all safety matters are strictly standardized through procedures. Safety policies and regulations are issued by aviation authorities and airlines are key elements of safety behaviors. These procedures are followed by each crew member, and only the captain of the aircraft has the authority to change the procedure, if the safety of the aircraft or the passengers is somehow threatened.

Cabin crews are crucial to the safety performance of airlines. The level of overall safety is often seen in the light of teamwork, organizational commitment, work engagement and performance. Safety climate and safety training are widely recognized as major influential to employees' safety behavior. (Chen & Chen, 2014.)

According to the study by Chen & Chen (2014), job demands such as physical, social, or organizational aspects of a job that require physical or mental efforts, are associated with

certain psychological costs. This might influence the cabin crews' abilities to achieve work goals, and/or stimulate personal growth, learning and development. In-role safety behaviors refer to employees correctly using protective equipment, obeying safety policies and properly performing safety procedures, to reduce the risk of potential hazards and injury. Job demands include two dimensions: work overload and emotional demands. Large organizational changes could cause both. The results in Chen & Chen's (2014) research indicate that when cabin crew is faced with work overload or intensive emotional demands, they may hesitate to carry out proactive safety behaviors, actively report safety issues to the management and also neglect basic safety routine duties. Airlines are obligated to ensure that every crew member follows the standard safety operating procedures while on duty, and encourage them to take initiative to promote safety concepts and operations.

### **3 Push factors for change in the aviation business**

In this chapter the source of this research is introduced. The aviation industry in Finland is presented on a general level. The purpose is to create a base and introduce the objectives regarding this research and why change management is an important issue in the aviation business.

#### **3.1 Current trends in aviation**

According to Airline Trends (2014), the global aviation industry is facing trends with new commercial innovations in response to changing the cultural, technological and economic trends. The biggest current issue in aviation is finding cost-efficient aircrafts to meet the high costs of fuel. Many airlines are ordering new aircrafts from both of the largest aircraft manufacturers in the world: Boeing and Airbus. New generation aircrafts are more environmentally friendly and burn less carbon-based fuel. The average life expectancy of a new plane today is at least 30 year (Global Change 2014). The economic pressure pushes airlines to create solutions through ancillary services in order to be profitable. The models and strategies of many regional and international airlines are a mix between high-end airlines and low-cost carriers, when it comes to the services.

New aircrafts create possibilities for the airlines to build on-board products that exceed the expectations of the customers. According to Airline Trends (2014), the top ten innovations or experiences in 2014 were the following:

1. Sky Lounge and Family Couch on new B777-300 (China Airlines).
2. New Business Class (Air Lingus).
3. Beyond First Class 3-room Suite (Etihad).
4. Fixed headrest support at Economy seats (Etihad).
5. New A330 Business Suite (Qantas).
6. "Wander Wall" concept that introduces the planes galleys to the passengers (Virgin Atlantic).
7. Electronic bag tags and baggage trackers. (Air France-KLM).
8. Business Class "table shelf" with USB-connection (South African Airways).
9. Buy-on-board food packaging (India's low cost carriers).
10. The Lost & Found Team who return items a.s.a.p. (KLM).

Most of these innovations are enabled due to new technologies on the new aircrafts but luckily there are also many service-related innovations on the list.

Another innovative trend is creating strategies for delivering even better passenger experiences. The products, service delivery and brands have a significant role in creating these. Service innovations are developed in various elements of the onboard passenger experience, such as cabin, seats, in-flight entertainment, catering, amenities, hospitality, etc. There are several examples of airlines that have brought new technologies to their in-flight service by using Nokia smart phones, Google Glasses, Sony Smartwatch or different mobile applications. Service-wise these innovations include on-board nannies at Gulf Air and Etihad Airways, customer service training with Disney at Air Canada, or co-operating with designers when creating uniforms (Moods & Norwegian) and onboard textiles and tableware (Marimekko & Finnair). All these innovations encourage airlines and crew members to create higher service experiences for the customers. (Airline Trends 2014.)

The main focus of every travel company must be the customer. Experience, quality and convenience add value for money for the customer. The airlines must have strategies that are flexible and consist of alternative strategies in case of sudden events happening in the world. Strategies must be well-prepared and well-managed. New ideas should be imaginative but also very efficient. (Global Change 2014.)

### **3.2 Challenges facing the global aviation industry**

The travel and hospitality industries are amongst the most vulnerable to global or local shocks. Oil prices create constant pressure to the industry. New technologies will help airlines create strategies which bring significant energy savings. However, aviation is the fastest growing cause of emissions. The amount of CO<sub>2</sub> emissions doubled between 1990 and 2004, and is the largest cause of global warming. Replacing old planes with more fuel-efficient ones will help the industry to increase energy savings, but due to the long service life of the current fleet, new aircrafts sold from 2010-2020 may only contribute 1 per cent of aircraft miles flown in 2020. (Global Change 2014.)

According to Global Change (2014), the fuel economy in aviation can also be improved by:

- Fuller plane occupancy
- Better air traffic control
- Flying more slowly
- Steeper landing paths
- Increased use of turboprop aircraft for shorter distances
- Reduction in plane vapor trails

All the above-mentioned features save energy and fuel, and are more cost-efficient for the airlines.

Skift (2014) states that three major challenges facing the aviation industry are: **safety**, **convenience**, and **environmental and financial sustainability**. Although flying is the safest way to travel, accidents do happen. The risk with major tragedies is that the number of fatalities is usually large, when incidents occur. Accidents always touch people's hearts and emotions, sometimes the passengers even become more and more afraid of flying. However, all accidents create better systems and regulations that improve the safety once again. An enormous amount of data is created on all flights all over the world. This data collection is the most significant tool in the safety of aviation.

Flying is such a common way of transportation these days that many people travel often whether it is for business purposes or leisure. Safety is undeniably the most important issue in travelling, but when it comes to the convenience, functioning customer experiences matter the most. The quality of the products has improved significantly over the past few years. It is a fact in any case that travelling and flying require a lot of patience and can be quite frustrating sometimes. Sharing information has become easier and more up-to-date with the help of mobile technologies. And the future of innovations is looking bright for the aviation industry. (Skift 2014.)

Sustainability is challenging for the airlines as stated already earlier. The more efficient the flight operations are, the better it is for the economy. Pilot training also plays a significant part in sustainability. There are many ways of controlling the aircraft; some are more environmentally friendly than others. This also has direct influence on the fuel-efficiency and profitability of the airlines. (Skift 2014.)

### **3.3 What is change in the aviation industry?**

Why is change management important in aviation? As stated above, the travel and hospitality industries are amongst the most vulnerable industries when it comes to global or local changes. All airlines live in a constant phase of change, and they need to have well-planned strategies and back-up plans for any situations that may occur in the world. The aviation world can change globally in less than one hour. Management and leadership require the ability and tools to think ahead. In a service-based industry the most important asset of an airline are its employees. It is therefore vital that all changes are implemented with consistency, fairness and by considering the employees as individuals. Different-



scale changes have a different impact which means that the managers responsible for the changes must have a variety of tools to use in different situations. (Global Change 2014.)

### **3.4 Laws and regulations**

The Aviation industry is based on strict combinations of Aviation Laws set by different organizations. One of the main organizations in Europe to affect the civil aviation is the EASA (European Aviation Safety Agency). The Agency develops common safety and environmental rules for the airlines. EASA offers a list of regulations that all civil aviation companies must base their operation on. All airline manuals must be approved by the EASA and they also admit the airworthiness certifications. (EASA 2014.)

The trade association of the world's airlines is called IATA (International Air Transport Association). IATA supports airline activity and helps formulate industry policy and standards. IATA regulations cover all airline distribution, cargo, environment, passengers, operations, safety and security. (IATA 2014.)

The local civil aviation regulatory authority in Finland is called Trafi. The main responsibility of Trafi is to ensure the safety of air transportation as environmentally friendly as possible. They issue aviation regulations, licenses and certifications, safeguard passenger rights and maintain aviation registers. (Trafi 2014.)

Finland has its national airline Finnair, which is the biggest airline in the Finnish market. There are also smaller airlines in both regional, scheduled flights and charter flights. Some airlines are licensed under another country's regulations and operate in Finland, and some are registered in Finland.

### **3.5 Airline X Company profile**

The Airline X used in this research is a Finnish airline which is owned by another Scandinavian company. The primary business of Airline X is wet lease and charter operations, delivering operational flight services for other airlines, tour operators and for other ad hoc flight needs, both long and short term. They focus on operational excellence and high-quality customized services. Their production is based on cost-efficient operations across Europe, the Nordic countries, the Baltic states and Russia. The Airline X aims to provide on-time operations with a customer-focused perspective. Their priorities are safety and security, punctuality and service.

During this research Airline X is going through major downsizing and adaptation of its processes and is therefore a useful source for this change management topic. The downsizing led to approximately 50 per cent of the employees being laid off from the flight operations department, including both cabin crew and pilots. Due to these lay-offs major saving negotiations were started with the owner. All collective agreements with the cabin and pilots were re-negotiated with the help of the employee unions. In December 2014, the owner company will announce its future plans for the Airline X. Best case scenario is that a new fleet will be taken into force and other Scandinavian bases will be founded in both Stockholm and Copenhagen addition to the base in Helsinki. For this research the employees at Airline X were interviewed.

## **4 Method: Qualitative research**

Qualitative research is used for this research. It is a tool for practical development. The methods help understand people and the context within the decisions and actions that take place. Qualitative research answers the question 'why' by analyzing the unstructured information gathered with interviews, notes, feedback, photos or videos. The research process can be carried out effectively providing that the researcher has the necessary skills. The principal skills are analytical, planning, searching, evaluation and organizational skills (Rumsey 2008). Qualitative research wants to understand people's motivation, reasons and actions in a thorough way. It provides detailed information and can progress knowledge in a variety of areas by giving insight into individual experiences. It can help the researcher to analyze behaviors, attitudes and values. (Grbich 2013, 3.)

According to Grbich there are three key issues in general approach of collecting and analyzing qualitative data: person, processes and presentation. The person involves the views and choices of the researcher and the impacts of these to the data collected. The processes relate to the design and methods used, the quality of the data and how it is managed. The presentation means the display of findings and the theoretical interpretation of the analyzed data which is presented to the reader to assess. (Grbich 2013, 1.)

Qualitative research can best help us explore or assess culture, phenomena, structural processes or historical changes. It could involve investigating the behaviors and rituals of a group of people in a particular setting or cultural context. It can also assess experiences, policy changes and its impacts on a specified setting or group. Or it could also focus on documented changes in discourses. The focus questions of the chosen topics are what, how, when, where or why. The researcher should also portray the results subjectively (your own view), relatively (your view compared to others), objectively (taking a distant perspective) or absolutely (as in philosophical arguments). (Grbich 2013, 4-5.)

### **4.1 Case Study research**

In case study research the starting point for solving a case is the research question. The research question is usually based on the data, but it can also be derived from previous theory. The case can be an individual, a group, or a process, and determining the case may be done either before or after collecting the data. The targets of case studies can be rather diverse, as they are usually based on various scientific discussions and theoretical viewpoints. Objectives for case studies can be e.g. producing new theoretical ideas or hypotheses. Case studies are divided into intensive and extensive studies. In an intensive

case study, the objective is to provide a strong description, interpretation and understanding of a unique case. Describing the context creates an important base for the research. Extensive case studies try to find common characteristics, models or theoretical ideas and concepts by comparing several cases. The main focus of case study reporting is to maintain the thread of the study. (Eriksson & Koistinen, 2014.)

According to Silverman (2005, p. 126-127), the basic idea of a case study is to use whatever methods seem appropriate and study a certain case in detail. There may be a variety of specific purposes and research questions. However, the general objective is to develop a thorough understanding of that case. The case may be simple or complex. The common features of case studies are:

- Each case has boundaries which must be clearly identified.
- The researcher must be interested in the case and research strategy must be defined.
- The purpose of a case study is to preserve wholeness and integrity of the case.
- A limited research problem must be established around specific features of the case.

It is typical for a case study to combine qualitative research with quantitative measures. Time and resources reserved for the case study will make guidelines for purposive sampling. A case study also includes theoretical sampling and uses analytic models. (Silverman, 2005, 128.)

## **4.2 Interviews**

When doing qualitative open-ended interviews, the most popular approach is to treat the answers as either describing some external reality (facts, events) or an internal experience (feelings, meanings). It is important to build various ways into the research design, in order to check the accuracy of the researcher's interpretation. Realism is used in the sense that the interviewees describe reality of the situation that is researched. Information is gathered and presented as facts about the subject and the person's opinions. When analyzing the collected data, the interviewees' answers are coded into different sets by separating the push factors and pull factors. During the interview sessions it is important not to neglect what is seen and heard, as well as how people are behaving and treating others. (Silverman, 2005, 154-158.)

### **4.3 Implementation of own studies**

In this chapter, the data collection process of this research is described in detail. It consists of planning the interviews, the implementation and selecting the target groups and describing the phases of the data collection.

#### **4.3.1 Planning**

Interviews were selected as the data collection method because it was believed to be the best way to receive precise views and opinions directly from the cabin department of this organization. Four in-depth interviews were made and the interviewees were selected carefully among three different levels in the department:

- Two managers
- One supervisor
- One employee

The goal was to receive as many different viewpoints as possible on the research topic. The interview guides were created specifically targeting the group of the interview. Appointments were made in order to do the interviews. The original plan was also to speak with the HR department and interview their manager, but after several e-mails no response was received from them. Therefore the HR department's role in this research is based only on the responses from the employees, and how they have experienced the situations and co-operation with the different departments. This was a huge disappointment, as this research was made for the commissioning company and therefore their participation should have been more active. It would have also made sense to receive direct information from the HR department as well in order to understand the co-operation processes.

#### **4.3.2 Implementation**

In order to ensure anonymity of the interviewees, the interviews are coded in the following table (Table 1.) In this table the dates and lengths of the interviews are also listed.

Table 1. Interview coding

Code	Title	Date	Length, min
B1	Cabin Crew Manager	December 10, 2014	38.47
B2	Cabin Manager	December 10, 2014	43.00
B3	Senior Cabin Crew Member	December 18, 2014	40.26
B4	Cabin Crew Member	December 18, 2014	36.24

All interviews were made in Finnish and transcribed afterwards. The Finnish language was a natural choice as all interviewees were Finnish and it was more natural to receive precise answers in their mother tongue.

#### 4.3.3 Data collection

The data collection in this research was done through semi-structured, qualitative interviews. The interviewees were employees of the organization, from different levels: two of them were managers, one cabin senior and one cabin crew member. The interviews were made in the organization's facilities during a reserved appointment. The questions were created in advance as interview guides, but altered a little bit in every situation according to what was said already during the interviews. The interview situations were quite informal but all interviewees were asked the same questions. Two different interview guides were created, in order to get more specific information of the particular group's opinions about the subject. Some questions were altered during the interviews, if the response was clearly already given. The aim was to get a deep insight into the organization's policies on change management, and what they feel should be improved. Also, one of the subjects was to clarify if there is a connection between change situations and safety onboard the aircrafts. The questions were created by the researcher based on the theory part of this research.

The main themes of the questions are presented in the following table (Table 2.).

1	General information about the interviewees
2	Definitions of change <ul style="list-style-type: none"> <li>• describing different types of changes</li> <li>• current status of change management in the organization</li> </ul>

	<ul style="list-style-type: none"> <li>responsibilities in change situations</li> <li>nature and importance of change</li> </ul>
3	<p>Communication in change situations</p> <ul style="list-style-type: none"> <li>how is it handled</li> <li>communication tools</li> <li>anticipation</li> <li>giving out information</li> <li>following the implementation</li> </ul>
4	<p>Employee behavior, resistance and loyalty</p> <ul style="list-style-type: none"> <li>reactions to change situations</li> <li>how to avoid resistance</li> <li>employee loyalty in change situations</li> </ul>
5	<p>Safety issues concerning change in aviation</p> <ul style="list-style-type: none"> <li>safety onboard</li> <li>avoiding the effects</li> <li>employee workload</li> <li>level of fatigue</li> </ul>
6	<p>Change readiness</p> <ul style="list-style-type: none"> <li>motivating employees</li> <li>selected target groups</li> </ul>
7	<p>Follow-up and results</p> <ul style="list-style-type: none"> <li>how the results are followed</li> <li>correcting actions</li> <li>reporting</li> <li>suggestions</li> </ul>

Some sections of the theory part were also filled in after the actual interviews, in order to get a more thorough insight of the subject.

All interviews were audio-recorded. Recording helps the interviewer concentrate on the situation and what is being said, as well as lead the conversation and make follow-up questions. The records were then transcribed into text form, leaving out filler words and laughter in order not to show the reaction and attitude for the questions during the interview. However, there was significant focus on the way things were said. Data was collected during two different days so it was important to undertake some initial analysis in between and after the interviews. In order to maintain full focus, it would be more efficient to divide the interviews into separate dates.

#### **4.3.4 Analyzing the data**

Transcribing the interviews is extremely time-consuming. The transcribed files were saved as separate documents in order to maintain anonymity of the interviewees. It is also important to be able to distinguish between any topic headings used as well as the questions and responses. Data collection and data analysis are an interactive set of processes. Analysis occurs during the data collection and after it. The interactive nature of data collection allows recognize important themes, patterns and relationships as the data is collected. As a result it is possible to re-categorize these themes to see if they are present in the collected data. (Saunders & Lewis & Thornhill, 2009, 485-489.)

A deductive approach was used in this research, meaning that existing theory base formulated the research question and objectives. The theoretical framework helps organize and direct the data analysis. Commencing the research with the theoretical perspective has certain advantages. It will link the research into the existing body of knowledge in the subject area, help get started and provide initial analytical framework. First, it is important to identify the main variables, components, themes and issues in the research project and the predicted relationships between them. The theoretical framework is used to start and direct the analysis of the data. (Saunders & Lewis & Thornhill, 2009, 489-490.)

In this research the data is analyzed through categorization of meanings. According to Saunders & Lewis & Thornhill (2009, 490-491), the main purpose of the data analysis processes is to interact with the qualitative data in order to:

1. comprehend them;



2. integrate related data drawn from the collected data;
3. identify key themes or patterns for further exploration;
4. develop theories based on the patterns and relationships;
5. draw and verify conclusions.

Categorizing data involves two activities: developing categories and attaching these categories to meaningful parts of data. By recognizing the categories, it is possible to draw conclusions of the data as well as analyze it quantitatively. Categories may be derived from the data by using codes or labels that are used to group the data. They provide an emergent structure that is relevant to the research project to organize and analyze the data further. When interpreting and categorizing the data, it is useful to utilize terms that emerge from the data. The categories will then provide a well-structured, analytical framework to pursue the analysis. These categories must have two aspects; an internal aspect that is meaningful in relation to the data and an external aspect that is meaningful in relation to the other categories. During this approach, the analysis develops into a more hierarchical interpretation. (Saunders & Lewis & Thornhill, 2009, 492-493.)

#### **4.4 Reliability and validity**

In doing research we try to advance knowledge by aiming to get closer to the truth of the matter while realizing that truth is a very elusive concept. The concept of the truth shifts depending on whose truth is being portrayed. The truth can also be viewed from different angles. The purpose of research is to reduce uncertainty by using the best and most transparent approaches available. Objectivity means that the researcher is taking a distant perspective on the research problem. The characteristics of qualitative research consist of reliability (dependability) and validity (trustworthiness). Reliability is viewed as a sound research design. Validity is seen as getting to the truth of the matter. (Grbich 2013, 4-5.)

When developing an abstract theoretical explanation of the data collected, there should be strong links to the research question, to the literature and to any specific forms of data analysis that have been undertaken. During this seamless process previously identified theories are applied and theoretical interpretations of a conceptual nature and the development of models of best practice may occur. When theorizing the process, you take the results of your research and look at them through the lens or frame of one or several theoretical or conceptual positions. This helps you make further sense of the results and to lift the analytical discussion to a more abstract level. (Grbich 2013, 291.)

In qualitative research the distinction between data gathering and data analysis is not always as clear as in quantitative research. The researcher's presumptions will affect the gathering of the data. The questions posed to the interviewees will largely determine the answers you get. The analysis will affect the data and the data will affect the analysis. Therefore it cannot be determined that the data analysis phase is separated from the data gathering phase. There is often activity between the various phases in a qualitative research project. It is however useful to think that the data analysis phase logically follows the data gathering stage. In qualitative research the researcher will often end up with a huge amount of data. It needs to be determined what to do with all of it. For example, when interviewing several people you may end up with dozens of pages of written data and it is impossible to include all of that in a thesis. The data needs to be reduced or edited into a manageable form. Qualitative data analysis approaches enables this. It is not enough to reduce the data, but it should be transformed into something meaningful regarding the research and the intended audience. The more data have been collected, the more validity there is for the research. (Myers 2013, 165-166.)

Objectivity is important in qualitative research because it will help interpret the results based on the data collected, instead of bringing own ideas and thoughts into the research. The ethical considerations are also vital when doing research that involve real people. The main purpose of the ethical procedures is to protect yourself as well as the research participants. Research ethics can be defined as the moral principles in planning, conducting and reporting the results of research studies. Ethical conflicts may arise during the research and it is the researcher's primary responsibility to protect the people being studied. The main ethical principles of qualitative research are truthfulness, thoroughness, objectivity and relevance. Objectivity means that researchers should not allow their own values or biases to affect the study. (Myers 2013, 48-49.) Including some direct quotations from interviews gives a certain amount of credibility to the research and gives some face validity to the findings. (Myers 2013, 154, 231.)

In this research the interviewees were all professionals of the aviation industry and employees of the Company X. The interview questions had a significant influence in the reliability of this research. The questions were created based on the theory part of this study. The subjects around the questions were identical in all interviews. The interviews were successful and the researcher managed to create natural discussion around the chosen subjects. Reliability can also be assessed with the fact that the interviewees gave similar answers regardless of each other. All answers confirmed similar information and therefore confirmed the reliability and validity of the research.

## **5 Results from qualitative study**

The interviewees have been coded in Table 1. In this chapter the results of the interviews are analyzed and the interviewees' quotes are listed according to this coding. This chapter has been divided into subjects from the interviews. Each subject has quotes from all interviewees in order to confirm the research statements and results. The question forms are enclosed to this thesis as appendixes (Appendix 1 and Appendix 2). The base of the questions is the same but managers and employees were asked some different questions in order to gain a deeper insight of the subjects. During the interviews the questions were asked in a similar order with more informal and personalized detail questions that suited the interview situations and kept the conversation natural.

The flight operations department in the Company X consists of both pilots and cabin crew members. As this research involves change situations in the cabin department, all interviewees were employees of the cabin department. The pilots are excluded in this research. Company X has been going through some major changes in their organization during the past year and during the interviews it was clear that these changes have been hard and taken a lot of energy from both the managers and the employees. From this point of view this research had a current topic and the results would seem to be quite useful for the organization.

### **5.1 Definitions of change**

The idea of the first part of the interview was to come up with a definition of change according to the interviewees. The goal was to determine what kind of changes were considered the most significant to the cabin department's operation and what would be mentioned as minor changes that have less importance in the organization's daily routines. B1 instantly brought up the biggest change of the Company X's near history when the airline was changed into a wet-lease company during year 2013.

The biggest change after I started in this position was in 2013 when the entire business model was transformed from a scheduled airline to a wet-lease company (B1, December 10, 2014).

B2 confirms this by listing the same organizational change as the biggest change that comes to mind in the recent years by stating that:

This change is still an ongoing process and has been surprisingly slow. It has had a lot of impact in so many things, for example our cabin department's collective

agreement has not been up to date after the change as it was developed for a scheduled airline. There have been a lot of changes made to that and in the future there will plenty more as well. (B2, December 10, 2014.)

B2 also criticizes that the management has not quite understood what that change means to the company and how the company is not operating in the traditional way after that change was implemented.

Respondents B3 and B4 mentioned another change situation first and stated that the down-sizing project in 2014 has had the biggest influence in their work lately. Five aircrafts of the company's nine-aircraft-fleet were sold and this led to collective negotiations that resulted in nearly 50% of the employees being laid-off in the fall of 2014.

Of course from the top of my mind I have to mention these past couple of months where half of my colleagues had to go. It was very hard personally to be a part of the group that got to stay and watch your colleagues finish off their careers of many years. It was not easy to get fired for sure, but it was certainly not easy to stay either. (B3, December 18, 2014.)

B4 agreed that the lay-offs were difficult for the entire cabin department by saying that:

I was one of the unfortunate employees who was at the end of the seniority list and was laid-off. It was not easy to work for several months under these circumstances and knowing that in a couple of months you were forced to leave. The whole summer was quite challenging as most of us just kept thinking about it but still you had to come to work every day and do your best. Despite of the negative feelings, my colleagues were a huge help and made it easier to start each day together. (B4, December 18, 2014.)

B1 and B2 were involved in the lay-offs and as managers their roles were significant as they were the ones implementing the change to the employees. The hardest challenge was to motivate the employees as they still had an occupational obligation for several months after they were laid-off. The conclusion was that organizational changes are the most significant changes and have the biggest impact on the employees. Organizational changes not only affect the structure and number of the employees but also the employees' duties.

We had to split the amount of our senior cabin crew group and were forced to downgrade about half of them. That was another difficult process. We had to find ways to motivate these people to continue their work and try to convince them that it

had nothing to do with their personal work performance. The most important argument was to make them understand that it is actually a blessing that we were still able to continue our work at all. (B1, December 10, 2014.)

Major organizational changes in airline companies are actually made easier for the managers, as there is a strict list for employee seniority that is always followed. This means that the managers are not obligated to make personal decisions about lay-offs etc. but are able to follow the list. This also makes it a little bit easier for the employees to understand the decisions.

In our department it is a little bit easier as we have not chosen these people but we have a system that we are using for the lay-offs. It sort of makes our job a little bit easier and I think it is easier to accept that if for example my seniority number is one hundred and that is why I am being laid-off. (B1, December 10, 2014.)

B3 and B4 fully agreed this statement by saying that the list is the most important thing in these situations and makes it simple and easy to understand and accept.

In the aviation industry change is constant. Once one change has been implemented, it is certain that another one is either already on the process or just around the corner. The future plans for Company X were yet undetermined during the research interviews, but B2 revealed that the owner had a lot of big plans for Company X's near future. As major adjustments were made due to the downsizing of the company, future plans may involve a growth plan yet again. A large scale saving program had been introduced to the owners and if those savings were to be approved, a new fleet may be arriving sooner than anyone even guessed. This would also bring along new foreign bases for Company X and completely change the job descriptions of the cabin department. B2 also stated (December 10, 2014) that this would bring the most visible change to the cabin crew members as the changes would be towards growth and something positive for a change.

B2 also underlines (December 10, 2014) that suggestions for improvements are always welcomed, but in the current organizational model the client (the owner) makes all major decisions and this does not allow a lot of possibilities for creative thinking inside the Company X. The most effective way to operate would be to have several clients instead of only one. This would leave more space for improvisation and ideas for the employees as well. Of course the current fleet also sets standards for the operations. With a different fleet it would be easier to meet the demand during the peak season and the more quiet months.

## 5.2 Current level of change management

There seems to be no emphasizing on change management from the top management in the organization what so ever, even though change situations occur almost daily. When the interviewees were asked about the current level of change management in the organization, they all agreed that it is quite poor. The managers identify a clear problem in lack of alignment from the management, as well as missing tools in order to implement changes. The lack of co-operation between the cabin department and the HR department was also seen as a major issue.

I see it as an obvious weakness that we have a person who is supposed to be responsible for the well-being of the employees and that role should be a lot stronger. There should be a lot more guidance for the middle management in these situations. So far I have not received any support from them. I have been very disappointed at that. (B1, December 10, 2014).

B2 fully agrees (December 10, 2014) by saying that the level of change management is weak and that the organization has been quite lost for the past couple of years. The top management has not been aware of the changes and how they impact the employees, and there has been no clear goal as to where the Company X is heading to. When asked if there has been any support from the management, the answer is clear: None what so ever.

The biggest issue in change management from the top management to the middle management seems to be the lack of support and the lack of information. There is no clear pattern how change situations should be handled. This leaves the managers to work out their own tools in these situations. It is clear that change is not only a fact but has a lot to do with emotions and reactions from the employees as well. It should be seen as a process that requires a lot of understanding, motivating, explaining and most of all, presence.

There is also no systematic follow-up from the owners on how changes are implemented. B1 notes (December 10, 2014) that the owners follow sales figures but there is no channel for information. Everything has to be scooped out from someone and the owner company has completely forgotten that the affiliated company also exists. The quality is not measured in any way, or if it is, the feedback is not given to the managers.

When asked the same question from the employees, however, they both agreed that the level of change management is not that bad. B3 stated (December 18, 2014) that all the

information has been available to the employees as often as possible. Even when the managers do not have up to date information, they still inform that to the employees. B4 also agrees (December 18, 2014) and says that during the most difficult and crucial times of the lay-offs, the managers were always available for a face-to-face discussion.

B1 confirms that this was the main goal they set for themselves.

We only received positive feedback from our employees during the lay-offs and they said it was handled very well. I really think that being empathic and being present are the most important things. We discussed with everyone face-to-face even when they were returning their uniforms and all. We also had an employee satisfaction survey just during this time and the results were really good, even though we expected that it could be anything. (B1, December 10, 2014.)

The cabin department's three managers have successfully split all responsibilities and they seem to work very well together. There are duties concerning training and safety procedures, communicating everything with the employees and performing check-flights and making sure that all procedures are up to date and in use. When bigger projects come along, one of the managers usually takes the main responsibility of them and others help out in other ways possible. Team work seems quite fluent with the team of managers.

When it comes to the safety procedures, there have not been any major changes during the past years. Service procedures, however, change very often. The procedures are handed out from the owner company and the managers make sure that the information is shared with all employees. B1 even says (December 10, 2014) that some employees may feel that service issues have superseded the safety issues because they are communicated about the most. The biggest challenge with the service procedures is the lack of right tools in order to implement the changes, or lack of proper information. The owner company might make changes in a very quick schedule and sometimes the changes should be in use even without any instructions on how to implement them. And without proper instructions, employees tend to create their own ways of doing things. This might lead to unwanted results.

Employees may feel that service is the most important subject as we are communicating about it the most. But we are all assuming that our basic rule of safety, regularity and service is very clear to all employees. Service procedures change very often and on a fast schedule, but it is not what our main priority is. (B1, December 10, 2014.)

B3 and B4 agree that the main changes that are affecting everyday-work are the new service procedures. They also both agree that those changes are usually communicated poorly.

Sometimes we receive an e-mail saying that a new menu is handed out to the aircrafts and the start date is x. When you arrive to work that day, it usually never goes as informed in the e-mails. Sometimes we are missing the actual menu cards, the correct products are not loaded with the catering, the correct prices are not loaded in the payment terminals, etc. It is actually quite rare that a change would be so successful that everything would work right away as it is supposed to. That would be a miracle. But we are so used to it already; we just improvise and do the best we can. Of course it is not a nice situation for the supervisors, but there is nothing we can do about it. Except report everything afterwards and hope things work better on the next flight. (B3, December 18, 2014.)

B1 finishes the subject by saying (B1, December 10, 2014) that the most challenging part about change is to motivate the employees to believe in the change and the results even when you do not know yourself what they are going to be. It is hard to convince people without a clear goal. The feedback from the top management in the change situations is also quite rare. B1 states (B1, December 10, 2014), that the best possible reward is to see that the situation is solved and the operation continues despite the difficulties and challenges. She also points out that even though the difficult times business-wise, the past years have been very educating professionally. After going through all these changes, she believes she is ready to face any difficult situations in the future. B1 states (B1, December 10, 2014), that it was the most horrible situation she has been in and the expectations of the results were not that high. Despite all this, the managers and the employees were very pleased with how everything turned out. This was also clearly the message in the survey for employee satisfaction that was implemented during the lay-off process. All results were at a very high level for the managers.

### **5.3 Communication in change situations**

Communication in change situations is also another clear challenge for the organization. For example, during the collective agreements, it is only the company's HR Manager who is allowed to participate in the communication to the employees. Otherwise the managers do not have any specific tools from the management on how to handle the communication. They determine themselves, what the most suitable way is.

Our department has a weekly meeting where we go through all the current topics. We also meet the top management once a month for an update. But they are not



always regular. I see it as a weakness that even everyone in the top management is so focused on their own duties that they forget the support for others. It is almost like they have forgotten us. It is always only about the profit. (B1, December 10, 2014.)

B2 totally agrees with this, by saying that (B2, December 10, 2014) it is a priority that there should be much more information handed out than what is now. She makes a point that even when there is nothing new to tell, you should tell that. When employees do not get any official statements from the organization, rumors start to build up and the facts twist. She says that honesty is the key and everything should always be as open and sincere as possible. The problem is that the company no longer has a person whose main duty is to make sure that information is handed out to everybody.

The managers are all responsible that they gather the information they have and hand out all the relevant things to the right people. First, you have to make sure that the employees understand what is being said. Sometimes it is a good idea to communicate something very thoroughly, but sometimes you really have to choose the most relevant pieces of information and only communicate about that to avoid getting into too much detail that actually makes no difference at that moment. (B2, December 10, 2014.)

B3 and B4 both agree (December 18, 2014), that the managers of their department communicate quite well. There is always someone available at the crew center when something major happens. They are there for the employees, and they show they care by being willing to meet people face-to-face. It is the most important thing for both B3 and B4. The managers also reply to e-mails and phone calls, so there is always a possibility to get an answer to any dilemma. And if the managers do not have the answer, they find out and get back to them as soon as possible.

However, B3 states (B3, December 18, 2014), that the communication from the top management to the employees is not very efficient. They hardly ever get any information about major changes and sometimes they even have to read pieces of news from the newspapers first. There is a weekly information sheet for the employees, but the top management's messages are usually quite vain and do not have much value for the employees.

B4 brings up (B4, December 18, 2014) another relevant subject and talks about communication within the team in change situations.

When the team receives new instructions or pieces of information, it is always gone through in the crew briefing in the beginning of a work day. It is always made sure

that everyone has received the information and understands it. We also always go through the specific procedures and how the changes affect them. So, I would say that communication within the team is in a good level. Of course it is required from us, as we are different kinds of people working together sometimes for many days and away from home. We are trained to communicate clearly with each other, because if something was to happen during a flight, everyone knows their duties and what to say in order for the colleagues to understand us. We are used to this kind of communication and new instructions do not scare us. (B4, December 18, 2014.)

The information is usually given to the managers and employees at the last minute. Both B1 and B2 agree (December 10, 2014) that it would be extremely important to focus on handing out the relevant information much sooner so that there would be time to prepare for the changes. They also underline that there is no preparation made for changes. The managers often see that when A happens, it will definitely lead to B, but still it may take months before actions are taken. This slows down the process and makes it very difficult to prepare for the outcomes. It delays everything and also forces the employees to wait for decisions until the very last minute. It also forces the managers to make the final decisions and actions at a very tight schedule.

There have been some difficult principle issues with the pilots in the change situations. Also some problems have occurred due to the fact that our CEO is Swedish and they might not have the same systems and rules in their country, so understanding our situation also takes time. Sometimes we are not on the same page when we discuss about changes. And sometimes the owners make the decisions at the very last minute, which also slows down our processes and puts us in a very tight situation. We also have to have very good co-operation with our unions because when the changes occur so last minute, we need to be able to negotiate quickly and have mutual understanding with each other. (B2, December 10, 2014.)

B2 also emphasizes (B2, December 10, 2014), that even though it is important that changes are communicated as soon as possible, sometimes it is a good thing that actions have to be taken quickly. There are situations when it is not beneficial to discuss minor details too long. Sometimes the tight schedule is a good thing because it forces quick decisions as well and makes things progress. She also makes a point that all changes have impact in all different departments from flight operations to the payment office and operations center. Time is needed to make sure that everyone understands the new rules and regulations that the changes bring, as well as to make sure that all systems are up-to-date.

There is a lot of fear involved with change situations. It is important to discuss the changes in order to make the fears go away. It is also good to make sure that people understand the consequences of the changes in a correct way. And it is my responsibility to make sure that I communicate the changes to the employees in a way that they understand them. I also want to make sure that employees feel like we are making the changes together and that they are also involved in them. It is not just the employer who tells people how it is. I see it as an obvious thing that this is my responsibility. And sometimes the cabin crew members even stop by and thank me for how something was handled. Although usually if no feedback is heard it means that you have done something well. (B2, December 10, 2014.)

#### **5.4 Employee behavior, resistance and loyalty**

When discussing employee behavior in change situations, it was interesting to see that all of the interviewees agree that everyone reacts to change in a personal way. However, they also all agree that change is so common in aviation that everyone is used to it but that there is always some people who will resist at first no matter what. B1 says (B1, December 10, 2014) that there is always some resistance and some employees that always have a difficult time accepting change. She also points out that there is less resistance if you are able to explain the situation in an understandable way.

There are always a lot of emotions involved in change situations. There is also a risk that the facts are understood differently or that facts change when people start discussing them with each other or on Facebook. I do not see that as a good thing, the social media. I would much rather prefer that people come to me and discuss things face-to-face rather than open up about them online. Those discussion groups are never very positive, but more like a place to complain and focus on the negative. I do not like that. It is not useful and it has a negative impact on our customer service as well as the atmosphere at work. (B1, December 10, 2014.)

B2 agrees (B2, December 10, 2014) that changes are difficult for every employee.

There have not been so many positive changes recently. Of course it would be nice to have new tasks or challenges for everyone, and that the change would bring something positive to the employees. Jumping into something new is always a scary thing. Unfortunately we are not able to offer those positive changes very often in the aviation sector. It is a very difficult time for all airlines right now and somehow people are used to it already, but it does not mean it is easy for anyone. (B2, December 10, 2014.)

B3 says (B3, December 18, 2014) that as a supervisor it is a part of the duties to set an example for everyone on a daily basis. When changes occur, it is not always easy to stay positive and maintain a positive spirit. Sometimes you just have to force yourself professionally and then try to go through things differently on a personal level. Setting the positive example is not always clear to all the supervisors. Some do not care about their position but complain and focus on the negative sides of change. It is hard on everyone, especially when the duties involve a lot of time spent away from home. It is difficult to free yourself from that situation and try to stay positive; especially if people around you are not able to do that.

B4 has a very similar attitude when it comes to reactions to change. It is always important to focus on how you can make things better, and not complain because it does not help. However, B4 points out (B4, December 18, 2014) that when major changes occur, it is vital that someone will listen to you. You should be able to give your opinions and be heard. When a proper conversation with a supervisor or a manager is made possible, there is no need to complain afterwards. Everyone deserves a moment to state their own opinions and feelings, though.

Employee loyalty is also a delicate issue in change situations. Changes have a clear impact on employee loyalty.

Changes affect employee loyalty for sure. Things are changing constantly and it is making people look elsewhere too when thinking about the future. Loyalty is affected when people start losing their faith in this company. We have been very honest with our employees that we are not in a good situation financially. So that definitely has a huge impact on employee loyalty. (B1, December 10, 2014.)

B2 disagrees with this and says (B2, December 10, 2014) that it depends how you look at loyalty. Employees are very loyal towards each other, which makes them loyal to the company as well, regardless of how they feel about the management. Even the ones who were laid-off handled their duties very well until the end of their contracts. The situation has been more challenging after they left. So surprisingly the employees whom the changes had the biggest impact on were the most loyal. B2 also states (B2, December 10, 2014) an important fact that not all changes are always bad changes. There are also positive things happening in the airline industry and faith must be kept that good things are coming as well.

B3 and B4 both state (December 18, 2014) that all the major cuts have forced everyone to start thinking about their future from another aspect. It is not obvious anymore that even if you have a permanent contract, that your future is secured. It has made a lot of employees to start educating themselves and some have also changed jobs already.

## **5.5 Safety issues concerning change in aviation**

When safety was discussed, B1 says (B1, December 10, 2014) that airline safety is the base of all actions amongst all employees and therefore the profound of everything that is done. Safety is also the base of all training and the main reason for cabin crew members to be onboard the aircrafts. According to all the interviewees, change issues are not considered to have influence in safety procedures at all.

If you ignore safety procedures, you also ignore your own safety and nobody will do that. The routines are so familiar to everyone, as they are done on a daily basis and everyone understands that it is base for all tasks. Of course stressful situations might affect your ability to focus but the communication and teamwork are on a great level here. All cabin seniors are there to listen and help other colleagues in order to make sure that everyone feels comfortable about performing their tasks as cabin crew members. (B1, December 10, 2014.)

B2 totally agrees with these statements and says (B2, December 10, 2014) that change situations may affect the motivation of the employees and the level of service, but never safety. The communication is very open in the organization and if an employee feels unfit for a flight, it is always understood. Everyone is responsible for themselves but also for their colleagues and they are able to discuss these issues as well.

B3 and B4 (December 18, 2014) fully agree that neither one of them would ever harm safety even with stressful situations. All employees take pride in what they do as cabin crew members and nobody wants to risk the safety in any circumstances.

As a summary based on the answers from all the interviewees it is safe to say that organizational change does not affect airline safety, only the level of service.

## **5.6 Change readiness**

The most important factor in change readiness is communication. B1 says (B1, December 10, 2014) that all issues are always discussed as well in advance as possible. The problem is that some changes are informed so late that there is no time to prepare for them.

Open communication involves group discussions and individual contact with the cabin crew members.

Communication must be equal for all. It is important to be honest and fair to everyone. That is the most important thing I can do for the employees and after that it is up to them how they process things. We are all different. The only thing I can do is try to make them see the positive side in change. My role is to listen and show them empathy as much as I can. (B1, December 10, 2014.)

B2 says (B2, December 10, 2014) that some changes are initially discussed with the union representatives before the information is handed out. But mainly everything is communicated as soon as possible equally to all employees. Preparation is done if possible, but often changes happen so suddenly that there is no time for that. Change readiness is ensured with proper training that usually starts with senior cabin crew members.

B3 agrees (B3, December 18, 2014) that most changes occur in a fast pace. However, the mentality is that change is a part of everyday life and should be considered constant. Employees are prepared to react to change situations because they are so common.

We face changes every day, both big and small. And our professional skills are in a high level when it comes to change. We must accept them as a part of our job. We must also always be ready to improvise and turn difficult situations around to positive experiences, whether it is with customers or ourselves. The airline business changes all the time and I think everyone is used to that. (B3, December 18, 2014.)

B4 also agrees with these statements and continues (B4, December 18, 2014) that employees understand that the management in this organization has a difficult task in trying to make everyone happy. Most major changes come from the owners and it must be understood that those changes and regulations must be followed. Sometimes there is no time for preparations. The employees respect open communication and honesty from the management and it is important to them that all information is shared as soon as possible. That is the only way they can prepare for changes.

## **5.7 Follow-up and results**

Results for employee satisfaction are followed with a yearly research that all employees can subscribe in. B1 states (B1, December 10, 2014) that the results of this study were surprisingly good in a very difficult and change-filled time. The employees are also able to

report issues with the official channels that also get send out to Trafi. The managers also encourage employees to come and discuss all issues with them in person at the office.

B2 lists (B2, December 10, 2014) the same reporting channels as tools for follow-up.

We follow some figures such as efficiency, price and amount of sick leaves. The dilemma always exists about how to do things as cheap and effective as possible, without putting too much workload on the employees. That is the biggest challenge. Scheduling for example plays a significant role in this. It is much easier to do long workdays if the days-off are scheduled so that people can have enough rest as well. It is also important that rules and regulations are interpreted in the same way and everyone understands them correctly. This is when the co-operation with the union is also significant. (B2, December 10, 2014.)

B3 and B4 feel (December 18, 2014) that the official reporting systems are easy to use and often quite efficient. But they also agree that it is equally important to be able to discuss processes in person with the management. Changes happen often during the work days and it is important to be able to contact the management and be able to hand out feedback as soon as possible. The management is not always able to react to the feedback right away as the owner has such an important role in the operations. But employees feel like the management listens to the feedback and reacts to it as well as they possibly can.

## **6 Development suggestions for change management**

The following list is based on the material from the interviews and the suggestion ideas the interviewees have given. These are the areas that need full focus and improvement in order to make successful changes in the organization.

- Clear alignments and tools for change situations from the owners and top management
- Clear goals and deadlines for changes
- Support and presence from the management to the employees
- Face-to-face communication
- Honesty in all communication
- The roles and responsibilities of the managers (no overlapping duties, clear project leaders)
- Key positions of the managers who have been employed in the organization for a long period (hold on to the valuable information they have)
- The role of the HR Department
- Motivation of employees through participation to change processes
- Concrete follow-up and feedback on the results of change situations

This list of suggestions will be discussed thoroughly in the next chapter of this research.



## 7 Conclusions

Change management is an important part of organizational management. Managing change mainly involves managing people. It is vital to be prepared for changes and to motivate the people enough to avoid resistance. Change in aviation business is constant and airlines must be well prepared to handle the ongoing change situations.

The primary aim of this project was to create guidelines for the Airline X for them to utilize in change situations. This research started with generating the main research questions and with creating the theory base. The commissioner was consulted and they approved the idea without further conversation or participation. The theory part of this research focused on building a base for the study and interviews. The researcher gained deep insight on change management processes while creating the theory part. It was a useful tool when making the interview questions. Participants were all involved voluntarily which made the process interesting. Their opinions and answers were honest, critical and creative. The learning outcome of this project was successful, as the research helped understand the aviation business and the changes behind it.

One of the main challenges in the organizational structure of the Airline X is that they are not able to prepare or react to changes as they see would be best. Most changes are dropped like a bomb just as they are supposed to be implemented already which leaves no time for preparation or consultation with different sectors. The main focus in developing change management should be in the co-operation between the Airline X and their owners. The Airline X needs clear alignments from the top management, as well as clear goals and deadlines in order to succeed.

The management has succeeded in sharing responsibilities amongst themselves, but it is obvious that all major change projects need a project leader who is responsible for the implementation of the process. This also helps in avoiding overlapping duties amongst the management and creates clear tasks and responsibilities for all. In order to succeed, the management needs to be up to date about everything that is happening in the organization as well as the plans and projects for the near future. There is a lot of waiting when the owners do not communicate their plans in advance. There should be more co-operation between the owners and the top management of the organization in order to keep all levels up to date.

The main focus in change situations is open and honest communication. The Airline X's management has succeeded in this as their employee satisfaction survey clearly under-

lines. Face-to-face communication is vital and presence from the management is needed and highly appreciated. This issue has been solved by face-to-face meetings individually or with different target groups as well as presence at the main office where employees meet up before going on flights. The management encourages employees to visit them and talk to them about everything. Their open-door policy is effective. Their main idea is to communicate all the information they have in all change situations. Even when there is no new information to tell, they still say that. It is an important part of making the employees feel as secure as possible, that nothing is kept from them on purpose. Change creates uncertainty and it is important to make the employees feel as safe as possible.

The most efficient way of motivating the employees in change situations is to have them participate in them. This brings solutions that are easier to accept and understand. It is also extremely important for the managers to be aware of the daily routines and how the changes can be implemented in practice. Involvement also increases employee loyalty and leads into better results for the organization. Most stressful change situations have impact in the level of service. Involvement also helps the employees to participate in the change processes and bring their own suggestions to the table.

Another huge challenge for the Airline X is the lack of co-operation between the cabin department and the HR department. There should be more two-way communication and support between them. The HR department's role is quite detached at the moment as it is mainly outsourced and there is no clear co-operation with them. It is easier for the cabin department to rely on their own knowledge of history and the employees, which the HR department is not so familiar with. The fact that all major changes in the near history have been quite challenging and negative also creates a shadow around them. Hopefully the bigger changes that are about to come will have a more positive vibe around them, which would help creating a more constructive atmosphere and increase co-operation within the teams.

The organization also needs a clear system for follow-up and feedback. Most problems are reported by using the official occurrence reporting system. It would however be useful to receive direct and systematical feedback from the change processes as well. Unfortunately the way it works now is that when no feedback is received, it may be assumed that everything is working out quite all right. The middle management has a challenging role between the owners and the employees, and is not able to adapt change processes easily.

The outcome of this project was successful in terms of the final product created. However, with more participation from the different departments, the product could have been shaped into a form that could be used as a management tool in the organization.

Change management is in a good level in the organization, but more could be done in preparing for the changes. It seems that sometimes the owners have forgotten the existence of this company. Clear future goals are hopefully been created now in order to strengthen their position in the airline industry. A wet-lease company should have more flexibility in order to sell their product to other parties as well. This would decrease such intense seasonal changes and make them economically stronger and more stable.

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## Appendix 1. Interview Questions for Managers

- Name and occupation of the interviewee
  
- **Definitions of change**
  - Describe what kind of changes are there? (procedures, organizational)
  - How would you describe a typical change situation in the organization?
  - What is the current status of change management in the organization?
  - Who is responsible for the implementation of changes in different units?
  - How would you describe the importance of these changes, which are considered large or small?
  - What kind of support does the management offer for change situations?
  - What kind of changes are the most difficult and why?
  - What are the most challenging parts about change in your opinion?
  - Would you say that managing change is in a good level in the organization?
  
- **Communication in change situations**
  - How is the communication handled in change situations?
    - Management -> Managers
    - Managers -> Employees
  - What types of communication tools are used?
  - How well in advance are the changes informed?
  - How do you make sure that all employees get the information needed on time?
  - Who makes sure that changes are implemented as informed?
  
- **Employee behavior, resistance and loyalty**
  - How do the employees generally react to change situations?
  - How do you avoid resistance?
  - Do major changes typically effect the employee loyalty for the organization?  
How?
  
- **Safety issues concerning change in aviation**
  - Describe how a change situation might effect the safety onboard?
  - How can you avoid this?
  - Do you consider the amount of workload the employees are experiencing when planning changes?
  - Would you say that the level of fatigue might effect change implementation?

- **Change readiness**
  - How do you motivate employees for change?
  - Do you select a group of people to ensure that the change will be successful and inform this group first?
  
- **Follow-up and results**
  - Describe how you follow the results of the changes?
  - How do you correct situations if the change has not been successful?
  - Is there a way for the employees to report about change situations?
  - What kind of a tool would be useful for the managers in change situations?



## Appendix 2. Interview Questions for Employees

- Name and occupation of the interviewee:
  
- **Definitions of change**
  - Describe what kind of changes are there in your work? (procedures, organizational)
  - How would you describe a typical change situation in your work?
  - What is the current status of change management in the organization?
  - Who is responsible for the implementation of changes in your unit?
  - How would you describe the importance of these changes, which are considered large or small?
  - What kind of support does the management offer to you for change situations?
  - What kind of changes are the most difficult and why?
  - What are the most challenging parts about change in your opinion?
  
- **Communication in change situations**
  - How is the communication handled in change situations by the manager?
  - What types of communication tools are used?
  - How well in advance are the changes informed?
  - How does the management make sure that changes are implemented as informed?
  
- **Employee behavior, resistance and loyalty**
  - How do the employees generally react to change situations?
  - How do you feel about change resistance?
  - Describe how major changes typically effect the employee loyalty for the organization?
  
- **Safety issues concerning change in aviation**
  - Describe how a change situation might effect the safety onboard?
  - How can you avoid this?
  - Would you say that the level of fatigue might effect change implementation?
  
- **Change readiness**
  - How do you motivate yourself for change?
  - Describe what kind of difficulties do changes create in your work.

- **Follow-up and results**

- Describe how the results of the changes are followed by the management?
- How do they correct situations if the change has not been succesful?
- Is there a way for the employees to report about change situations?
- What kind of a tool would be useful for the employees in change situations?