

Impact Of Organization Characteristics On Sustainable Competitive Advantage During Strategic Change In Airlines

Marcella Riwo-Abudho^{1*} Lily Njanja¹ Isaac Ochieng³

1. School of Business, Kabarak University, P.O Box 20157, Nakuru, Kenya.

2. School of Business and Mathematics, Laikipia University, P.O. Box 1100-20300 Nyahururu. Kenya

* E-mail of the corresponding author: mabudho@gmail.com

Abstract

Firms in the airline industry are using resources and capabilities to build sustainable competitive advantage and how these resources and capabilities are used are subject to change when the organization is responding to change from external forces. This leads to change of the whole organization as a system. This study focuses on organization characteristics which make up the organization including business processes, structure and culture and how these are managed during strategic change to build sustainable competitive advantage in airlines. With Porter's five-force model and the value chain model, this study aims at analyzing the dynamic environment of airlines with forces that lead to strategic change and how these affect the three organization characteristics. The study employed survey research design with a sample of 173 drawn from executive directors, senior managers and managers and pilots through stratified sampling who were picked by simple random sampling from airlines. Self-administered questionnaires and personal interviews were used as well as data from books, journals, periodicals, company reports, press releases and the internet. Data analysis was done using descriptive analysis (percentages, frequencies and averages) and chi-statistic followed by data presentation on bar graphs and tables. The study concludes the three elements of organization characteristics namely business process, culture and structure are interlinked. They are disrupted during strategic change and require integration for consistency help build sustainable competitive advantage. It is recommended that managers and policy makers in airlines view organization characteristics as subsystems that depend on each other to build sustainable competitive advantage during strategic change. Further researchers should incorporate operational level employees and customers in the target influence to establish their role in organization characteristics during strategic change process.

Keywords: Organization Characteristics, competitive advantage, strategic change, dynamic environment, organization, culture, structure, business process

1. Introduction

In the airline business environment there is high turbulence with challenges ranging from intense rivalry from strategic alliances, increased security measures, high fuel and labour costs, high taxes, too powerful jet suppliers, alliances, technology advancement, powerful buyers due to internet use and growth of Low Cost Carriers (Daramaju, Eisner & Dess, 2007; Regani, 2008; Shah, 2007; Byles, 2007; Den Boer, 2009). Time after time airlines come up with strategies they can use to compete effectively against other rival firms and gain competitive advantage while trying to align themselves with changes in the environment. Barney and Hesterly (2010) maintain that in general a firm has a competitive advantage when it is able to create more economic value than rival firms. To achieve any competitive advantage a firm has to look deeply into what it has, what it can achieve and how to use what it has for realization of success. The strategies put in place focus on utilizing the resources and capabilities existing in the firm to build sustainable competitive advantage while in highly dynamic environments. Porter (1998) notes, "industry structure is a dynamic environment and has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm" (p. 3). These strategies and rules are highly dependent on the resources and capabilities applied within the organization characteristics of the firm. These organization characteristics include routine and business process, structure, politics, culture and leadership (Senior & Fleming, 2006; Spector, 2007; Laudon & Laudon, 2007). Change in forces in the external environment usually leads to change of the entire organization because strategies are revised to meet the overall objective of the firm. However as Spector (2007) notes, organizations have to respond to external dynamics to create and maintain outstanding performance. The highly turbulent environments lead to strategic change to ensure the firm continues building competitive advantage.

However with this constant change from the environment the firm finds it challenging to align the environment with organization characteristics as they tend to focus more on the implementation of strategy in question and as Spector (2007) states, in times of change, managers and leaders find it challenging to manage the many different systems of the firm so as to align them and make them consistent with the environment.

The remainder of this paper is in four parts where it looks at the dynamic environment of the airline industry which is analyzed by Porter's Five Force Model giving an insight of the forces that lead to strategic change in the industry. This is followed by an explanation of organization characteristics and a discussion of their relevance to building sustainable competitive advantage during strategic change. The third part presents the three organization characteristics as key success factors in the airline industry which ensures competitiveness of carriers. The fourth section gives the methodology used in the study followed by a discussion of the results and finally conclusions are drawn.

2. The dynamic environment of the airline industry

According to Porter (1998), the structure of the industry is determined by the five forces: Threat of new entrants, threat of substitute, buyer power, supplier power and competition rivalry. Haag et al (2002) states the model developed by Michael Porter can be used by business managers when they are deciding to enter a particular industry or expand their existing operations. Porter further provides that "the collective strength of these forces determines the ultimate profit potential in the industry, where profit potential is measured in terms of long run return on invested capital" (p. 3). In the airline industry, threat for new entrants is moderate because of high capital requirements, regulations and entry by cost leadership or differentiation. Buyers have much power which has been escalated by use of the internet. They have information power, and they can widely choose from many available airlines. Suppliers to airlines include powerful employees as labour is the second highest cost after fuel. Jet manufacturers like Boeing and Airbus are also powerful because suppliers are less in global markets compared to buyers (carriers) with minimal probability of backward integration. However, substitutes are less for the airline industry as air travel has no close substitute. In terms of competition, intense rivalry is experienced due to high cost of closing down carriers making it less optional to exit the industry. Carriers have huge investments from planes to facilities that require disposal during exit. There is no switching cost for customers due to internet usage. Fixed costs are high from fuel to labour which leaves less option for cost reduction techniques thus competing on the basis of cost leadership. LCCs have attracted all price-sensitive customers and differentiation can only be through the very basic ways e.g. loyalty programmes, meals and passenger miles. The industry participants should avoid price wars and concentrate on more sustainable advantages like reputation, brand and product mix to avoid exposure to harsh economies that bring in price-based competition. With this very dynamic structure of the airline industry, participants are exposed to constant change that they have to respond to in order to maintain or improve their positions.

3. An overview of organization characteristics and strategic change

3.1 The Value Chain Model as business processes

A firm has its defined business processes that make a chain of processes that determines the departments or business units that should be in place and the significance of each unit. A value chain model highlights specific activities in the business where competitive strategies can best be applied and where capabilities are most likely to have a strategic impact. Laudon and Laudon (2009) state that the model identifies critical-leverage points where a firm can use IS most effectively to enhance its competitive position. Further it views the firm as a series of basic activities that add a margin of value to a firm's products. Haag et al (2002) suggest that if the organization is viewed as a value chain, the processes that add value for customers can be identified hence the capabilities that can support those value-adding processes. Figure 1.1 shows the different activities in the value chain and how they sequentially interlink with each other to deliver value.

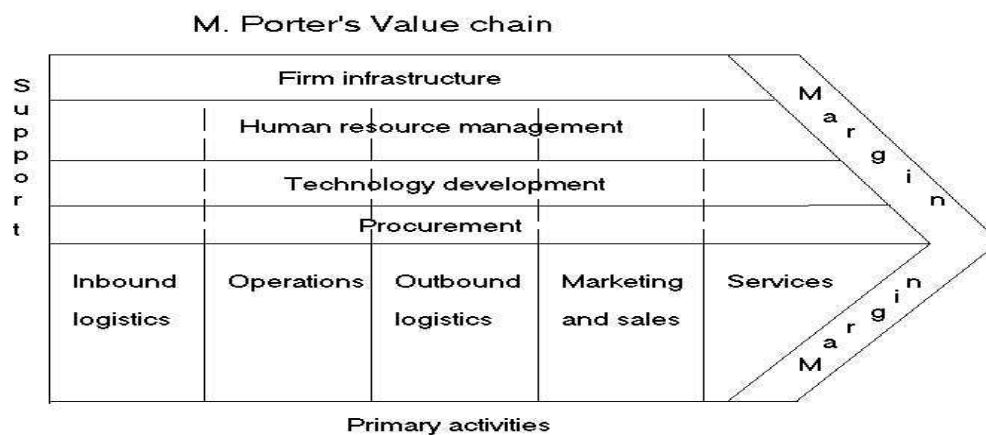


Figure 1. Value Chain Model

Source: Passemard, D. & Kleiner, B. (2000) Competitive Advantage in Global Industries. *Management Research News*, 23 (7), 111-117. p.116

The value chain model is a tool of analysis that organizations should use during strategic change. After the firm uses the 5-forces model to analyze and identify the external forces that drive for strategic change they then use the value chain model to analyze the internal business operations. This allows realization of sections in the value chain that require adjustment for consistency to allow the firm build competitive advantage as different sections bring in different strategic advantages ranging from knowledge of markets, forecasting and planning, economies of scale, innovation, real-time support, effective communication, customer and supplier management, customization and organizational learning (Haag et al, 2002; Barney & Hesterly, 2010; Dess et al, 2008; Laudon & Laudon, 2009). However, David (2011) suggest “substantial judgment may be required in performing a value chain analysis because different items along the value chain may impact other items positively or negatively, so there exists complex relationships” (p. 151). For this reason firms should decide on the value additions they want from their business processes based on what the customer perceives as unique and different from that of rival firms.

3.2 Structure

Organization structures are patterns of relationship that define the way work is done by clearly structuring positions, responsibilities, authority, power and the bases, from which they originate, communication system placement of human resource in the organization. Bartol and Martin (1994) define organization structure as the formal pattern of interactions and coordination designed by management to link the tasks of individuals and groups in achieving organizational goals (as cited in Senior & Fleming, 2007, p.78). With the different types of structures, a firm can pick on a type of organization structure and tailor-make it to fit in with its operations. The best structures are those that maximize effectiveness of communication and break down barriers between people and hierarchies (Harogopal, 2006). Firms can have structures that focus on strategies that help them build competitive advantage. According to Spector (2007) functional structures focus on functional excellence, divisional structures are for market place responsiveness and horizontal structures are for value chain processes.

In times of change organizations adopt new ways of doing things to realize competitive advantage. New reporting systems, authority, responsibilities and roles are defined. In some 20 British industrial organizations researchers Burn and Staker (1961) concluded organizations had different structures depending on whether they operated in more stable environment that change little over time or in more dynamic changeable environment that were unpredictable in their stability (as cited in Senior & Fleming, 2006, p. 123). When change comes in and structures are not adjusted to fit in with the change, inefficiency starts creeping in the organization which might even result to the downfall of the organization in the long-run and as Spector (2007) describes, the existence of conflicting tasks might be experienced leading to other major problems like reporting conflict, redundancy, unhealthy politics, lack of clarity in use of resources and above all the breakdown of communication systems. Cole (1995) also concludes that a lot of resistance is marked when organization structure changes because people lose their identity and power base. These are factors that may hinder the change process which together lead to competitive disadvantage. The organization should identify its

strategy clearly and decide on the structure it can use, bearing in mind that structures are difficult to change in future as they shape every part of the firm. For a successful change process, the organization structure should be formally adjusted to align it with the change.

3.3 Culture

Organization culture is a set of beliefs, attitudes, norms and values that an organization abides by. Trompenaars and Prud'homme (2004) define corporate culture as a "pattern by which a company connects different value orientations, people focus versus focus on reaching goals and targets, decisiveness versus consensus, controlling the environment versus adapting to it, in such a way they work together in a mutually enhancing way" (as cited in Spector, 2007, p. 141). Culture is a fundamental set of assumptions, values and ways of doing things that has been accepted by most of its members (Laudon & Laudon, 2007, p.87). The set of values and attitudes practiced are translated into business processes and these are reflected on the end product hence felt by the customers. Harigopal (2006) notes that, Citibank believes in risk taking while Boeing and IBM are driven by innovation. Culture is a paradigm made up of various elements and as described by Senior and Fleming (2006) culture revolves around stories, symbols, power structures, organization structures, control systems, rituals and routines.

According to Harigopal (2006), "implementing new business strategies generally results in failure because of strategy-culture incongruence" (p. 228). The management having decided that the firm is to undergo any type of change should first address people issues. Senior and Fleming (2006) provide that "assessing cultural risks during change helps management pinpoint where they are likely to meet resistance to change because of incompatibility between strategy and culture" (p. 181). This allows them to make choices regarding whether to: a) ignore the culture; b) manage around the culture; c) try to change the culture to fit the strategy or d) change the strategy to fit the culture. According to Spector (2007), the adaptiveness of an organization's culture which is the ability to support change implementation in response to dynamic environment, "resides in six separate but interrelated sets of values and assumptions concerning: the legitimacy of multiple stakeholders, the motivation and developmental potential of people, performance expectations, employee participation, learning and diversity" (p.72). Culture therefore tends to address all systems in the organization ranging from people management to innovation in business processes.

Collectively, the three organization characteristics namely structure, culture and business process are important elements during strategic change because they are the systems that coordinate to make up the organization. Business processes represent activities, culture represents people and structure integrates the two through relationships. All these three are applied on each other. For example when culture fosters innovation, it is practiced within business processes thus structures tend to be based on teamwork, empowerment and cross-sections thus building competitive advantage. Change in one of the elements therefore affects the other.

4. Organization characteristics as key success factors in the airline industry

According to Branson, the other three main ways of adding value to an organization beside branding are public relations and marketing skills, associating with green-field start-ups and understanding the opportunities presented by institutionalized markets (as cited in Johnson et al, 2008, p.289). In his study, Shah (2007) notes that Southwest Airlines- a low cost/ low fare carrier- has for more than 30 years focused on team spirit approach, marketing and short versus long haul strategy (as cited in David, 2011). Regani (2008) found JetBlue invests heavily on fleet, employee attitude and energy (as cited in Barney & Hesterly, 2010). CEO to Kenya Airways Limited, Titus Naikuni states the company focuses on fleet, systems and people (Msafiri, 2009, p.1). The general strategy of the company is to ever scan the environment, forecast and come up with strategies which may counter the negative effects from the environment.

Despite the difference in management styles and operations, it emerges that the four most important factors in determining an airline firm's success are; marketing and planning, technology, structure and culture. Being able to communicate one's products effectively to its target market is what every business focuses on as it not only informs but builds strong relationships between the product and the consumer. Robert E. Johnson of United Airlines pointed out the important activities in airline marketing includes research and planning (as cited in Golightly, 1967, p. 70). Planning is a vital management tool in airlines as it helps in forecasting and building scenarios for contingency planning due to their very dynamic unstable environments which subject them to both planned and emergent

changes. Technology is used by airlines to increase convenience and reduce on cost as carriers incur high amounts of cost from labour and fuel. Shah (2007) states that due to e-business at Southwest Airlines, “Passenger revenue generated by online bookings increased from 65% in 2005 to 70% in 2006” (as cited in David, 2011, p. 207) as booking via the internet costs about \$1 while that of a travel agent is \$10. Computer systems enhance decision making building both customer service activities and executive decision making. Organization structures have become an effective tool of management unlike in the past where the management focused more on technical and governmental issues. Golightly (1967) states, “If recent airline experience has proved anything new about organization, it is that structure is even more important to a service business than it is in a typical make-and-sell enterprise” (p.70). Byles (2007) found that the organizational chart for Continental Airlines is organized along functional lines i.e. marketing, finance and operations (as cited in David, 2011, p. 186) which allows the firm to operate on a clear chain of command and focus on its strategies building competitive advantage. With the airline industry having its focus on customers the one internal element that can unify all employees and their actions towards the goal of satisfying customer need is a common organization culture. Policies and programs can be used to deeply root a culture. With an effective culture in place, employee commitment can translate to tangible results and even reflect on financial statements. Daramaju et al (2007) states that at Southwest Airlines, cost consciousness and employee commitment translated into operational excellence and increased profitability. The history and culture of an organization may contribute to its strategic capabilities, but may also give rise to strategic drift as its strategy develops incrementally on the basis of influence and failing to keep pace with a changing environment (Johnson, et al, 2008, p.201).

Managing these four effectively whilst integrating them leads to success. Marketing and planning and technology reflect operations and business processes while structure and culture focuses on people. The four KSF’s must be clear to all stakeholders and well aligned towards the achievement of the company goal to build competitive advantages for an airline.

5. Materials and Methods

The study followed survey research design. The target influence comprised of 994 employees from airline firms who are at the managerial level and have the capacity to assist in making strategic decisions.

5.1 Sample and sampling procedure

According to Mugenda and Mugenda (1999), Nachmias and Nachmias (1996) and Peil (1995), a representative sample must be at least 10% of the entire target population. Thus from the population of 994, the sample of 17.4% was representative enough making the data collected dependable and reliable. The respondents were identified by use of stratified sampling technique where the target population was divided into 9 executives, 23 managers, and 962 managerial staff and pilots making a total of 3 strata. Malhotra et al (2006) states stratified sampling is precise as it includes all important sub-populations (as cited in Polonsky & Waller, 2011, pg. 141). From the population of 994, the researcher sampled 173 respondents (17.4%) i.e. 6 executive directors, 17 senior managers and 150 managers and pilots’ stratum. Thereafter the respondents were picked by random sampling from each stratum as the technique is projectable.

5.2 Data collection techniques and instruments

Personal interviews and questionnaires were used to collect primary data. Secondary internal sources of data included periodicals, company reports and press releases. External sources used were relevant journals, publications and the internet.

Self-administered questionnaires with both closed and open-ended questions were used as questionnaires are considered the best in collection of primary data. Mugenda and Mugenda (1999) state questionnaires provide an avenue for the researcher to ask probing questions, they are fast, cheap and can be self administered. Different interview guides for each stratum with both structured and general questions were also used. This allowed probing questions during interviews to obtain as much information as possible. Nachmias and Nachmias (1996) state, interview guides give the respondent freedom to express their situation in relation to the matter in question.

5.3 Data analysis method

Qualitative data was analyzed using descriptive statistics where percentages, averages and frequencies were used from responses on a five point Likert Scale. Chi-statistic was also used to test for a hypothesis; if there is no

relationship between competitive advantage and business process activities. Analysis was done using Statistical Package of Social Sciences (SPSS 16.0).

6. Findings

Organizational characteristics include business processes, structure and culture. The results and discussion are based on the impact of organizational characteristics on sustainable competitive advantage during strategic change in airlines. These include resources and capabilities building competitive advantage in airlines, if there is no relationship between benefits from business process activities and competitive advantage, elements of structure disrupted during change, important stakeholders that culture focus on during change and characteristics of cultures easier to change. However forces driving change were first identified. These are on 87 completed questionnaires and 23 interviews as shown in Table 3.

6.1 Forces influencing strategic change

The external forces that influence strategic change in the respondent's area of work were identified. Sixty nine percent of the respondents stated that competitor move or pressure is a major force, 51% were for security threats, 43% said product innovation, 41% stated customer demands, 27% ascertained globalization, and 9% regulation requirements. Only 2% singled out supplier pressure. All the respondents unanimously stated technological advancements drive for strategic change. Table 1 represents information on the response of forces driving strategic change.

Table 1: Forces influencing strategic change

Force Influencing Change	Frequency	Percentage
Technology Advancement	110	100%
Competitor Moves	76	69%
Security Threats	56	51%
Product Innovation	47	43%
Customer Demands	45	41%
Globalization	30	27%
Regulatory Requirements	10	9%
Supplier Pressure	2	2%

n=110

6.2 Resources and capabilities building competitive advantage in airlines

The respondents gave the resources and capabilities that are required for success in the airline business environment. Patents and intellectual rights were found to be indifferent. Knowledge management and Research and Development (R&D) were agreed on. However it was strongly agreed that employee expertise, modern fleet, certification of standards, information systems and business intelligence are required to build competitive advantage in the airline business. The graph on Figure 2 represents the resources and capabilities which lead to success in the airline business environment with the resources and capabilities plotted against the average.

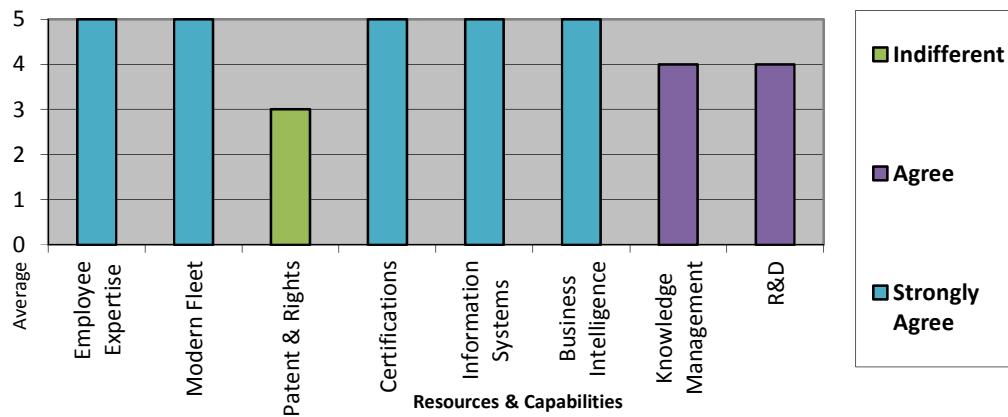


Figure 2: : Resources & Capabilities that build Competitive Advantage in Airlines

In times of change airline firms identify the impact the change has on the above mentioned resources and capabilities because they are ultimate for success. The change process should result in better ways of utilizing these resources and capabilities to build competitive advantage.

H1. There is no relationship between benefits from business process activities and competitive advantage

The study used chi-statistic to test a null hypothesis and find out if there is no significant relationship between benefits from business process activities and competitive advantage. The chi-square statistic was 79.98 with a DF of 6 and 5% significance level. The null hypothesis was rejected at 5% level where it was proved that there is a significant relationship between benefits from business process activities and competitive advantage. This means there is a strong association between benefits from business process activities and competitive advantage whereby when business processes result to economies of scale, customer intimacy, supplier relations, decision making, better management of non-core activities, resource sharing and emergency preparedness carriers build competitive advantage.

6.3 Elements of structure disrupted during change

Basing the responses on a Likert Scale of 1 to 5, the respondents strongly agreed that cross sectional teams and resource allocation base are most disrupted during strategic change. It was also agreed that reporting and communication systems, span of control and line and staff relationships are also disrupted. Respondents disagreed that protocol, accountability and responsibility are disrupted. It was strongly disagreed that authority is disrupted. However role clarity was found as indifferent. The graph on Figure 3 shows organization structure elements and the response of their disruption during strategic change whereby they are plotted against the average.

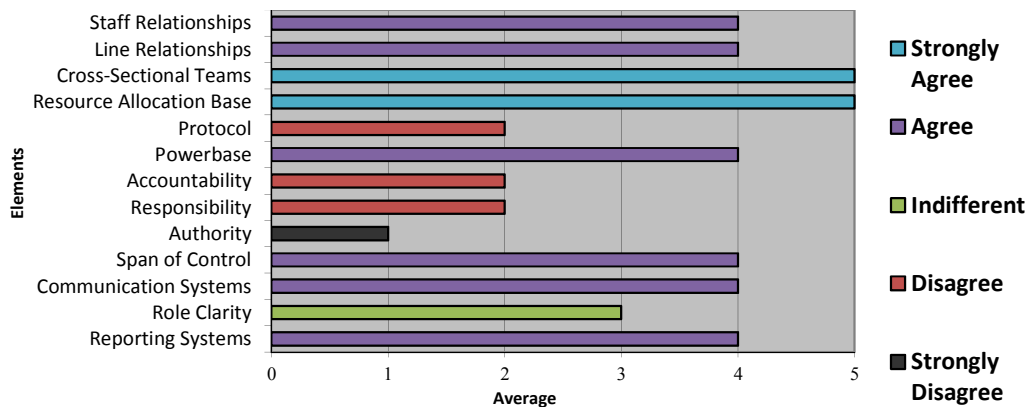


Figure 3: Elements of Organization Structure Disrupted during Change

6.4 Important stakeholders that culture focus on during change

The study ascertained most important stakeholders to airlines to whom company values, norms and beliefs focuses on during strategic change are employees, customers, top management, suppliers and shareholders. However competitors, the government, media and the society were found to be indifferent. Cultures that support different stakeholders build competitive advantage and during strategic change the interests of important multiple stakeholders are incorporated in decision making. The graph on Figure 4 shows this information where the stakeholders are plotted against the averages.

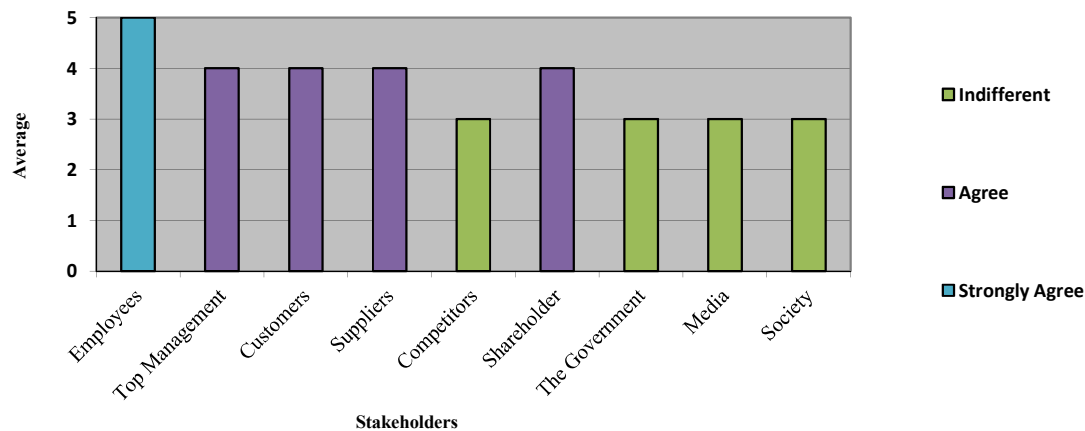


Figure 4: Stakeholders Company Values, Norms & Beliefs Focus on during Change

6.5 Characteristics of cultures easier to change

Lastly 87 respondents, gave the characteristics of cultures easier to change whereby the responses were grouped into 3 categories: disagree/strongly disagree (D/SD), indifferent (I) and agree/strongly agree (A/SA). The respondents unanimously agreed that cultures which support employee development, those encouraging employee participation and those supporting learning are easier to change. It was strongly agreed by 93.2 % of the respondents that cultures which support multiple stakeholders are easier to change. Seventy nine (90.8%) of the respondents agreed that cultures focusing on performance expectation are easier to change and 65.8 % agreed organization culture with diverse cultures are easier to change. Table 2 summarizes this information.

Table 2: Characteristics of Culture Easier to Change

Characteristics of Culture	D/SD	I	SA/ A
Support Multiple Stakeholders	0	6.8% (6)	93.2% (82)
Support Employee Development	0	0	100%(87)
Encourage Employee Participation	0	0	100%(87)
Diverse Cultures	10.3% (9)	24.1% (21)	65.6% (57)
Support Learning	0	0	100% (87)
Focus on Performance Expectation	0	9.2% (8)	90.8% (79)

7. Discussion

In the airline industry there are numerous forces that drive for strategic change. This study found out strongest drivers for change in airlines are technology advancement, competitor moves and security threats. Firms making up the industry are heavily dependent on systems which are subject to advancements from technology innovation and advancement. Johnson et al (2008) confirms this by stating that Airbus and Boeing manufacturers are dedicated to producing modern planes and engines through investment in R&D and that when such suppliers come up with more advanced products, airlines are faced with the challenging need to upgrade their systems meaning massive investment has to be made on the new product innovation. Other costs also come in including new communication systems, scheduling systems, training and maintenance costs, and insurance e.t.c. The company should always consider how new technology advancement is going to improve on the efficiency and effectiveness before making the strategic decision of adopting it for its operations. When a competitor makes a strategic move other firms or strategic groups react by reviewing and implementing strategies that they can use to maintain or improve their position in the industry. In his analysis of the airline industry 2008, Den Boer, (2009) found competition is stifled by alliances that make up strategic groups which compete against one another. Complex competitor moves also lead to development of the industry as time goes by due to new product innovation and growth of new and more demanding markets. Security threat has become a major challenge for carriers as earlier confirmed Daramaju et al (2007) during a study of Jet Blue Airlines where it is concluded that terrorist attacks have brought a major setback on airlines where people opt for other modes of transport other than air (as cited in Dess et al, 2008). To increase security measures, costs have risen from need of investing in facilities and equipment for screening baggage and tracking. New product innovation and customer demands call for change as the firm has to respond by creating newer and better products for their markets. It is important to consider new product innovation as it determines how many customers will be both retained and acquired besides the effect of that product being provided by a rival firm.

Crucial resources and capabilities that are required for success in the airline business environment are employee expertise, modern fleet, certifications, Information Systems and Business Intelligence. Jagersma (2011) terms integration of information logistics and business strategy as strategy alignment thus organizations should ensure their strategies are always in line with information management. Managers should therefore invest in the mentioned resources and capabilities through training and development of employees, Knowledge Management and Research and Development (R&D).

The null hypothesis was rejected at 5% level where it was proved that there is a significant relationship between benefits from business process activities and competitive advantage. This means there is a strong association between benefits from business process activities and competitive advantage. When business processes result to economies of scale, customer intimacy, supplier relations, decision making, better management of non-core activities, resource sharing and emergency preparedness, carriers build competitive. After the firm employs the 5-forces model to analyze and identify external forces that drive for strategic change they use the value chain model to analyze the internal business operations. The organization will realize sections of its value chain which require adjustment for competitiveness. Adoption of supportive technology applications can enhance the chain. However, David (2011) suggest "substantial judgment may be required in performing a value chain analysis because different items along the

value chain may impact other items positively or negatively, so there exists complex relationships” (p. 151).

Structural relationships are a Key Success Factor for carriers and as Golightly (1967) stated organization structures have become an effective tool of management unlike in the past where the management focused more on technical and governmental issues. During the study it became evident that in times of change unstable elements of the organization structure are disrupted which include the resource-allocation base, cross-sectional teams, reporting, communication systems and line and staff relationships. To counter these effects strong elements that are hard to disrupt during change can be used to bring stability in the organization. These include authority, accountability, protocol, responsibility and powerbase. Change leaders should therefore identify where these are situated in the organization structure and strongly support them to stabilize structures throughout the change process. Golightly adds that with The Chief Executive at the top of the structure, he reconciles all operations and brings out a unified vision that is reflected to all departments. This adds value to the organization as carriers are usually large corporate with many employees being managed in teams while aiming on a common goal. Central offices or positions should play the role of unifying the interest of the various departments reporting to it.

Cultures supporting different stakeholders build competitiveness and during change the interests of important multiple stakeholders are incorporated in decision making. The stakeholders most supported are employees, customers, top management, suppliers and shareholders. With the employees being most important the most effective ways of imparting culture on them is employee training, formulating value statements, rewarding behaviour and using slogans (Spector, 2007). With these methods new or revised culture can be imparted on employees during change while making people in those environments open minded, open to new ideas for creativity and ready to learn. It is also crucial to identify cultures that are easier to change so as to effectively manage the change process. For airlines, cultures that encourage employee participation, support multiple stakeholders, employee development, diverse cultures, learning and focus on performance expectation are flexible for change (Shah 2007; Spector, 2007; Daramaju, et al 2007; Regani, 2008; Byles, 2007).

8. Conclusion

The airline industry is highly dynamic and carriers have to respond to maintain and improve their market positions. When strategic change takes place all systems of the organization are disrupted leading to incongruence. With organization characteristics being part of these systems, its three elements namely business process, culture and structure are interlinked and need to be aligned to achieve success in times of change. For airlines the three elements are also Key Success Factors that determine competitiveness making them crucial factors in achieving business objectives. Managers should have ability to monitor and scan the highly dynamic environments that surround airlines and identify forces that significantly affect them leading to strategic change. With the realization of these forces they are better able to adjust their internal systems to align themselves with external environmental changes. It is recommended that managers and policy makers in airlines view organization characteristics as subsystems that depend on each other to build sustainable competitive advantage during strategic change. Further researchers should incorporate operational level employees and customers in the target influence to establish their role in organization characteristics during strategic change process in airlines besides using other methods of analysis to show cause-effect relationships.

References

- Almaraz, J. (1994). Quality and the Management of Change. *Journal of Organizational Change Management*, 7 (2), 6-14.
- Barney, J. & Hesterly, W. (2010). Strategic management and competitive advantage: Concepts and cases. (3rd ed.) Massachusetts: Prentice Hall
- Byles, C. (2007) Continental Airlines Inc. In: David, F. Strategic management: Concepts and Cases. Massachusetts: Pearson
- Daramaju, Eisner, A. & Dess G. (2007), Jet Blue Airlines: Is the Blue Fading? In: Dess, G., Lumpkin, G. & Eisner, A. Strategic management: Texts and cases. (4th ed.), Massachusetts: McGraw Hill

- David, F. (2011). Strategic management: Concepts and cases. Massachusetts: Pearson
- Dess, G., Lumpkin, G. & Eisner, A. (2008). Strategic management: Texts and cases. (4th ed.), Massachusetts: McGraw Hill
- Fronza, Y. & Moriceau, J. (2008). I am not your hero: Change Management and Culture Shocks in a Public Sector Corporation. *Journal of Organizational Change*, 21 (5), 589-609
- Golightly, H. (1967). The airlines: A Case Study in Management Innovation. *Business Horizon*, 67-75.
- Haag, S., Cummings, M. & McCubbrey, D. (2002) Management information systems for the information age. (3rd ed.) Boston: McGraw Hill
- Harigopal, K. (2006). Management of organizational change. New Delhi, India: Response Books
- Hayes, J. (2007). The theory and practice of change management. (2nd ed.) Hampshire: Palgrave
- Jagersma, K., P. (2011). Competitive information logistics. *Business Strategy Series*, 12,(3), 136-145
- Johnson, G., Scholes, K. & Whittington, R. (2008). Exploring corporate strategy. (8th ed.) UK: Prentice Hall
- Kothari, C. R. (2004). Research methodology: Methods and techniques. (8th ed.) New Delhi: New Age International
- Laudon, K. & Laudon, J. (2009). Essentials of management information systems. (8th ed.) New Jersey: Pearson Prentice Hall
- Laudon, K. & Laudon, J. (2007). Management information systems: Managing the digital firm New Jersey: Pearson Prentice Hall
- Naikuni, T. (2009, May-July). Karibu. Msafiri (Ed 67) UK: Travel Africa Ltd.
- Ma, H. (1999). Creation and Preemption for Competitive Advantage. *Management Decision*, 37 (3), 259-266.
- Mugenda, M.O. & Mugenda, G.A. (1999). Research methods: Quantitative and qualitative approaches. Kenya: Acts Press
- Nachmias, F., C. & Nachmias D. (1996) Study Guide for research methods in the social sciences. (5th Ed) New York: St. Martin's Press
- Passemard, D. & Kleiner, B. (2000). Competitive Advantage in Global Industries. *Management Research News*, 23 (7), 111-117.
- Polonsky, M., J. & Waller, D., S. (2011) Designing and managing a research project. (2nd ed.) California: Sage
- Porter, M. (1998). Competitive strategy: Technologies for analyzing industries and competitors. New York: Free Press
- Regani, (2008) JetBlue Airways: Growing Pains? In: Barney, J. & Hesterly, W. (2010). Strategic management and competitive advantage: Concepts and cases. (3rd ed.) Massachusetts: Prentice Hall
- Shah, A.J. (2007) SouthWest Airlines. In: David, F. (2011). Strategic management: Concepts and cases. Massachusetts: Pearson
- Senior, B. & Fleming, J. (2006). Organizational change. (3rd ed.) UK: Prentice Hall
- Rovenpor J. & Michael, M. (2008) JetBlue Airways: A Cadre of New Managers Takes Control. In: Thompson, A., Strickland A.J. & Gamble, J. (2010). Crafting and Executing Strategy. (17th Ed) Massachusetts: McGraw-Hill

Table 3. Response Rate

Questionnaires		
State of Questionnaires	Number of questionnaires	Percentage (%)
Complete & returned	87	67
Incomplete	2	1.5
Not returned	41	31.5
Total	130	100
Interviews		
State of Interview	Number of respondents	Percentage (%)
Successful	23	53.5
Not Successful	20	46.5
Total	43	100
n=110		

Table 4. Response on Factors building Competitive Advantage

Factors building Competitive Advantage	Primary Activities	Support Activities	Total
Economies of Scale Production	6	4	10
Customer intimacy	12	6	18
Supplier Relations	9	6	15
Better Management of Non-core Activities	14	3	17
Decision Making	13	7	20
Resource Sharing	13	8	21
Emergency Preparedness	4	5	9
Total	71	39	110
n=110			

Note: Chi-Square test $= \sum (O-E)^2/E$ with df 6 and a significance level of 5%

$H_0 : f_0=f_e$: There is no significant relationship between benefits from business process activities and competitive advantage.

$H_A : f_0 \neq f_e$: There is a significant relationship between benefits from business process activities and competitive advantage.