

2.5B: Organisational Culture: Activity



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2.5 ORGANISATIONAL CULTURE: ACTIVITY B

Read the case study below and answer the questions that follow.

CHANGING CULTURE – FROM STATE OWNERSHIP TO PRIVATE-SECTOR OWNERSHIP



British Airways (BA) used to be a nationalised, state-owned business. It was over-staffed and customers' satisfaction ratings were low. Privatisation brought a profit focus to all strategic decisions. Staff numbers were reduced, but productivity and profits increased. Managers were encouraged to be enterprising in taking decisions to increase customer numbers and profits. The new culture brought risks too. In 2014, BA agreed to pay compensation to thousands of passengers who, for two years, had been overcharged a fuel surcharge that BA had illegally fixed with Virgin Atlantic. Possibly additional staff training may have helped to demonstrate those circumstances where 'how we do things around here' might conflict with legal obligations.

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QUESTIONS: 12 MARKS, 21 MINUTES

1. Explain **two** reasons why might culture clashes have resulted from state control to a public limited company. **[6 marks]**
2. Explain **two** factors that may explain why a culture clash may develop if BA were to be taken over by an Indian-owned, low-cost airline. **[6 marks]**