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Final Assignment: Organizational Behavior

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**Q1: Do you agree that good communication reduces uncertainty; in your opinion could it have saved Pan Am?**

**Answer: Yes, the good communication reduces the uncertainty:**

**Types of Communication:**

**Here I explain Two types of Communication which is Important to save Pan Am:**

**(1) Communication Between Stakeholders for Crises:**

Yes! effective communication strategies in high-uncertainty environments can help reduce uncertainties, and forge a unified bond between leaders and employees. Well designed and executed strategies are associated with productivity gains, efficiency improvements, cost reductions, improved morale, and decreased employee turnover. In my opinion communication was one of the reasons that led Pan Am from disaster to crisis, the stakeholder's perception of the crisis organization was determined by media coverage. The way in which the media depict the crisis with the depth and intensity of coverage influenced the stakeholders. Media was considered the antagonist in a crisis scenario. Because of medias highly influential role, the company had to be prepared to take immediate control of informational flow in a crisis plan. If Pan Am communicated in a good manner and provided good information at that time it would have saved them from falling into crisis, but Pan Am's failure to provide information in a timely way resulted media focusing on victims' families. As a result of the information vacuum, rumors as to the cause of the explosion thrived.

**(2) Communication Between Pilot and Flight Simulator:**

The collision between the Pan Am and KLM Boeing 747's at Tenerife in March 1977, which killed 583 people, was a defining event in aviation safety.  While there were many predisposing human factors involved, the accident was a tragic lesson in miscommunications.  The accident demonstrated that, in the aviation industry, "information transmitted by radio communication can be understood in a different way to that intended, as a result of ambiguous terminology and/or the obliteration of key words or phrases" and that "the oral transmission of essential information, via single and vulnerable radio contacts, carries with it great potential dangers" (Job,

1994:180).  Nine months after this accident, the Air Navigation Committee of the International Civil Aviation Organization (ICAO) took action, issuing three reports and implementing radiotelephony changes in 1984.  Two decades later, miscommunication still causes aircraft accidents.  As recently as September 1997 in our own region, confusion between the pilot and air traffic controller is considered the most likely cause of the Garuda A300 Airbus crash at Medan, Sumatra, which claimed 234 lives (Thomas, 1998).

My interest in the subject was aroused some years ago when I was sequencing traffic into Sydney.  A vector I issued to "Tango alpha delta" (TAD) was acknowledged by "Tango alpha alpha" (TAA) and the wrong aircraft commenced a turn before I could cancel it, fortunately without consequences. Homophony confusion with "alpha" and "delta" occurs occasionally with most controllers, as does a pilot reading back "Flight level two seven zero" when the controller has issued "Climb to flight level two zero zero".  These are also examples of 'expectation error' because pilots of both TAD and TAA were expecting vectors, and the crew of a departing jet is expecting to climb higher than twenty thousand feet.  But they may also be due to poor pronunciation, poor microphone technique, a distracted, busy crew or a noisy frequency—perhaps all of these.

Amongst controllers there is insufficient awareness of the pervasiveness of the miscommunication problem and its various manifestations. The insidiousness of some of these requires that controllers be provided with a deeper insight into the structures of language and the way which phrases and words can be misinterpreted

**Due This accident This occur due to miscommunication and for PAN AM this the first crisis during turnaround if there is Good communication so there is no crisis for his organization.**

**Q2: Based on the case study do you think Pan Am was flexible in their decision making?**

Pam Am was not flexible in their decision making they could have made better decisions during the turnaround phase. Internationally the airline had built up a formidable route network but senior executives had realized for some time that the way forward was to increase the feeds to these services. The inconvenience to passengers of having to change from a 'domestic 'airline to Pan Am for international travel was sustainable within the marketplace only as long as regulation was in place on international routes. In anticipation of the problems of deregulation. However, with the advent of deregulation, the lack of feeders became a distinct, rather than a potential, threat. In order to overcome these difficulties, Pan Am sought to develop the domestic feeder system it needed through the acquisition of National Airlines. The purchase of National was deemed a strategic error, given that the cost of the acquisition was excessive in terms of cash and because of incompatible aircraft and routes alongside a range of inherited labor problems. The lack of adequate domestic feeder flights following the advent of deregulation, combined with the problems arising out of the ill-fated acquisition of National, bode ill for Pan Am's and created the potential for crisis which was incubated during the remainder of the decade.

**Q3: In your opinion where do you think they made a mistake that caused the failure to the airline.**

**Answer:** Pan Am made numbers of mistakes in its turn around phase. It found itself in the post-deregulation with an inflexible and heavily unionized work force together with a mixed aircraft fleet of varying standards. This, coupled with the company's management culture, developed during the secure regulatory years, was to prove to be a problem. With Pan Am's fortunes waning during the highly competitive the organization's Pan Am was again faced with selling what little assets it had to remain viable as the crisis took a heavy financial toll on the organization. It also sold its Internal German Service (IGS) network to Lufthansa for $US150 million. Pan Am decided that to remain as a viable carrier it must sell one of its remaining jewels in the crown - its transatlantic route operation. However, any attempt to clear the sale would require the British government agreeing to ease restrictions on new carriers operating from Heathrow. Delays through inter-governmental negotiations followed and, in the interim, TWA attempted to take-over Pan Am in a $US375 million deal. Finally, terminating any takeover bid by TWA, Pan Am applied for Bankruptcy Protection in the US courts. Pan Am re-negotiated loans to enable it to restructure its finances which had been decimated by the Gulf crisis. Pan Am's revenue generation had been severely curtailed due to the lack of demand. During the initial turnaround attempt, the acute crisis events of Lockerbie, economic recession and the Gulf war were too great for Pan Am to counter with its eroded asset base and diminished route system. The ensuing debt burden and filing of bankruptcy protection saw remaining assets sold and the adoption of a divest or 'get out now' end-game strategy.

**The Big Mistake Due to which the Airline is Failed:**

On Friday, 22 December 1988, at 6.25 pm, Pan Am Flight 103 departed from London Heathrow for John F. Kennedy Airport, New York. The aircraft entered the airspace under Prestwick air traffic control and, soon after, the controller noticed the single green boxed cross symbol for Flight 103 turn into five unlabelled symbols and then vanish from the screen (Elliot, Davenport and Dawe, 1988). Pan Am Flight 103 had broken up in mid-air and plummeted to the ground killing all 259 passengers and crew along with an additional 11 people from the village of Lockerbie (Connett, Leppard, Rofford, Roy, Pragnell and Hosenball, 1989; Air Accident Investigations Branch, 1990; Cox and Foster, 1992). Pan Am's contingency plans for airline crisis were brought into operation with the pre- determined members of the crisis team taking up residence in the Heathrow EPIC centre and with a forward information post established by Pan Am staff in the local vicinity of the crash site (Carrington, 1989). Images of the 747s cockpit section dominated the news headlines, as did the conjecture as to the cause of the accident. The issue was whether the plane was destroyed by a bomb or, potentially more dangerous for Pan Am, that it broke up in flight due to metal fatigue in the air frame of the ageing 747 (Donkin and Donne, 1988). Given that Pan Am operated the oldest fleet of 747s in operational service (Cornelius, 1988), the problem of ageing planes was a serious issue and had been raised in the media during the preceding year. The Maid of the Seas was one of the aircrafts that had been modernized under the US Air Force plan for national emergencies (Pan Am, 1989) and this had involved refurbishing of the air frame to accept the h@er stresses incurred during times of national emergency (Donne, 1988). Whilst Pan Am did not initially stress this point, one which could have diverted attention away from the structural failure argument had the accident been due to fatigue, it would have effectively grounded one third of Pan Am's 747 fleet. The issue took a further turn with the announcement on 23 December that the US Embassy in Helsinki had been advised that the airline would be the target of a terrorist bomb on a flight originating in Frankfurt in the two weeks following 13 December 1988 (Donkin and Donne, 1988). Public outcry at the non- informing of passengers about a warning was vociferous (Johnson, 1989). Claim and counter claim followed during the first week after the disaster, with Pan Am remaining emphatic that they had not been advised of the terrorist threat to one of its airliners. On 29 December 1988, British air accident forensic experts announced that the cause of the tragedy was, in fact, a bomb (Elliot, Evans, Faux and Dawe, 1988). Whilst this announcement diverted attention away from the ageing Pan Am fleet, it then focused full attention of both public and media to Pan Am's security system - operated by Alert Inc and a wholly-owned subsidiary of Pan Am (Parry, 1988). The media instantly produced the review of Pan Am security, by a former head of EL AL security in 1986, which was particularly damning of procedures and methods (Bremner and Tendler, 1988). In addition, questions were raised about the air transport baggage security system as a whole (Donkin, 1988). Especially damning was the fact that the US government had advised its embassy staff about the bomb threat, so as to allow government officials to change carrier. However, no alert was given to the general public as to the potential threat (Donkin and Donne, 1988). The effect of the bombing of Pan Am 's trans-Atlantic traffic was devastating. It saw its demand drop by 13 per cent in January and February of 1989 as passengers switched carriers and avoided the airline (Pan Am, 1989). Pan Am's domestic feeders, which served the trans-Atlantic routes, were also hit by the bckerbie incident (Heckscher, 1991). The low yield and lack of passengers in the post-lockerbie period, running to the end of 1989, cost Pan Am approximately $US450 million in lost revenue (Heckscher, 1991). Pan Am was facing severe problems on both the trans-Atlantic routes and in its domestic market (Graham, 1989). Throughout this period, Plaskett was still courting partners to merge with Pan Am but his discussions with potential partners came to nought due to the company's debt burden (me Economist, 1991). By early 1990, Plaskett had re-introduced elements of his turnaround strategy that had been in place at the time of the Lockerbie bombing. These elements were primarily con- cerned with increasing the basic service aspects of the airline, coupled with a strong marketing campaign to persuade passengers to use the service.

**Q4: What can you generalize from the case study based on information, was it a group culture organization?**

**Answer:**

Yes, we could generalize from the case study based on information that Organizational culture represents a common perception held by the organization's members. This was made explicit when we defined culture as a system of shared meaning. We should expect, therefore, that individuals with different backgrounds or at different levels in the organization will tend to describe the organization's culture in similar terms,

Acknowledgment that organizational culture has common properties does not mean however, that there cannot be subcultures with any given culture. Most large organization have a dominant culture and numerous sets of subcultures. A dominant culture expresses the core values that are shared by a Majority of the organization's members. When we talk an organization's culture, we are referring to its dominant culture. It is this macro view of culture that gives an organization its distinct personality. Subcultures tend to develop in large organizations to reflect common problems, situations, or experiences that members face. These subcultures are likely to be defined by department designations and geographical separation. The purchasing department, for example, can have a subculture that is uniquely shared by members of that department. It will include the core values of the domint culture plus additional values unique to members of the purchasing department. Similarly, an office or unit of the organization that is physically separated from the organization's main operations may take on a different personality. Again, the core values are essentially, but they are modified to reflect the separated unit's distinct situation.

If Organizations had no dominant culture and were composed only of numerous subcultures. The values of organizational culture as an independent's variable would be significantly lessened because there would be no uniform interpretation of what represented appropriate behavior. It is the "shared meaning" aspect of culture that makes it such a potent device for guiding and shaping behavior. That's what allows us to say, for example, that Pan Am culture values aggressiveness the behavior of Pan Am executives and employees. But in the reality that PAN AM organizations also have subcultures that can influence the behavior of members.

**Q5: Write a summary of the case study and be more specific on what you understood out of this study.**

**Answer**: Summary:
The purpose of this paper is to encourage understanding of the practical value to managing and communication practitioners of the positive lessons from issue and crisis management cases. Design, methodology and approach, unlike many other areas of management writing, which focus on new approaches and best practice, issue and crisis management cases often highlight "PR disasters". This paper uses well known examples to explore the reasons for this focus on failure and proposes ways for managers to move beyond schadenfreude to secure genuine learning and competitive advantage from the adverse experiences of others. Findings, whereas many industry cases are self-serving and prone to wisdom after the event, there is a growing body of authoritative case-books and other material which can provide useful evaluation and benchmarking for an

organization's own activity, both internal and external. Originality value While academics are familiar with the use of communication case analysis, this paper explores the range of published case study resources for practitioners and other managers who may be less aware of what is currently available and how independent analysis and insight can help facilitate effective performance against accountability.

**And Main theme:**

crisis management achieved considerable impetus during the latter part of the 1980s with the occurrence of a number of major incidents which captured media attention. The terrorist bombing of Pan Am Flight 103 in December 1988 was one of the largest loss-of-life transport incidents of the decade and had serious implications for the integrity of the corporation. The bombing, whilst a discrete crisis event in itself, was part of a longer history of crisis through which the company had passed. The purpose of this paper is to explore the managerial response to crisis events within Pan Am and offer an assessment of the factors that ultimately led to the collapse of the corporation in 1991.