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SUBJECT NAME: ORGANIZATION
BEHAVIOUR

QUESTION#1:

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

ANSWER:

Yes, I agree that good communication reduces uncertainty; in my opinion. The uncertainty reduction theory explores the initial interaction between people that occurs before the actual communication process and is hence also known as initial interaction theory.

Assumptions of Uncertainty Reduction Theory

Uncertainty reduction theory is based on the central assumption that the primary concern of strangers upon initial interaction is to reduce uncertainty and increase predictability. Other assumptions related to this theory are:

- People feel uncertain in initial interpersonal communication.
- Uncertainty can make people avoid a situation or behavior (aversive state) and cause cognitive stress.
- Strangers want to reduce uncertainty/increase predictability in initial interaction.
- Interpersonal communication can be broken down into stages.

Core concepts of Uncertainty Reduction Theory

The theory says that people need prior information about others to reduce their uncertainty. People feel unpleasant when they are uncertain about the other person's behavior or actions, so they try to reduce uncertainty through interpersonal communication.

Verbal communication

The level of initial uncertainty for each individual decreases with the onset of verbal communication. Also, the communication increases as uncertainty decreases.

Nonverbal warmth

As nonverbal affiliative expressiveness such as eye contact, head nods, smiles increase, uncertainty decreases.

Information seeking

The need of information seeking decreases as uncertainty about the other person decreases.

Self-disclosure

Individuals disclose intimate information as they feel the level of uncertainty decreasing.

Question#2:

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

Answer:

No, Pan Am was not flexible in their decision.

In American World Airways, some say that the company's long slide started with founder Juan Terry Trippe, viewed by many as arrogant in conducting business and who never planned for a qualified, long-term successor. Others argue that the company's downfall came from more fundamental causes, such as poor management, deregulation, unions, apathy etc .

I'd say that the end wasn't all that simple.

The U.S. government's refusal to allow Pan Am a connecting domestic-route network during the late 1940s -- at a time when domestic-based Trans World Airways and numerous blossoming foreign carriers were awarded international route authority over routes most of which Pan Am had pioneered -- started the beginning of the end.

Then came the era of repeated international terrorist attacks against U.S. policy overseas, often targeting Pan Am directly and culminating in the 1988 Clipper 103 disaster.

And last, when the threat of war in the Persian Gulf and a deepening recession caused airlines in general to suffer an acute burden of dropping traffic and months of soaring fuel prices, the U.S. Department of Transportation secretary suggested to the public that Pan Am might fold. Severely weakened, a great American institution did just that.

Considering the above, it's no wonder that, coupled with bad press, fear, a lack of travel agents and of public confidence, Pan Am's fate was sealed -- crushing at the same time the lives, hopes and dreams of thousands of hard-working Americans and many overseas employees of the Pan Am family.

So much for the loss of another traditional symbol of our pioneering spirit and heritage: a world-class trailblazer, goodwill ambassador, U.S. flag carrier and America's friend around the world.

Question#3:

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

Answer:

In my opinion the following are the crisis which make the failure of the airline

Fallout from 1973 oil crisis

Pan Am had invested in a large fleet of Boeing 747s expecting that air travel would continue to increase. It did not, as the introduction of many wide-bodies by Pan Am and its competitors coincided with an economic slowdown.

Reduced air travel after the 1973 oil crisis made the overcapacity problem worse. Pan Am was vulnerable, with its high overheads as a result of a large decentralized infrastructure. High fuel prices and its many older, less fuel-efficient narrow-bodied airplanes increased the airline's operating costs. Federal route awards to other airlines, such as the Transpacific Route Case, further reduced the number of passengers Pan Am carried and its profit margins

Attempts to build a US domestic network

Since the 1930s Juan Trippe had coveted domestic routes for Pan Am. Through the late 1950s and early 1960s, and in the mid-1970s, there were talks of merging the airline with a domestic operator such as American Airlines, Eastern Air Lines, Trans World Airlines or United Airlines.^[44] As rival airlines convinced Congress that Pan Am would use its political clout to monopolize US air routes, the CAB repeatedly denied the airline permission to operate in the US, by growth or by a merger with another airline. Pan Am remained an American carrier operating international routes only (aside from Hawaii and Alaska).

National Airlines takeover

To acquire domestic routes, Pan Am, under president Sea well, set its eyes on National Airlines. Pan Am wound up in a bidding war with Frank Lorenzo's Texas International that boosted National's stock price, but Pan Am was granted permission to buy National in 1980 in what was described as the "Coup of the Decade." The acquisition of National Airlines for \$437 million further burdened Pan Am's balance sheet, already under strain after financing the Boeing 747s ordered in the mid-1960s. This acquisition did little to improve Pan Am's competitive position in relation to nimbler, lower-cost competitors in

a deregulated industry, as National's North-South route structure provided insufficient feed at Pan Am's transatlantic and transpacific gateways in New York and Los Angeles.

Disposal of non-core assets and operational cutbacks

As 1980 progressed and the airline's financial situation worsened, Seawell began selling Pan Am's non-core assets. The first asset to be sold off was the airline's 50% interest in Falcon Jet Corporation in August. Later in November, Pan Am sold the Pan Am Building to the Metropolitan Life Insurance Company for \$400 million. In September 1981 Pan Am sold off its InterContinental hotels chain. Before this transaction closed, Seawell was replaced by C. Edward Acker, Air Florida's founder and ex-president as well as a former Braniff International executive. The combined sale value of the InterContinental chain and the Falcon Jet Corp stake was \$500 million.

Fleet restructuring

Despite Pan Am's precarious financial situation, in summer 1984 Acker went ahead with an order for new Airbus models in wide body and narrow-bodied aircraft, becoming the second American company to order Airbus aircraft, after Eastern Air Lines.^[97] These advanced aircraft, economically and operationally superior to the 747s and 727s Pan Am operated at the time, were intended to make the airline more competitive. New A300s began replacing 727s on the Internal German Services (IGS) and Caribbean networks later the same year while new A310s later replaced some of the 747s on the slimmed-down transatlantic network following ETOPS certification (approval by the Federal Aviation Administration (FAA) of transoceanic flying with twin-engined aircraft)

Sale of Pacific division

Given the airline's dire state, in April 1985, Acker sold Pan Am's entire Pacific Division, which consisted of 25% of its entire route system and their major hub at Tokyo Narita International Airport to United Airlines for \$750 million. This sale also enabled Pan Am to address fleet incompatibility issues related to the earlier acquisition of National Airlines as it included Pan Am's Pratt & Whitney JT9D-powered 747SPs, its Rolls-Royce RB211-powered L-1011-500s and the General Electric CF6-powered DC-10s inherited from National, which were transferred to United along with the Pacific routes.

Establishment of local feeder networks

In the early 1980s, Pan Am contracted several regional airlines (Air Atlanta, Emerald Air, Empire Airlines, Presidential Airways and Republic Airlines) to operate feeder flights under the *Pan Am Express* branding

US East coast shuttle

In an attempt to gain a presence on the busy Washington–New York–Boston commuter air corridor, the Ransome acquisition was accompanied by the \$100 million purchase of New York Air's shuttle service between Boston, New York, and Washington, D.C. This parallel move was intended to enable Pan Am to provide a high-frequency service for high-yield business travellers in direct competition with the long-established, successful Eastern Air Lines Shuttle operation.

Question#4:

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

We can generalize from the case study based on information from the following

the importance of knowledge and information for successful enterprises is seldom argued against, theoretically reasonable as it appears, it is of interest to consider the relationships suggested in the studies mentioned above more closely in a Swedish case study. With data from large organization we can also use quantitative evidence and have the possibility to explore relationships between "information culture" and organizational climates, information use and performance indicators. During a number of decades there has been published many studies on information needs and uses. So called "user studies" is an important specialisation within the field of library and information studies. The early adopted name "user studies" also indicates a library and information service perspective where the user tended to be i looked at from a library or information service point of view. The results from research suggested that this kind of perspective tend to prevent a more complete standing of behaviour. During the 1980's % paradigm was introduced, focusing more on the individual, the subjective reports and micro behaviour. This was probably a sound reaction to many superficial user studies, often . " utilising quantitative methods, little theory and unsophisticated analysis. However, this new trend may also have contributed to set aside some earlier findings that were never questioned. For example, the impact of a broader social or organizational environment was not really at focus in the new paradigm. Bridging and synthesising results from these different perspectives seems to be a challenge for research in the near future. The case study can be said to have started with visits, interviews and surveys a number of years ago with the initial ambition to understand the use of professional information among professionals within R&D in a pharmaceutical company. In 1998 a new

data collection was initiated as part of a broader project. This new data collection consisted of a limited number of interviews and a survey among eight companies served by the same information service. A sample of 373 employees was taken from circulation lists. Half of the sample was from research-oriented companies and the other half from companies devoted to sales, manufacturing etc. The response rate was 68 percent There are numerous studies on information needs and uses. Many of them information seeking and use to be related to several factors which may it, trigger it or cause it to stop. The basic conditions which influence the professional use of information, however, are rather general in nature I would suggest, and consist of an interplay between the individual and the information system, where the individual is co a specific problem or situation within a broader social and context. In addition, there are several studies showing the importance of information availability, of individual skills, specified aspects of the situation as in my own model where task and subject area were interpreted with concepts like uncertainty and the basic-applied dimension. In a model by Wilson (1997) also individual aspects he stresses and coping strategies are highlighted. In a more recent review McCredie and Rice (1999) present a framework that includes a large number of aspects of the information seeking process and influences or constraints affecting this. They group variables related to physical, cognitive, affective, economic, social and political aspects of influences on access to information-They also stress that different perspectives are related to different conceptualizations of information as well as various conceptualizations of access. In spite of this it can be argued that there is at some general agreement on a number of variables influencing information behaviour and use, even if the specific models suggested differ. In this paper the model used is modified to fit the available variables in the case study which also gave empirical support to the model in the first data collection of the case study. Yes, it was a group culture organization

Question#5:

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

Answer:

Summary

From the above case study, we have concluded that pan am was the airline which was one of the fastest growing airlines at the time it has seen its raise

In the airline industry but the decision making of the pan am was one of the reasons that lead the pan am airline to the destruction if they take the right decision on the right time the pan am airline will have been safe from getting bankruptcy. One of another reason of the destruction of the pan am airline is that its reputation was been destroy by the hijacking of the plane. Some of the reason are that leads pan am getting down was that 1973 oil crisis *Pan Am had invested in a large fleet of Boeing 747s expecting that air travel would continue to increase. It did not, as the introduction of many wide-bodies by Pan Am and its competitors coincided with an economic slowdown.* Fallout from 1990–91 Persian Gulf War The first Gulf War triggered by the Iraqi invasion of Kuwait on August 2, 1990, caused fuel prices to rise, which severely depressed global economic activity. This in turn caused a sharp contraction of worldwide air travel demand, plunging once profitable operations, including Pan Am's prime transatlantic routes, into steep losses. These unforeseen events constituted a further major blow to Pan Am, which was still reeling from the 1988 Lockerbie disaster. *Bankruptcy* Pan Am was forced to file for bankruptcy protection on January 8, 1991. Delta Air Lines purchased the remaining profitable assets of Pan Am, including its remaining European routes (except one from Miami to Paris), and Frankfurt mini hub, the Shuttle operation, 45 jets, and the Pan Am World port at John F. Kennedy Airport, for \$416 million. Delta also injected \$100 million becoming a 45 percent owner of a reorganized but smaller Pan Am serving the Caribbean, Central and South America from a main hub in Miami. The airline's creditors would hold the other 55 percent.

The Boston–New York LaGuardia–Washington National *Pan Am Shuttle* service was taken over by Delta in September 1991. Two months later Delta assumed all of Pan Am's remaining transatlantic traffic rights, except Miami to Paris and London.

In October 1991, former Douglas Aircraft executive Russell Ray, Jr. was hired as Pan Am's new president and CEO. As part of this restructuring, Pan Am relocated its headquarters from the Pan Am Building in New York City to new offices in the Miami area in preparation for the airline's relaunch from both Miami and New York on November 1. The new airline would have operated approximately 60 aircraft and generated about \$1.2 billion in annual revenues with 7,500 employees. Following the relaunch, Pan Am continued to sustain heavy losses. Revenue throughout October and November 1991 fell short of what had been anticipated in the reorganization plan, with Delta claiming that Pan Am was losing \$3 million a day. This undermined Delta's, Wall Street's and the traveling public's confidence in the viability of the reorganized Pan Am.

