

The cultural challenges in entering a new aviation market place

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Tiivistelmä <p>Tutkimuksen aiheena oli selvittää kulttuurierojen vaikutusta johdon toimiin ja sitä, miten johto pystyy toimimaan keskenään, kun he tulevat eri kulttuureista. Tutkimus toteutettiin kevään 2013 aikana lähettämällä Flybe Finland Oy:n, sekä Flybe Outsourcing solutions Oy:n johtajille avoin kysely, johon se saivat laittaa omat mielipiteensä kulttuurierojen vaikutuksesta yhtiön johtamisessa. Tutkimuksen tavoitteena oli paikantaa, tiettyjä ongelma-alueita johdon toiminnasta.</p> <p>Opinnäytetyön teoreettinen osa sisältää seuraavat aiheet: Ilmailu, Ilmailualan johtaminen, Ison-Britannian ja Suomen ilmailu, Ison-Britannian ja Suomen yleiset kulttuurierot, sekä miten johtamistavat eroavat näissä kahdessa kulttuurissa. Työn empiirinen osa sisältää avoimen kyselyn, ja siihen saadut vastaukset, sekä korjausehdotukset.</p> <p>Tutkimusta pystytään hyödyntämään tulevaisuudessa mikäli yritys päättää avata uuden lentoyhtiön jossain toisessa maassa. Tällöin voimme ottaa tästä tutkimuksesta saaduista tuloksista opiksi ja päästään nopeammin haluttuun tulokseen.</p>		
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Abstract <p>The purpose of this thesis was to find out how cultural differences in management affected the managers of Flybe Finland Ltd, and Flybe Outsourcing Solutions Ltd. The study was conducted in the spring of 2013 as an open questionnaire that was sent to the managers of both organizations via e-mail. The goal of the study was to find out what were the precise problem areas the managers faced every day.</p> <p>The theoretical part of this thesis consists of the following: What is aviation, airline management, aviation in Finland and in UK, and cultural differences in Finland and UK. The empirical part of this thesis consists of the open questionnaire that was sent to the managers, the replies that were sent back and the results of the questionnaire.</p> <p>In the future the company can take advantage of this, if they are planning on opening another airline somewhere in Europe. Now they know what they are up against, and know how to take advantage of the situation.</p>		
Keywords Aviation, Management, Culture,		
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1 INTRODUCTION

As aviation becomes a safer mode of transport, passenger start to trust it more as a way of getting from point A to point B. Air transportation becoming more and more popular amongst passengers creates a demand for the industry. Now we need the supply. The world started filling up with different kinds of Airlines, there are the big ones with a fleet of over 100 aircraft that operate from multiple hubs and transport thousands of passengers every day. Then there are those small airlines that operate in remote sectors of the world with only few aircrafts. This many different airlines competing for passengers creates a pressure for the air lines management to operate their flights safely, get profits from them, and also operate them in a eco-friendly way.

This thesis looks into the airlines management. Particularly the cultural differences that affect the management decisions made inside the same company. The purpose of this thesis is to look into the initial challenges the management faces when opening a new airline into a new market place and culture and what were the challenges faced, when two different work cultures faced each other. The company this thesis was done for wishes to stay anonymous.

Firstly this Thesis looks into aviation as a business, and how it has developed over the years. Secondly we will focus on what aviation management means, and how the management has evolved along with aviation. Thirdly we will look at aviation in two different market places, in Finland and in the United Kingdom. Fourth chapter describes the cultural differences of Finland and United Kingdom. The focus of this chapter will be in the workplace and how the culture affects managers' decision-making process. Sixth chapter talks about the study of the challenges, the new company faced when it entered the new market place. The questionnaire was sent to the organization's managers, who are either from Finland or the United Kingdom. This gave a good insight on how the organization faced the problems. Last part of the thesis is the conclusion, where you can find out what could have been done better to fix the problems.

2 AVIATION

2.1 What is aviation?

The Oxford dictionary defines aviation as the flying or operating of Aircraft. Aviation can also be defined as transporting of goods and passengers with aircrafts, such as airplanes and helicopters. "Aviation is one of the most important services to offer both significant social and economic benefits. By serving tourism and trade, it contributes to economic growth." (Abdelghany, 2012. p.1) Aviation is most effective when it's transporting high numbers of passengers or cargo to a place that is far away. Even though aviation's cost effectiveness goes down with shorter distances, it still may be sensible in certain situations. (Verhelä, 2010. S.2-6 unofficial translation) (Oxford (1))

Aviation's most important operational environment is the airspace, which is used under supervision of Aviation regulators such as Finnish transport safety agency henceforward known as TRAFI. Airports are physical locations where aircrafts are loaded with passengers and cargo. Since the beginning of aviation there has been many different organizations actively developing aviation in co-operation with national and international authorities. These authorities specify most of the rules used in aviation such as maximum working hours for flying crew. (Verhelä, 2010. S.2-6 unofficial translation)

The development of aviation has strongly affected peoples travelling, and through that it has been a big part in increasing tourism. Globalization and the movement of goods has also developed mostly because of aviation. (Verhelä, 2010. S.2-6 unofficial translation)

In the beginning the central part of aviation was military aviation. Now days commercial aviation has taken it's place as the most crucial form of transportation, and it provides all most all of the freight and passenger transportation. Beside commercial aviation, like in any other form of transportation there are routes that are publicly funded. This way every route and station are managed equally and it can be guaranteed that the service is available for everyone, no matter where they live. Modern passenger aviation is concentrated between economically big intersections. Metropolises in industrialized countries are the main intersections because the demand of airline services is focused in them and they are the main tourist attractions. (Verhelä, 2010. S.2-6 unofficial translation)

Commercial aviation has been on the rise, since the first commercial airline flight 1st of January 1914, but we have started seeing a significant growth in the last 30 years or so. The rapid growth of the airline industry can be explained by a number of different factors, but next we are going to focus on the five biggest factors.

First major factor is that the people have been able to spend more money on other things than just utilities. This has lead to the fact that their quality of life has improved, and they are no longer afraid to spend money on things that were previously considered "luxury items", and only used by the upper class. Secondly we have seen that the law and regulations, set by the governments, have been deregulated. For example this has helped the Finnish company Finnair to revise it's strategy and open multiple new routes to Asia, due to over flight agreements with Russia. Third, demand is increasing because people are starting to have faith in aviation as a safe form of transport. Fourth, increased efficiency and increased competition have decreased world airfares and reduced the cost of travel to the passengers. The last major factor is globalization. It has decreased the distances between countries as people have started doing business around the world. These factors will keep growing but not at the same pace. This increases the pressure for airline management teams to keep up with increasing number of passengers and cargo. (Abdelghany, 2012. p. 1-3)

2.2 Chapter summary

This chapter described what is aviation, and why it has developed over the last few decades. The growth can be explained by four major factors; Peoples quality of life has increased all over the world and it will continue to grow, aviation laws and regulations have decreased with the help of governments, demand is increasing due to the fact that safety in aviation is increasing, and globalization has brought people and businesses closer together. Like it was explained in the Chapter these factors will continue to grow, which means a good future for Aviation industry.

3 MANAGEMENT IN AVIATION

Airlines are the biggest players in the aviation industry. At the moment there are more than 900 commercial airlines around the world. Between them they own more than 22600 different kind of aircrafts, from aircrafts that can hold up to 530 passengers, such as Airbus 380, to small aircrafts that only carry cargo, such as Cessa 17a aircraft. These airlines operate on a route network of over millions of kilometres, and serving more than 1670 different airports. Also they employ close to 2,1 million people, for example flight crew, handling agents, maintenance crew and the people working in the back office. In terms of size the airlines vary from those who transport goods with a single airplane carrying cargo to remote locations, to international airlines who operate with hundreds or aircrafts. In most cases the biggest airlines are either partly owned by the government or supported by the government. In the recent years the trend has been that the airlines are being more and more independent. (Abdelghany, 2012. p. 1-3)

The increased demand of airline transportation has made airline management difficult, because one wants to take advantage of the opportunities that are available. The fact that makes airline management hard is that they have to find ways to save money and find profits in a very competitive industry. Many airlines have fallen down, because they have not been able to compete with other players in the industry and in most cases, this has happened because the airline was not managed properly. (Abdelghany, 2012. p. 1-3)

Airline management practice has evolved a lot since the beginning of air transportation, but particularly in the past three decades it has developed significantly. This development has happened because information technology has improved which then led to improved communication between companies and managers. Through this development they have found new ways to reduce costs and increase their market share.” The airline business is characterized as being one of the most complex, involving multiple conflicting decisions that all need to be optimized at the same time.” (Abdelghany, 2012. P. 2) The airlines have tried to solve these complex problems by creating different set of tactics on how to operate and manage an airline. The tactics are more important to bigger airlines, and there they have been adopted as a quick decision-making tool, to help guide the companies. (Abdelghany, 2012. p. 1-3)

3.1 Challenges of airline management

Airline managers cannot make all the decisions about what to do on their own. The decisions made in an airline are highly affected by a number of different organizations and entities. In Figure 1.1 one can see the different organizations that work in cooperation with airline management. (Abdelghany, 2012. p. 4)

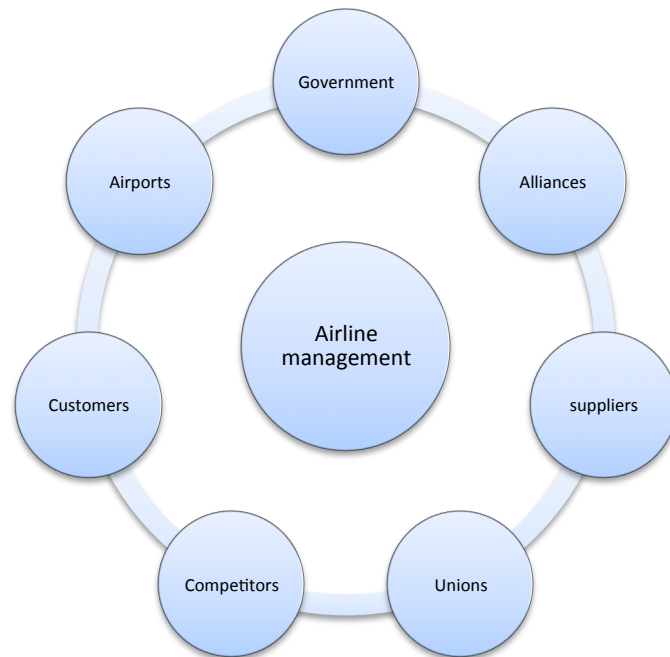


Figure 1.1 the different players in airline management

First, airline management has to act in accordance with the rules and regulations of the countries it operates in. It also has to abide to the laws of the countries it operates to, and whose airspace it uses. Governments monitor the competition between airlines and make sure everything is fare between the companies. Inside the government there are entities that make sure that everything is done in accordance to all safety measures, such as aircraft maintenance and duty work times for the flying crew. For example in Finland this organization is called Finnish Transportation Safety Agency, or TraFi. (Abdelghany, 2012. p. 4-5)

Second, airline management should take care of the contracts they have with the airports they operate on. Several different service providers and components inside the aircraft can affect these contracts. For example the infrastructure of the airport and the amount of money the airport charges when operating in its airspace. (Abdelghany, 2012. p. 4-5)

Thirdly the airline should take the customers point of view in to consideration. The management should make sure that its flight schedule is suitable for most of its passengers. Key factors also include the services on board, competitive pricing, and that the flights depart on time. (Abdelghany, 2012. p. 4-5)

“Fourth, in many cases, an airline participates in one or more alliances to expand its network coverage or share resources with other airlines. Several forms of alliance are available that reflect the level of cooperation between participating airlines.”

(Abdelghany, 2012. p. 3) In practice this means that passengers can buy tickets from one airline that only operate on certain routes, and fly to an airport where the original airline does not operate. The goal of this is to make travelling for passengers as pleasant as it good be. This also helps airlines to maximize the use of their aircrafts as other companies help filling them up.

Fifth, suppliers are important in keeping the airline operational. The airlines rely on its suppliers for most of its most important equipment, and services such as aircrafts, maintenance, cleaning, catering, and ground handling. In most cases these services are outsourced to other companies that are specialized in a certain part of the process. It is very important for airlines to have a good relationship with its suppliers, as all of this affects the service a customer gets when he or she arrives at the airport. Airline management also has to work with another establishment that highly affects the airlines service, and that is the workers unions. If the management has a good relationships with the union’s things run smoothly, but if something goes wrong the airline has to face the consequences. An example of this is Finnairs attempt to outsource most of its maintenance to other firms and dismissal of more than 500 people. This did not go through easily in the union and the work force went on strike, which caused major delays for Finnairs flights. (Abdelghany, 2012. p. 4-5)

Finally, the airlines have to monitor what other airlines do, and counter act on the competing airlines moves. In most cases decisions are first made by the leader, and after that every other airline try find ways to beat that decision. There are many different ways to try to compete with other airlines, but the most popular ways are taking the prizes down, updating the aircrafts, and adding new routes to the route network. (Abdelghany, 2012. p. 4-5)

3.2 DECISION LEVELS OF AIRLINE MANAGEMENT

Like in many other industries, the airline management in a company works on three different levels. It has divided its decision-making process into three different stages, which all work inside a different time frame. Figure 1.2 shows you these three different levels, which will now be explained with a little more depth. (Abdelghany, 2012. p.5)

Strategic decisions are usually long term decisions, which affect how the airline will act in the future. This level decides if it's time to invest into new aircrafts or expand into a new territory. The decision made at this level affect planning and operational decisions in a short delay. (Abdelghany, 2012. p.5)

Planning levels main job is to maximize the use of aircrafts and crew. They also work in cooperation with the maintenance staff; to make sure that every aircraft maintenance is done on time. Planning level gets the goals from the strategic level, and tries to achieve the goals given as good as possible. This level decides which aircraft operates on certain routes, so that the aircrafts capacity is maximized and that the biggest aircrafts operate on the most popular routes. They work in cooperation with crew planning to make sure that the crew available at a certain time is utilized as well as possible. Multiple parts of the airline organization work in planning level, which goal is to make sure that everything runs smoothly when the plans are sent to operational level. The time frame in which the planning level operates is one to three months before the operational level. (Abdelghany, 2012. p.5)



Figure 1.2 Decision levels of management

The operations department is the heart of every airline. This department does all the decisions that affect the current days flights. Many different things can impact the decisions made at this level, starting from weather at the airports, the current maintenance status of the aircrafts, and the status of the crew. The decisions made at planning level affect the operational level, for example a back up aircraft that had been provided by the planning department, can make operations departments life a lot easier in cutting down flight delays.

Strategic decisions impact planning level, which in turn affect the operational level. This also works the other way around. For example if the operational level notices that the aircrafts have to be taken into maintenance due to same reason multiple times, they can then inform the planning department about the situation. When planning level finds the cause that made the aircrafts break down, they can inform the strategic department about the situation and suggest what needs to be done so that this stops, and how much money needs to be invested to take care of this situation. Then the Strategic department decides if the investment is necessary, or if it is wiser for the company to keep on doing the same things.

3.3 Chapter summary

Airline management is a very complex process with multiple moving parts that have to be taken into consideration. There are many variables and things that have to happen before a flight can depart. It all starts from Strategic decisions, which are decisions concerning the whole airline. From there the decisions trickle down to planning department. At this department the flights are assigned to aircrafts, this is done in cooperation with maintenance and crew planning, so that the use of crew and aircrafts can be maximized. The last stage of decision-making process is the operations. This stage deals with the day-to-day operations of the flights; their main job is to minimize flight delays, and anything that would cause inconvenience to the customers. All these departments work together; Operations department informs the planning about the day-to-day decisions and what they would need to minimize the flight delays. When planning gets this information they try to adjust to the situation as good as possible, and if they can't they in turn inform the higher ups about the strategic decisions that need to be made to fix the problems on the planning level. At the end the Strategic department decides if there is something that needs to be done to fix the problems.

4 AVIATION IN FINLAND/ UNITED KINGDOM

4.1 Aviation in Finland

Aviation is a very crucial form of transport in Finland, because, we are quite far away from any major market place. There are not that many major players in the Finnish aviation market place. One of them, Air Finland, which offered charter flights from Finland to different holiday locations around Europe just, went bankrupt. The two big players left are Finnair Ltd and Flybe Finland Ltd. Aviation in Finland has seen better days, but the traffic in Finland's airports will increase as soon as this recession ends.

Finnair Ltd started operations in the 1920s, and its one of the oldest airlines in Europe. Finnairs main area of operations is traffic between Europe and Asia, with the main hub located in Helsinki Finland. All traffic goes through Helsinki and the main goal of the flights from Europe to Helsinki is to feed passengers to Finnairs flights to Asia. The government of Finland owns more than 50 per cent of Finnair, which makes it the biggest shareholder of the company. Finnair operates to more than 70 different locations.(Finnair in brief, 8.5.2013; Finnair in brief, route network, 8.5.2013)

Flybe Finland began operations on the 30th of October 2011. The company was based on the ruins of the Finnish company Finncomm. Finnair and Flybe UK, who together established a company called Flybe Nordic, bought it as a joint venture. Flybe Finland's main goal is to become the largest regional airline in the Nordic and Baltic area. They offer a slightly different service than Finnair, as Flybe Finland uses so called point-to-point system, carrying passengers straight to their destination, without any lay overs. They also feed passengers to Finnairs Asian routes. Since the beginning of operations Flybe Finland has doubled its size, as a new deal was made with Finnair to start operations with 12 new aircrafts purchased from Finnair. (The purchase of Finncomm Ltd, 1.7.2011)

When talking about the big players of aviation in Finland one has to mention Finavia. The company is wholly owned by the Finnish government, and its main purpose is to maintain all of the 25 airports in Finland, and maintain control of Finnish aerospace, for example Finavia employs all of the air traffic controllers. Finavia's customers are all the passengers travelling in Finland's airports, every airline, which operates in Finland, and military aviation. (Short history of Finavia, 8.5.2013)

4.2 Aviation in United Kingdom

Aviation in the United Kingdom can be categorized in to two different sectors, general aviation and business aviation. General aviation means everything else except regular airlines that take profit from flying. General aviation has a major part in the aviation in United Kingdom, with representing more than 90 percent of the operational aircrafts in United Kingdom. Business aviation is then the other part of aviation in United Kingdom. All of the airlines are part of the business aviation together with more than hundred different taxi and charter flight operators. (What is general aviation, 15.5.2013, What is business aviation 15.5.2013)

There are lot's of different airlines that are based in United Kingdom, from small airlines that only between the small islands to low-cost airlines that try to maximize profits by saving money on everything. Next there will be a short introduction three airlines that have very different management styles, British airways, Flybe UK, and Easyjet

British Airways the flag-carrier of United Kingdom, it is based in Waterside UK, near its main hub London Heathrow airport. It is one of the few airlines that fly to all six inhabited continents. It has a total of 255 aircraft in its fleet, and it is the second largest airline in the United Kingdom, right behind Easyjet. British Airways, route network, and destinations, 8.5.2013)

Flybe UK is the largest regional airline in Europe, carrying over 7 million passenger in the last year. Regional airline means that they do not operate with narrow body aircrafts that can hold up to 100 passengers at once. Flybe is based in Exeter, England, and it currently has 64 aircraft in its fleet. Flybe flies to 102 different destinations. (Flybe UK corporate reports and accounts, 8.5.2013)

Easyjet's head quarter is in London Luton Airport. It is United Kingdom's biggest airline, measured by number of passengers carried. It is also a low-cost airline, but it's not a regional airline like Flybe UK is. Easyjet has 168 aircraft on its fleet, operating on a route network of over 600 routes. (Easyjet about us, 8.5.2013)

5 CULTURAL DIFFERENCES IN FINLAND / UNITED KINGDOM

Culture is system in which independent people and groups work with each other and with the outside world. Culture can be imagined as a spiral. The centre of the spiral is formed by mutual values and beliefs and the presumptions of who we are. These can be seen in our behaviour, language and in the groups we belong to. One can also find these factors in our accomplishments, such as art, technology, and in the way we alter our physical environment. The system also works the other way around. Our physical environment affects the technology we use, the art we do, our behaviour, the language we use, and other things all the way to the core of our identity. (Mole, 2004, p. 19. Unofficial translation)

5.1 The culture in United Kingdom

If you call the people of United Kingdom English, the people from Scotland, Wales and Northern Ireland may cause havoc. Scotland has its own parliament, legislation, school system, and Edinburgh; the capitol of Scotland is the second largest economical centre of United Kingdom. Even though the British culture is mainly homogeneous, when you work with people form outside of England you have to remember that the people are very proud of their heritage, and this may be the biggest difference among them. . (Mole, 2004, p. 148. Unofficial translation)

The British are used to immigrants, whether they are coming from inside or outside off their borders. The wealthier south is attracting immigrants from the north and from other countries as well. 50 million people from the total amount off 60 million, live in England. The immigrants coming from outside of UK are mostly coming from India or the Caribbean. . (Mole, 2004, p. 148. Unofficial translation)

The Political and economical decision-making is mostly focused on London. The county surrounding the Capitol is called “ Home Counties” as if other counties are outsiders. The area few hours from London is called “the South”. The people of “the South” think this area is superior to other areas, when thinking about wealth, sophistication and social status. This image was born due to the fact that all the high-class services and high tech industry are focused mainly to the south, and the north has always been associated with heavy industry, mining and unemployment. . (Mole, 2004, p. 149. Unofficial translation)

Historically The United Kingdom has always been a divided society, which has impaired the relationships between different classes and institutions. After the Second World War all the classes worked together to rebuild UK. This was based on the fact that people felt united after the war, wanted to work together for a better future. The gap between rich and poor people started to lengthen again when Thatcher's conservative party was governing the UK. Since then the British have gone to more independent way of thinking. . (Mole, 2004, p. 149. Unofficial translation)

The United Kingdom's government's agenda is not to improve its national economy. The government's goal is to create a competitive environment for organizations, in which the government takes as little part of it as it can. Firstly the government privatized its service sector, and then it moved on to privatizing all the services that were part of the infrastructure, such as water supply, and gas supply. Even though most of the service sector has been privatized it still employs third of the working population. . (Mole, 2004, p. 150-151. Unofficial translation)

There has been a major shift from manufacturing into services in the society. Businesses have not been protected from foreign ownerships. The most important industries, such as car industry and bank industry are owned by foreigners. And the investments into the country are highly encouraged. The United Kingdom has become an entry point for the non-EU corporations into European union. (Mole, 2004, p. 150. Unofficial translation)

5.1.1 The organization of companies

Board of directors is the company's most important decision-making tool, and the main authority in the organization. In a public limited liability company there must be at least two managers that were appointed by the stockholders. The other one is the Chairman, who can also work as a managing director. In that case he/ she is called Chief executive officer, or CEO. In addition to the CEO there also has to be a secretary in the board of directors, all other members can be chosen freely. (Mole, 2004, p. 152. Unofficial translation)

In big companies there can also be other managers, whose job in theory is to objectively follow certain stage of the business, although their areas of responsibility are rarely really strict. Their main job is to be a liaison between their company and the government. Typical members are aristocrat, politicians and retired public servants. The board of directors appoints an executive committee, which consist of executive directors and managing director. This executive committee is in charge of the company. This is the closest counterpart to continental Europe's system of two boards of directors. The executive directors in United Kingdom are against this system, because it hinders their power. (Mole, 2004, p. 153. Unofficial translation)

The organization beneath the board of directors is not as explicit. The traditional British view of organization is a multi layered vertical pyramid, which is based on vertical chain of command. Its primary goal is to transfer orders from the top of the pyramid to the bottom. The companies that have abandoned this system are considered very disorganized and it is very hard to get jobs done there. (Mole, 2004, p. 152. Unofficial translation)

Organizational Charts are more like a description of the company's social hierarchy, rather than a map of the organizations structure. The Law dictates that all jobs inside the organization have to be described and given a goal to work towards, but it is very rarely done. (Mole, 2004, p. 152. Unofficial translation)

5.1.2 Management

British managers want to be efficient, determined, and tough. They want to follow the motto. " Leaders want to lead". This is not what the British employees expect from their managers though. They want a manager who can lead meetings efficiently and who can create good relationships with his or her workers. (Mole, 2004, p. 154. Unofficial translation)

Directions are given as polite requests. Workers expect that they are given clear instructions on how to do their jobs and after that left alone to take care of their part. This creates a very distant relationship between managers and their workforce. This makes it really hard for employees to rely on their managers when facing personal or business problems. Managers, who are just, are respected more than managers who are close with their workers. (Mole, 2004, p. 154-155. Unofficial translation)

Planning means making finance forecasts and budgets to most British managers. Annual budget is the backbone of the organization, and it makes a biggest exception in otherwise very erratic attitude towards systems. Budget forecast is examined monthly and every anomaly has to be explained. Bonuses and other incentives are based on to company achieving its goals. (Mole, 2004, p. 153-154. Unofficial translation)

The British like to work in teams. Working in a team where one knows everyone makes the British feel safe. Passive consensus is a very important thing to the British, there is a very little discord between teams and the workforce does not want to be disloyal to their managers. Very rarely people disagree with each other in meetings, and even when they do they don't say it out loud. (Mole, 2004, p. 155-156. Unofficial translation)

5.2 The Culture in Finland

Finland is a Nordic country, which is not part of Scandinavia. Finland is the only Nordic country that has joined EU's monetary union. According to Euro barometer the Fins are the least excited about EU and Euro, when comparing to other Nordic countries. On the other hand, excitement is a word that is very rarely used about the Fins. Public appearances are usually very reserved and rational. (Mole, 2004, p. 106. Unofficial translation)

The Finnish society has many similarities with other Nordic countries. But there are also a lot of differences, such as the language. Finnish language is the only language of the Nordic countries that is not a Germanic language. (Mole, 2004, p. 105.

Unofficial translation)

5.2.1 The organization of companies

The Companies are mostly governed by engineers. The management is oriented strongly towards to the technical side. This “engineer mentality” is shown, as a systematic and precise approach towards the organization. Respecting the system and its protocols goes hand in hand with distrust towards improvisation. The Finns feel annoyed if they feel that everything is not under control. Efficiency is highly appreciated in a Finnish work place. Punctuality is an important thing, but not as important as it is to the Swedes. (Mole, 2004, p. 108-109. Unofficial translation)

Delegating is used mainly as a way of creating goals, comparison numbers, and specific budgets. Under these restrictions an employee is expected to work independently. (Mole, 2004, p. 109. Unofficial translation)

There are no taboos about humour in business, like in certain countries. The Finns are the first to admit that “small talk” is not their forte. Talking just to spend time is considered as a waist of time. The shyness of Finns is based on the fact that the Finns treasure privacy, and even solitude. (Mole, 2004, p. 111. Unofficial translation)

The differences between ranks are kept at a minimal level. And a younger generation of managers takes pride in the fact that they are very approachable. The use of last names and titles may be slightly more pedantic than in Sweden on Denmark, but usually people start using their superior’s first names very fast. . (Mole, 2004, p. 111. Unofficial translation)

5.2.2 Management

Authority is used by few rather than many, and a small team of upper class managers usually takes responsibility of the important matters. Decision-making is a long process where every point of view is looked at very carefully. During a long discussion process everyone is listened to, and everyone can express his or her opinions. . (Mole, 2004, p. 109. Unofficial translation)

Innovation or change is not usually appreciated. If one want's to get his or her idea through, they have to win a long war. It is not enough to win just one battle. If one has a new idea about something, it is not wise to bring it out in a meeting, if one has not lobbied for it before hand. When presenting new ideas the Finns are usually suspicious at first and think it is only a new marketing trick. The Finns like to base their decisions on the "worst case scenario" and think that optimism is frivolous. (Mole, 2004, p. 109. Unofficial translation)

Managers in Finland are starting to be more involved in their workers lives; especially among the younger generation of managers, and the workers appreciate this. This has evolved more in Finland than in every other country in Europe. (Mole, 2004, p. 110. Unofficial translation)

5.3 Chapter summary

As one can see from these brief descriptions of the management styles in United Kingdom and Finland, that their styles are very different. British organization is very structured and command come from the top of the pyramid down to the work force, who then complete their tasks after instructions form his or her immediate superior. Finnish organization is structured as well, but orders do not necessarily come from the top of the pyramid, but they can flow to the organization vertically and horizontally.

Also the work force between these two countries is slightly different. A British employee waits orders from the top, and then works alone to fill out the assignment given to him or her. Due to this fact the relationships between a manager and his or her work force is very distant. A Finnish employee works towards a goal independently, but he or she feels like, his or her opinion is taken into consideration. Even though this delays the decision-making process. The managers are easily approachable, and the young generation takes pride in the fact that he or she has a good relationship between his or her work force.

6 THE CULTURAL CHALLENGES IN MANAGEMENT – STUDY

A questionnaire was sent to the company's managers, asking them to describe the challenges they have faced during the star up of operations and what kind of challenges they face on day-to-day bases. Also they were asked to describe how they plan on improving their management skills, and has the company been able to support them on dealing with these issues. The study was a set of open questions sent to the managers to fill out.

The first slight disparity found was, how the authority is delegated in United Kingdom and in Finland. When asked about how you delegate authority in your work, a Finnish manager responded: "Authority is delegated regarding on each individual manager's personal management style, bearing in mind that there is local line organization and an international (UK-steered) matrix organization in the company (which is a subsidiary of a larger international enterprise)." When the same question was asked from a British manager, he responded briefly: "Traditional way, described in the manuals." The manuals he mentioned means the organizational chart that is done in the United Kingdom. There were also few answers were one could see that, the British are more into the so called "trickle down" –management, where orders come from the top and come down the ladder on step at a time. "People are managed by traditional foreman-employee system. Processes are managed by the owner of the process. A single process may concern employees from multiple departments." –Said one British manager, when asked about the management style of the company. Finnish managers were more open to change, like one can see in this answer by a Finnish manager, when he was asked the same question:" The characteristic management style which is being promoted by the local management is a dynamic and flexible management style, assuming that a authoritarian management style would reduce the level of creativity and commitment in the group of trained professionals of whom the organization consists of."

The area were managers agreed was training of their staff. All the managers were very motivated on training their work force and the company backed this. As one can see from these answers: " Training programs are running and new ones are being planned all the time". " Minimum training levels are dictated by the regulators such as TRAFI, but the company demands more." " The company is very motivated on training its staff to the highest quality. This way we can guarantee a safety of our operations".

Cooperation between other departments is highly encouraged by all the managers. Due to the fact that airline management is so complex that all the departments need to be in constant contact with each other. One can find proof of this in these answers. "Yes, the hurdles between the functions shall be as low as possible (as an example, we prefer not to use the word "department" and prefer rather the word "function" to prevent "compartmentalizing"). "The management is working on this to make sure everyone understand that the work flows follow the real business processes and not e.g. the organizational charts. Even if the process ownerships are anchored to certain functions as "owners", the project work itself shall not be hindered by organizational lines". The only problem found was that, because the company is so big, all the major decisions have to go through the board of directors, which takes a lot of time even though, the decision would have to be done quickly. "It's not always easy, especially if other parts of the group are involved. The coordination goes via group level, not directly between departments."

When asked about what was the biggest difference they noticed about the different management styles between the two countries, some managers did not see anything different with them: "The inter-human management styles do not vary too much, it is much more about the individuals own personal styles than the nationality. The UK mother company has a history of being a publicly listed company, which clearly requires more detailed reporting processes, which further reflect to everyday management, but again, that has little to do with the nationalities of the companies." Other managers noticed that the biggest difference was that the British way of management is a bit more structured.

7 CONCLUSION

The cultural challenges are hard for management to deal with any industry, but for aviation it is especially hard, due to the fact that there are so many variables that can change and that can impact an airline. The airline that requested this thesis has been able to manage and adjust to the cultural difficulties quite well. This has happened because every one in the company's management team is motivated on working towards the same goal. Even though English management culture is quite strict when comparing to Finnish management culture, they both have been able to compromise, and the airline has grown into the largest regional airline in the Northern Europe, in a bit over a year after it started operations.

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APPENDICES

Appendix 1

Questionnaire

Survey:

Info questions:

Nationality:

Department:

Years in the company:

In a few words..

In this organization...

1. How is Authority delegated in your company,?
2. There is a characteristic management style, and a distinct set of management practises
3. The way things are done is flexible and easy to change?
4. 4.There is a continuous investment in the skills of employees

5. Is cooperation between different parts of the organization actively encouraged?
6. Is it easy to coordinate projects accross different parts of this organization? Please explain the process.
7. Is work is oganized so that each person can see the relationship between his or her job and the goals of the organization?
8. Decisions are usually made at the level where best information is available
9. How Information is shared in your company?
10. What was the biggest difference you noticed about the management styles in the two different companies?

