Universiteit Utrecht

In what ways can an airline company improve its core values to differentiate from its low-cost competitor?

Bachelor Thesis.

Theo Daoudi

3851877

Supervisor:

Alex Klein

Second Reader:

Bilgehan Uzunca

Course code:

ECB3OKVECO

June 24th 2015.

Final version.

Abstract.

This research takes an internal marketing approach, relating various points of view to obtain greater understanding of the airline industry, its evolution, revolution and challenges imposed to the traditional airlines. The aim of this research is to explain the root difficulties that traditional airlines encounter to improve their core values in order to differentiate from their low-cost rivals. The research model revolves around three variables: core values and organizational culture, differentiation and leadership styles. The conceptual model involves face-to-face interviews with airline experts, constituting primary data, to confront literatures to the practice. Traditional airlines are expected to have a less complete organizational culture, which combined with their transactional leadership style, reduce their ability to differentiate and compete against low-cost airlines. Findings reveals that compared to low-cost airlines, traditional airlines' mission statements are less comprehensive, suggesting a less unified organizational culture. The cause is found to be due to traditional airlines' long establishment and inertia, which reduce their attitudes and abilities to adapt to changes and hence differentiate. This relative lack of organizational culture, the business model nature of traditional airlines and their transactional leadership style result in struggles to find ways to differentiate and respond to the fast degree of adaptation proposed by low-cost airlines. To survive in the aviation industry, where the rules of the game are now being set by low-cost airlines, the traditional airlines must undergo profound changes. The conceptual model provides a coherent picture of the interplaying role of the variables while supporting and confirming hypotheses through literature review and the use of face-to-face interviews with experts.

Keywords:

Core values, organizational culture, differentiation, leadership style, airlines, Air France.

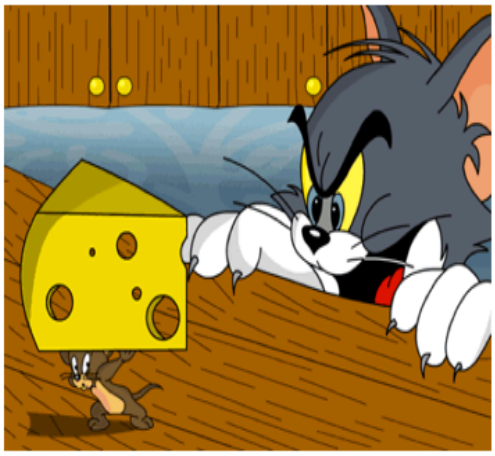
Introduction.

Since the deregulation and liberalization of the aviation in the seventies, the market environment and forces evolved, re-shaping the airline industry's face. Competition increased among traditional and low-cost airlines and intensified with the introduction of a new business model, the hybrid airlines. The low-cost business model is fundamentally different from traditional airlines. Traditional airlines did not acknowledge low-cost airlines as a significant treat. Therefore, low-cost airlines enjoyed some freedom to operate, gain market shares and evolve from their original niches, in the shadow of traditional airlines until they got recognized as an actual danger. The hybrids business model is blurring the lines between traditional and low-cost business models, reinforcing competition and challenges for traditional airlines. The airline industry's situation can be summarized with the below illustration:

Pre-deregulation and liberalization of the aviation market.

Traditional Airlines (Tom) ruling the aviation market.

Post-deregulation and liberalization.



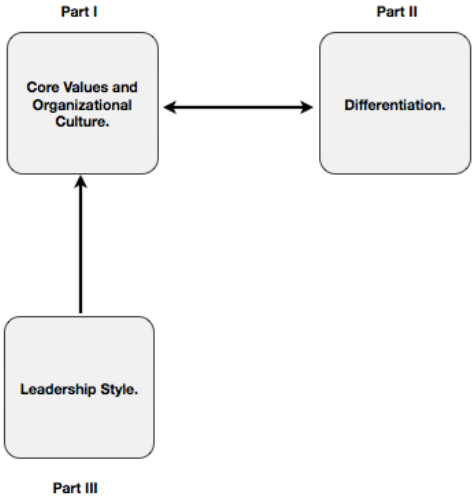
Low-cost airlines (Jerry) gaining market shares (cheese) and being noticed by traditional airlines (Tom).

Fast evolution of Low-cost airlines

Traditional airlines (Tom) confronting and reacting to the rapid expansion of low-cost airlines (Small and medium Jerry) and introduction of hybrid airlines (Big Jerry).

In what ways an airline can improve its core values to differentiate from its low-cost competitors, constitutes the research question of this paper. The research model uses two variables: core values and organizational culture, and one moderator: leadership style. Core values and organizational culture set the organization's ability to differentiate. In return, the market in which the organization operates sets the limits of organizational culture. Therefore, these two variables present a mutual relationship. The leader embodies the organizational culture of an organization. The leadership

style used has an impact at modifying the organizational culture. However, the research model assumed leadership style having an effect on the ability to differentiate for an organization through its impact on organizational culture. The direct impact of leadership style on differentiation necessitates further investigations.



This research proposes a hot topic illustrated through the case of the traditional airline Air France. In September 2014, the pilot union (SNPL), which has the shareholder majority, went to strike and caused a loss of over 300 million euros at a time where the company was already having financial difficulties (Bachman, 2014; Clark, 2014). As a consequence, Air France initiated the plan Transform in 2015, aiming at reducing costs at three levels: the ground staff, stewards and hostesses and pilots. The two formers reached respectively 100% and 96% while pilots achieved only 67% (Jacquin, 2015). The financial repercussion is the shutting down of operations at three hubs by October 2015. The SNPL contest this decision. Ultimately, Air France has no alternative except suing it own union in court (Jacquin, 2015; n.d, 2015). The Air France's situation encompasses the variables of this research model, the degree of organizational culture, its ability to differentiate and the leadership style perspective.

The first part dives into the formation process of an organizational culture, its interaction with the environment and strategies to modify it. The first section investigates the creation, roles and limits of core values. The second section explains core values and organizational culture as an internal and external construction process. The third section provides theoretical strategies to modify the

organizational culture. The fourth section investigates airlines' mission statement and by extrapolation explains their organizational culture and core value. The second part relates organizational culture to the ability to differentiate. The first section clarifies Porter's five forces framework and generic strategies. The second section analysis organizational culture as a method to differentiate. The third section links findings to the case of the airline industry. The third part relates the influence of leadership style on organizational culture and therefore its impact at creating ability to differentiate. The first and second sections clarifies the concept of transformational and transactional leadership styles and their relations on organizational culture as well as their quantitative impacts. The leadership style implication on the airline industry is developed through the use of questionnaire, which constitutes the fourth part.

The conceptual model investigates the core values of airline companies as a way to differentiate from their low-cost competitors. The methodology used is face-to-face interviews with experts. Hypotheses are the following: Traditional airlines are expected to use a transactional leadership style, implying a static organization with great inertia and reluctant towards changes. Transactional airlines' leadership style is expected to result in a stationary and relatively weak organizational culture. For these reasons, traditional airlines are expected to have less ability to differentiate than low-cost airlines. Interviews results are confronted to the hypotheses as well as the literature reviews. Finally, results are used to provide remarks and recommendations to the airline industry.

1. Core Values and Organizational Culture.

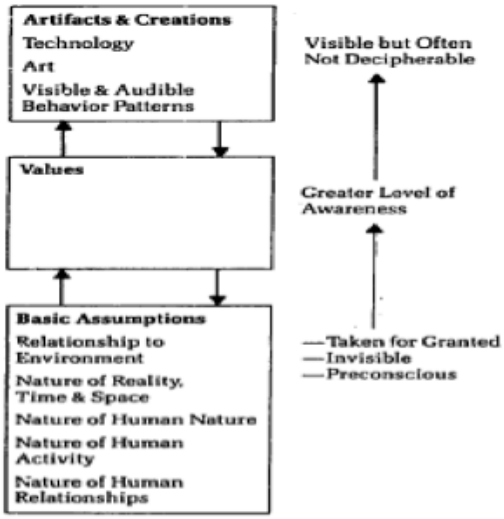
This part investigates the first variable of the conceptual model: Core values and organizational culture. The first section investigates on the formation, role and limits of core values within the organization. The second section merges core values and organizational culture into a dynamic model. The third section provides different strategies to modify the organizational culture. Finally, the fourth section investigates airlines' mission statement and by extrapolation explains their degree of organizational culture. Traditional airlines are expected to have less comprehensive mission statement than low-cost airlines, suggesting a poorer organizational culture and hardly modifiable core values.

1.1 Core Values.

Core values are the result of a learning process. At their primary stage, core values are labeled espoused values (Schein, 2010). They represent believes and values acting as problem-solving tool. Organization takes actions referring to its espoused values (Argyris & Schon, 1974; Schein, 1984). The repeated implementation success of espoused values, transform them into core values. As core values become taken for granted its awareness dives to an unconscious level, invisible to the public. Core values illustrate the essence of the organization, its ultimate source of actions taken (Burke & Litwin, 1992; Schein, 2010). Core values' role is crucial at defining the organization's culture. However, they are different from core ideology, which defines how the organization will compete (J. C. Collins & Porras, 1996). Core values are communicated to members and used as references to make a decision in order to reach a strategic target. By undergoing a social validation, core values are transmitted to members of the organization, creating an organizational unity (Schein, 2010; Whiteley & Whiteley, 2007), which is visible to the public (Alvesson, 1985). Ultimately, the organizational environment or visible artifacts is constructed around these values and core values (Alvesson, 1985; Douglas, 1986; Schein, 1984).

Therefore, organizational culture encompasses three layers (Schein, 1984), illustrated below along with their respective attributes.

Figure 1: Schein's Organizational Culture model.



Source: Schein, 1984.

However, core values also have their drawbacks. Their invisible nature makes them resist to changes and difficult to quantify their impacts on performance (Burke & Litwin, 1992; Fitzgerald, 1988; Schein, 1984; Taylor, Van Aken, & Smith-Jackson, n.d). Core values' unconsciousness form is challenging if one wants to fully grasp the essence of an organization culture (Alvesson, 1985; Schein, 1984). Schein's model provides a clear picture of organizational culture and its construction. The logical question of its interaction to a complex and dynamic environment constitutes the second section.

1.2 Core Values, Organizational Culture, Internal and External factors.

Core values define organizational culture internally through the construction and relations with values and artifacts. Organizational culture reflects the extent to which it can solve problems imposed by it environment (Schein, 1984) and its ability to react to it (Hornstein, 1971). The term environment refers to Porter's Five Forces Framework, which has an effect at shaping organizational culture (Porter, 2008). Theoretically, organizational culture undergoes a continuous process of changes, which can be evolutionary or revolutionary. An analogy can be drawn from anthropology. Like species, organizations experience decline, adapt through experiences and radical changes (Allaire

& Firsirotu, 1984; McElroy, 1999). Practically, core values have been found to remain static over time despite external forces (Margulies & Krull, 2011).

External factors force organizations to implement changes to survive (Goodstein & Burke, 1991; Thompson, 1967). The degree of change varies from fundamental to fine-tuning. The former implies profound transformation of the organizational culture, and strategies through core values and values. The later one suggests modest adjustments through values and artifacts (Goodstein & Burke, 1991). In addition, external factors affect the organization's performance (Burke & Litwin, 1992), which determines the organization's survival through its adaptation capabilities (Schein, 1984). The degree of adaptation is mainly determined by core values that enable the organization to develop strategic targets matching the environment to the organizational culture (Bartunek, 1984).

Organizations also have to manage their organizational culture internally. In order to attain a unified organizational culture, element such as common language, core ideology and mission statement have to be considered (Burke & Litwin, 1992; J. C. Collins & Porras, 1996; Schein, 1984).

Internal and external factors imply organizational culture changes. The natures of these changes as well as their procedures are elaborated in the last section that follows.

1.3 Implementing organizational culture changes.

Schein's conceptualization of the organizational culture into three distinct layers, suggests at least three methods to change the culture of an organization. These concepts are single, double and triple loop learning.

The learning process is a crucial feature an organization must have, if it wants to improve and adapt to changes (Eilertsen & London, 2005). Single-loop learning concerns the correction of deviations from the wanted target without altering the governing values and actions (Argyris, 1976; Eilertsen & London, 2005). Single-loop learning is incremental and aims at modifying artifacts while referring to core values to be in harmony (Eilertsen & London, 2005; McElroy, 1999).

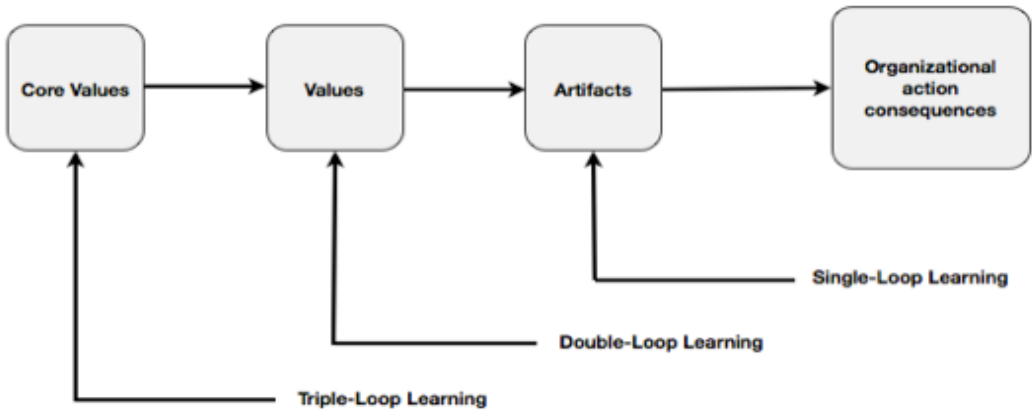
Double-loop learning aims at correcting the error at the values level (Argyris, 2002; Eilertsen & London, 2005). New approaches to solve the error are tested and their success define their adoption (Argyris, 1976). The adoption of new approaches creates new knowledge from which the organization

refers to make decisions. However, double-loop learning may lead to the creation of new errors as new approaches may include new undetectable errors within them (Blackman, Connelly, & Henderson, 2004). The difference between single and double-loop is explained by Argyris (1976) as follows:

'*A thermostat that automatically turns on the heat whenever the temperature in a room drops below 68 degrees is a good example of single-loop learning. A thermostat that could ask, "Why am I set at 68 degrees?" And then explore whether or not some other temperature might more economically achieve the goal of heating the room would be engaging in double-loop learning'.*

Finally, triple-loop learning questions the fundamental framework of the organization. Triple-loop learning investigates the core values raison d'étre of an organization and modifies them to respond better to market forces (Eilertsen & London, 2005). Triple-loop learning consists of three phases to modify core values: 'unfreeze', 'change' and 'refreeze' (Burnes, 2004) or from a time dimension consisting of 'present', 'transition' and 'future' states (Gleicher, Beckhard, & Harris, 2014).

Figure 2: Strategies for Organizational changes.



The lack of consensus concerning definitions makes it difficult for empirical testing (Tosey, Visser, & Saunders, 2011). Furthermore, these strategies do not take into account the internal and external effect on organizational culture. For these reasons, Burke and Litwin's (1992) model is used. Their model provides a classification and interaction of the most significant variables when an organization wants to implement changes. Burke and Litwin (1992) divide the organizational reactions to the environment into managerial changes and into organizational culture (Goodstein &

Burke, 1991; Hornstein, 1971; Schein, 2010). Managerial changes, named transactional factors, refer to day-to-day operations within the organization (artifacts). Organizational culture, referred as transformational factors (core values and values), required revolutionary changes as they refer to element deeply embodied within the organization (Burke & Litwin, 1992). Transactional and transformational factors explain the internal and external effects of organizational changes on the organization itself.

Figure 3: Model of Organizational Performance and Change.

Source: Burke & Litwin, 1992.

Changes in the external environment results in variations in Transactional factors (green box) or in Transformational ones (yellow box), followed by spillovers and ultimately affecting organizational performance (Burke & Litwin, 1992). This more dynamic and realistic model enables leaders, who are the original source for the creation of organizational culture (Schein, 1989), facing the need to implement changes, to relatively control the effects of internal and external processes. The role and style of leadership is developed in the third part of this research.

1.4 Core Values and Organizational culture in the Airline Industry.

How can organizational culture be measured? Do traditional airlines have a higher level of organizational culture than low-cost airlines? To answer these questions, this section investigates the organizational culture of airlines through their use of mission statement.

Mission statement is the cultural glue of an organization (Kemp & Dwyer, 2003). It provides the organization's purpose, its raison d être (Alvesson, 2002; Kemp & Dwyer, 2003). Mission statement shapes the future of an organization for several reasons (J. Collins & Porras, 2002):

- It represents the values and norms of an organization, influences the work of employees, their identification to the organization, leading the organization to function unitarily (Alvesson, 2002; J. Collins & Porras, 2002; Kemp & Dwyer, 2003).
- It affects the organization's business conduct by sharing a common vision, values and beliefs and by serving as a guideline to take organizational decisions (Alvesson, 2002; J. Collins & Porras, 2002; Kemp & Dwyer, 2003).

By influencing the organization internally and interacting externally, mission statement reflects the degree organizational culture (Alvesson, 2002; J. Collins & Porras, 2002; Kemp & Dwyer, 2003).

The ideal mission statement includes nine components: Customers, products/services, location/markets, technology, concerns for survival, growth and profitability, philosophy, public image and employees (Pearce & David, 1987). The more complete the mission statement is, the greater potential the organization has at obtaining and sustaining a competitive advantage (Kemp & Dwyer, 2003). A complete mission statement illustrates a coherent organizational culture. The mission statement of 50 international airlines were compared to the ideal one (Kemp & Dwyer, 2003; Pearce & David, 1987). Kemp and Dwyer's analysis failed at distinguishing traditional to low-cost airlines. This distinction is an important aspect to include in this research. First, results illustrate the differences among these two-airline business models and contrast their degree of organizational culture. Second, results can explain their relative strength at differentiating, competing and performing. Finally, it contributes to literature by obtaining further knowledge on the airline industry.

The same method as Kemp and Dwyer (2003) and Pearce and David's definition of mission statement (1987) were used to analyze eleven low-cost airlines. Defunct airlines, which presented a low scoring on mission statement, were deleted. This first finding suggests that mission statement is representative of the airlines organizational culture, its ability to differentiate and performance.

Table 1: Total scoring for each airline according to their type.

Low-cost Airlines.	Number of components in mission statement	Traditional Airlines.
Southwest airlines	9	None (0)
Cebu Pacif Air	8	None (0)
JetBlue, Ryanair, Easyjet, Thomas cook airlines, Virgin America.	7	British Airways, Alaska Airlines, American Airlines
Germanwings, Jetairfly, America West	6	Delta Air, Qantas, KLM Royal Dutch Airlines, All Nippon Air, Austrian Airlines, Cathay Pacific, Qatar Airlines, Royal Jordanian, Skywest.
Transavia	5	Korean Air, Singapore Airlines, Air New Zealand, South African Airlines, Air Canada, China Airlines, Kuwait Airlines, Virgin Atlantic, Air France KLM
None (0)	4	Scandinavian Airlines System, Aerolineas Argentinas, Alitalia, Asiana Airlines, Iberia, Malev Hungarian Airlines, Middle East Airlines,
None (0)	3	Air Aruba, Air Jamaica, Air Lanka, LAN Chile, Malaysia Airlines, Saoudi Arabian Airlines, TAROM Romanian, US Airways
None (0)	2	Royal Air Maroc, Ukraine International.
None (0)	1	Air Malta, Swissair, Turkish Airlines.

The traditional airlines' mean scoring is 4.34 compared to 6.82 for the low-cost airlines. The contrast between the traditional and low-cost airlines total scorings is unambiguous. Traditional airlines' history of stability and inertia make it difficult to adapt to changes and it is perceivable through their mission statement (Hunter, 2006). Low-cost airlines display a more comprehensive mission statements than the traditional airlines. Southwest airline, which is the pioneer of the low-cost business model, scores a perfect nine (Chan, 2010). It appears that low-cost airlines have a greater ability to compete, through adaptations and innovation, and sustain a competitive advantage compared to the traditional airlines. Extrapolating the results at an organizational level reveals that low-cost airlines have greater awareness of their core values, resulting in a more efficient definition of their organizational culture. One possible explanation lies in the fundamental characteristic of the low-cost business model, which is based on simplicity, dynamism and adaptability.

The shaping of organizational culture is a process that occurs internally and externally. The second part of this research links the external environment to the ability of organization to differentiate.

2. Differentiation.

The second part of this research paper investigates the second variable of the conceptual model: differentiation. This part explores the role of organizational culture at establishing a path for organizations to differentiate. The first section clarifies the concept of Porter's generic strategies. The second section investigates organizational culture's ability to differentiate through requirements and

sustainable advantage. The third section links findings to practices of the airline industry at differentiating. Traditional airlines are expected to have greater difficulties at differentiating due to their static organizational culture.

2.1 Generic Strategies.

The industry settings allow organizations to differentiate according to three generic strategies. These strategies can be used singly or in combination (Porter, 1980). An organization can choose among cost-leadership, differentiation and focus.

Cost leadership implies minimizing production costs while maximizing revenues (Sharp, 1991). It is achieves through learning experiences and tight control of the operations. The concept of low cost illustrates the entire organization strategies (Porter, 1980). By setting their prices near the industry average, cost-leadership succeeds at obtaining above industry average profits (Hendry, 1990). Cost-leadership organizations displays competitive advantage through price wars (Hendry, 1990; Sharp, 1991).

Differentiation aims at identifying products and/or services' features valuable by consumers and delivering them (Sharp, 1991; Treacy & Wiersema, 1997). Organization demarcates itself from rivals by the uniqueness of it offers (Hendry, 1990; Porter, 1980). This strategy protect the organization from the industry's five forces (Porter, 2008). Ideally, differentiation combines several dimensions of products/services and can be combined with cost-leadership strategy. Nevertheless, the primary focus is on differentiation (Porter, 1980).

Focus strategy takes many forms, ranging from consumer segment, geographical market to product lines. Focus aims at serving a specific target with distinctive needs (Hendry, 1990) more effectively, that is focus differentiation, and/or more efficiently, which is focus cost-leadership (Porter, 1980).

Porter's generic strategies are powerful at explaining the source and sustainability of competitive advantage. The reinterpretation of Porter's definitions in the marketing field leads to conclude that cost-leadership and differentiation are the two sides of the same coin (Mintzberg, 1988; Sharp, 1991; Speed, 1989). Furthermore, cost-leadership strategy can be used as an initiator to

differentiate (Speed, 1989) as well as the reverse (Hill, 1988). However, some authors have understood generic strategies as non-combinable and hence not being able to provide sustainable competitive advantage (Datta, 2010; Faulkner & Bowman, 1992; Hill, 1988; Miller, 1992; Miller & Friesen, 1986), despite the fact that Porter mentioned this possibility. Interesting remarks have been made concerning the nature and behavior of the generic strategies. The three generic strategies can be regrouped into two categories: Cost-leadership with Differentiation and Focus strategy (Datta, 2010; Faulkner & Bowman, 1992; Mintzberg, 1988; Sharp, 1991; Speed, 1989). The reason is based on the nature of these strategies at influencing the market (Sharp, 1991). Cost-leadership and differentiation deal with how to compete within the industry, while focus provides an answer on where to compete (Faulkner & Bowman, 1992). Cost-leadership and differentiation strategies are distinguishable from the resulting behavior of organization. Cost-leadership organizations imitate each others strategies at reducing costs and maximizing profits, whereas, organizations using differentiation strategies tend to recognize their respective attributed and avoid frontal confrontation (Sharp, 1991).

The next section questions how organizational culture can be used as a method to differentiate.

2.2 Organizational Culture: A method to Differentiate.

The first part of this research paper argued that the organizational culture is a result of an internal process as well as shaped in accordance to the external environment (Ankli, 1992; Janićijević, 2013).

The Five Forces framework explains the profitability of an industry and its attractiveness (Porter, 1980). Furthermore, it reflects the circumstances in which an organization can choose the best available generic strategies to outperform its competitors (Ankli, 1992; Porter, 1985). Therefore, the external environment, shapes organizational culture to a certain extent, but also sets the opportunity for the organization to differentiate (Dess & Davis, 1984; Janićijević, 2013). Differentiation is here defined in a marketing sense, the demarcation process of the organization from its rivals. To assess this claim, this section investigates the generic strategies' requirements and elaborates on empirical results showing the effect of differentiation on organizations' profitability.

Contrary to Porter's argument, cost-leadership strategy does not grant the organization with higher than industry average profits (Faulkner & Bowman, 1992; Hambrick, 1983; Phillips, Chang, & Buzzell, 1983). Furthermore, differentiation strategy is argued to be more profitable than cost leadership (Hambrick, 1983). An alternative argument explains how organizations' use of a single strategy can leads to long-run inflexibility due to mismatches and weaknesses in products/services offerings, the 'generic strategic gap' (Miller, 1992). Within the same mature industry, several cost-leaderships may operate (Hill, 1988), suggesting the need for an organization to use Porter's generic strategies in combination to obtain a sustainable competitive advantage (Hill, 1988; Miller & Friesen, 1986). The combination of generic strategies by organizations has been tested empirically in Australia through surveys and has been found leading to higher performance (Yamin, Gunasekaran, & Mavondo, 1999). A more detailed study, conducted in eight major industries including sixty-four organizations, reveals that the most profitable organizations are the ones following cost-leadership or differentiation strategy. However, a minority of these higher performance organizations also follows a combination of generic strategies (Hall, 1980).

The next section investigates the organizational culture's role of traditional and low-cost business models at creating differentiation to outperform rivals.

2.3 Differentiation in The Airline Industry.

The airline industry was revolutionized after the deregulation and liberalization during in the seventies (Chan, 2010; Franke, 2004; John Thomas, 2014; Lawton, 1999; Tretheway, 2004; Vidović, Štimac, & Vince, 2013; Wensveen & Leick, 2009). Airlines gained control over their prices, routes and flights frequencies. Competition intensified with the entrance of low-cost airlines (Akamavi, Mohamed, Pellmann, & Xu, 2015; Franke, 2004; John Thomas, 2014; Lawton, 1999; Tretheway, 2004; Vidović et al., 2013; Wensveen & Leick, 2009). Traditional airlines made a crucial mistake revealing the importance of Porter's five forces framework. They did not considered low-cost airlines as a treat and new challenges they would represent (Franke, 2004). Offering free market space resulted in a rapid development of low-cost airlines to due to their disruptive business model (Akamavi et al., 2015; Yu & Hang, 2010). Low-cost airlines grasped the opportunity to expand from

their original niche markets (Franke, 2004). Fifteen years later, traditional airlines had lost significant market shares (John Thomas, 2014) and were force to acknowledge the danger of low-cost airlines (Franke, 2004).

Low-cost airlines supplied direct itineraries at a 50% lower price (John Thomas, 2014) while providing 80% of traditional airlines' quality services (Franke, 2004; Yu-Hern Chang, 2007). Not surprisingly, low-cost airlines represented 34% of global traffic in 2014 and are expected to continue growing up to an equilibrium range of 40 to 50% of global traffic share (Franke, 2004; John Thomas, 2014). Initially, traditional and low-cost airlines used a distinguishable business model reflecting their respective strategies and organizational culture.

The traditional airline's uses Porter's differentiation strategy (Hunter, 2006), characterized by large high quality services range, passenger classes, flight connections and in-flight entertainment (Alamdari, 1999; Fu, 2013; Han, 2013; Vidović et al., 2013). Traditional airlines differentiate by operating at international hubs where they tend to gain market power, increasing barriers to entry for new entrants (Vidović et al., 2013). Traditional airlines are composed of heterogeneous fleets covering their wide geographic coverage (Vidović et al., 2013). Traditional airlines differentiates by using a complex pricing management system (Vidović et al., 2013). First, decisions on capacity are made, then prices are adjusted to maximize revenue (Tretheway, 2004). However, traditional airlines' price discrimination has been undermined by low-cost airlines as soon as their capacity increased (Tretheway, 2004). Traditional airlines are trapped into a vicious circle (Franke, 2004). Traditional airlines operating around large hubs imply high hubs fees and the incapacity at capturing low-cost latent demand, hence, to challenge low-cost airlines on operational costs (Franke, 2004). Any deviation of a traditional airline from principal hubs operation would deteriorate its position vis-à-vis of rivals and penalties from the Computer Reservation System due to the decreased flight connectivity of the traditional airline (Franke, 2004).

Low-cost airlines use Porter's cost-leadership strategy (Hunter, 2006), characterized by direct itineraries on short-medium distances with minimum interactions at the airport and a unique passenger class with no free onboard services (Franke, 2004; Lawton & Solomko, 2005; Tretheway, 2004; Vidović et al., 2013). Low-cost airlines differentiate themselves by operating at secondary hubs,

where the lower congestion reduces delays and lower fares stimulate market demand and size (Franke, 2004; Mathies, Gudergan, & Wang, 2013; Tretheway, 2004; Vidović et al., 2013). Repeated flight delays explains the switching rate of passengers to another airlines (Ferrer, e Oliveira, & Parasuraman, 2012). Low-cost airlines use a homogeneous fleet to reduce maintenance costs and achieve a higher density per aircraft (Lawton, 1999; Vidović et al., 2013). The low-cost airlines take decisions upon capacity but establish a dynamic pricing scheme (Vidović et al., 2013) to maximize profits. By following a cost-leadership strategy, low-cost airlines operate at 50% of the cost and provide 80% of service quality of traditional airlines (Cheng, 2007; Lawton & Solomko, 2005; Vidović et al., 2013). The limits of low-cost airlines are further costs reduction (Lawton & Solomko, 2005; Vidović et al., 2013) and to expand to long-haul markets, in which service and comfort are the primary factors influencing passengers' choices (Lawton, 1999).

Low-cost airlines have outperformed the traditional ones (Franke, 2004; Hunter, 2006; John Thomas, 2014; Tretheway, 2004). The reasons are an increase in competition (Hunter, 2006), the incapability of traditional airlines to price discriminate (Tretheway, 2004; Vidović et al., 2013), the overuse of existing routes (Akamavi et al., 2015; Vidović et al., 2013), the difference between revenue and profit maximization strategies (Tretheway, 2004; Vidović et al., 2013) and the unsuitable traditional airlines' differentiation strategy to compete and differentiate against low-cost airlines (Lawton & Solomko, 2005).

The airline industry presents waves of adaptation, recovery, innovation and survival (Wensveen & Leick, 2009). The traditional airline business model appears no longer viable and needs to modify its strategies to the changing aviation market in order to successfully differentiate and survive (Akamavi et al., 2015; Hunter, 2006; John Thomas, 2014; Tretheway, 2004). First, traditional airlines need further alliances and partnership integration to reduce operational costs and bridge the cost gap between traditional and low-cost airlines (Franke, 2004; Tretheway, 2004; Vidović et al., 2013). Second, traditional airlines needs to pursue a simplifying strategic restructurings for consumers' interaction at airports and to reduce operational costs (Franke, 2004; Tretheway, 2004). Traditional airlines can eliminate cost associated with their complex schedule constraint, hence, their dependence to the Computer Reservation System and penalties (Franke, 2004). These modifications

combined will enable traditional airlines to decrease significantly operational costs while offering stronger products differentiation (Franke, 2004; Vidović et al., 2013). In fact, these required modifications represent incorporating some characteristics of the low-cost business model into the traditional airlines one.

While traditional airlines are required to adapt their model, low-cost airlines have already done so. Low-cost airlines have already refined their business model, including characteristics of the traditional business model (Vidović et al., 2013). This new low-cost model is referred as hybrids. Hybrid airlines combine the best characteristics of low-cost and traditional models. Hybrids airlines offer products at low-prices and charge all additional on board services while providing the comfort of traditional airlines (Vidović et al., 2013). Hybrid airlines are cost and consumers focused (Lawton & Solomko, 2005). Hybrids airlines are expected to expand their market shares rapidly, at the expense of traditional airlines (Lawton & Solomko, 2005; Vidović et al., 2013). Hybrid airlines are blurring the distinction between traditional airlines and low-cost ones. By operating from short-long-haul routes, hybrids airlines redefine the aviation industry where high quality products and services can be obtained at a low-cost (Vidović et al., 2013; Wensveen & Leick, 2009).

While traditional airlines are now considering implementing changes, low-cost airlines are one step ahead, creating new ways to compete and attacking the remaining market shares of the traditional airlines. The emergence of hybrid airlines will further undermine the ability of traditional airlines to differentiate by generating new challenges.

3. Leadership Styles.

This part investigates the moderator role of leadership style. The fist section investigates the role of transformational and transactional leadership styles, their differences and relationships to organizational culture (Khan & Anjum, 2013; Ogbonna & Harris, 2000). The second section investigates which of the two leadership styles is most efficient at modifying the organizational culture. The leadership style implication for the airline industry is developed through the

questionnaire part. Traditional airlines are expected to display a more pronounced use of transactional than transformational leadership style.

3.1 Transformational & Transactional Leadership Styles.

Transformational leadership is a form of leadership style establishing a familial organizational culture (Bass & Avolio, 1993). Transformational leadership aims at transforming its members to perform above their individual expectations (Bass, 1985; Deichmann & Stam, 2015; Wang & Howell, 2012). The transformational leader achieves to do so by several means. The transformational leader actively engages with subordinates (Bass, 1999; Deichmann & Stam, 2015). The transformational leader aims at inspiring members of the organizations (Deichmann & Stam, 2015; King, 2013). The goal is to align the organizational culture, its ideology, vision and strategies, with its member in order to create a shared group identity with common goal (Anwar & Hasnu, 2013; Bass & Avolio, 1993; Deichmann & Stam, 2015; King, 2013; Wang & Howell, 2012). Transformational leadership is summarized using the 4 I's (Bass & Avolio, 1993; King, 2013):

- Idealized influence and charisma.
- Inspirational motivation.
- Intellectual stimulation.
- Individual consideration.

Transformational leadership and organizational culture display and mutual-relationship (Bass & Avolio, 1993). On the one hand, the leader, by sharing a vision and creating a common goal, can modify or develop the organizational culture (Lipton, 1996). The organizational core values are the prerequisites for the creation of a vision, which in turn, is used to create strategies to control the organization's fate and environment (King, 2013). The transformational leader to implement organizational changes can use new or modified vision (El-Namaki, 1992). On the other hand, the vision affects the organizational culture characteristics (Bass, 1999). The combination of core values with organizational vision forms the core ideology of the organization (J. C. Collins & Porras, 1996). Core ideology sets the organization's characteristics and drives the organization's vision (King, 2013).

Transactional leadership takes the form of a clear exchange relationship between the leader and its members through existing organizational rules (Bass, 1999; Bass & Avolio, 1993; Deichmann & Stam, 2015). The organizational culture is based on hierarchical authority and legitimacy (King, 2013). Transactional leader sets targets to be reached by the members and implements a regulation system based on contingent rewards (Bass & Avolio, 1993; Deichmann & Stam, 2015; King, 2013). This form of leadership can take two aspects: active, by monitoring members' performance and intervening where difficulties are encountered, or passive, by intervening only for critical diversions (Bass, 1999; King, 2013). Transactional and transformational leadership styles are equally important at generating innovation and creativity though members' commitments. However, transactional leadership is only able to forge short-term commitments, depending on the price level as reward, while members of transformational organization engage into long-term commitments due to the high degree of communication and consideration (Bass & Avolio, 1993). Transformational leadership is more efficient at modifying the culture of an organization as it deals more with unity thinking than imposing transactional leader's perception. By using a transformational leadership style, the leader can modify the core values of an organization while member's identifications to the organization and leader will adjust accordingly. Finally, a transformational leader illustrates an adaptive and reactive organization to changes, creating abilities for the organization itself to differentiate from rivals.

3.2 Transformational and Transactional leadership styles effect on Organization.

Previously, it has been argued that both, transformational and transactional leadership generate organizational focused idea. Regression analyses find that transformational and transactional leaderships impact positively member's commitments, which result in organizational focused ideas (Bass, 1999; Deichmann & Stam, 2015; Qu, Janssen, & Shi, 2015). The degree of member's commitment explains the significant relationship between transformational leadership and leader's organizational identification (Bass, 1999; Deichmann & Stam, 2015; Wang & Howell, 2012). However, transactional leadership's ability to influence members is dissociated from its leader identification to the organization as it relies on goals compliance (Deichmann & Stam, 2015). Transformational leadership achieves collective performance due to member's commitment, group

unity as well as the leader's innovation expectations (Bass, 1999; Qu et al., 2015). By doing so, transformational leadership appears more suited than transactional leadership at affecting positively and in a controlled way organizational culture. The reason is due to the higher fitting degree between the leader and the organization, a greater match and understanding from the transformational leader of core values, values and artifacts.

4. Interviews and results.

The questionnaire is composed of eleven questions referring to the conceptual model of this research. The interviews consisted of 8 face-to-face interviews, constituting primary data and taking inspiration from Preziosi's Organizational Diagnosis Questionnaire (Preziosi, 1980). Three pilots, three chief pursers and two ground staff were interviewed. The number was sufficient to have significant results as saturation was reached (Baker & Edwards, 2012). The advantages of face-to–face interviews are (Dillman, 1978; Opdenakker, 2006): an accurate screening of the person interviewed, where verbal and non-verbal gesture can be observed, capturing emotions and behaviors while focusing on specific matter that needs further explanations. The disadvantages are (Dillman, 1978; Opdenakker, 2006): the information collected depends on the interviewer and interviewed person and the limited time and sample size. Results serve to measure the fit between theories and practice. From the results obtained, recommendations for the traditional airline industry are made.

Questions on core values and organizational culture aim at finding what principles drive the Air France and what are the transmission mechanisms. Results assess the degree of organizational culture of Air France, its ability and attitude towards changes. Questions on differentiation investigate on the ability of the Air France to differentiate from the low-cost one. The last set of questions on leadership style consists at defining Air France based on its transformational and transactional characteristics. Finally, the results were regrouped according to the experts' hierarchical position to provide a structured and coherent story on the case of Air France while obtaining findings on the origin of problems. The questionnaire can be read in Appendix I.

4.1. Core values and Organizational culture.

Among all interviewed experts, the same core values of Air France were found: safety and service. Both core values were perceived as evolutionary. The safety culture and its constant improvement has always been part of the aviation industry (Patankar & Sabin, 2010). The two core values were found to have also specific meanings according to the hierarchical chain.

4.1.1 Pilots.

The transportation from A to B represents the safety core value. Meteorological conditions illustrate the service core value. Safety comes first and service is secondary. The pilot's role is to arrive safely at destination knowing meteorological conditions. To ensure further safety, pilots and co-pilots' team rotates constantly. The only difference is that pilots are responsible for any issues. Pilots noticed an increase in safety procedures. It appeared that the most valuable aspect for pilots is the availability of their long-term schedules, allowing them to know when they can rest. This aspect comes before their high salaries and implies an identification detachment from Air France. Finally, pilots felt as the "scapegoat" of Air France, putting the blame on the Transform program, signaling a unity fragmentation within the organization. Pilots' non-identification to Air France originates from the lack of social validation (Schein, 2010).

4.1.2 Chief pursers.

The primary goal is to provide services to passengers by ensuring their own security onboard. Safety and service are linked. Crewmembers are rarely the same to avoid routines. Chief purser referred to services as the attention provided to passengers, "to make flying accessible to anyone". Service also includes the aspect of passengers' satisfaction. Chief purser' criterion of selection are based on their adaptability and affective personality. Chief pursers participate to Crew Resource Management, in which debates on ameliorating communication and elaborating a unified crew take place. Safety and service were perceived as evolving to meet the safety requirements and passengers' satisfaction. Nevertheless, none of the chief purser referred to consumers as passengers or travellers but as "client". This suggest a social detachment, a formal attitude where service is a consequence of

the price paid by consumers. Moreover, one of the chief pursers mentioned that "We are professional, we don't do in social, we do in functional". These results contradict directly Air France's criterion of selection. Finally, Air France' yearly strategic plan are communicated to and disregarded by chief purser. Enjoying the same flying advantages as pilots, Chief pursers' primary satisfaction is to perform at their bests. This result suggests a relatively strong identification to Air France.

4.1.3 Ground staffs.

Safety is the most predominant core value. They are responsible for the well functioning of the aircraft. Service concerns aircrafts' maintenance. According to ground staff, the working atmosphere at Air France is a familial one. Working for another organization was related to the "He-Who-Must-Not-Be-Named" character of Harry Potter. This reflects the very strong identification of the ground staff to Air France.

Air France's core values are perceptible along the hierarchical chain but do not seem to have an impact at explaining the different degrees of identification.

4.2 Differentiation.

To assess Air France's differentiation, experts were asked to contrast and compare their organization to any low-cost and traditional airlines.

4.2.1 Pilots.

Referring to Air France's core values, no differences between Air France and a low-cost airline were made. All airlines are required to meet the general safety requirements. In terms, of services, low-cost airlines have developed high standard of services. According to pilots, the lower price offered by low-cost airlines is not synonym of lower quality service. Pilots agreed on Air France's ability to differentiate from other traditional airlines to originate from its history.

4.2.2 Chief pursers.

A low-cost airline is automatically associated with a lower quality of product and service. Low-cost airlines were associated to a reduction in service via the attention towards passengers. In other words, the quality of product and service derive from the price paid. One of the chief pursers considered a recent low-cost airline as incapable to perform better than a long-established airline. The only similitude between Air France and a low-cost airline is the transport of passengers from point A to B with the minimum of delay.

The differences between Air France and another traditional airline lies in Air France's long history, the pioneer dimension associated with its reputation. Air France delivers an imaginary dimension to passengers representing France through its uniform made by Christian Lacroix, its culture, gastronomy, luxury and Paris. This result coincides with Hunter Laurie (2006) who relates traditional airlines' inability to adapt to changes due to their history and inertia.

4.2.3 Ground staffs.

The difference between Air France and a low-cost company was found to be the same as chief pursers but the reason was different. The similar maintenance costs for aircrafts implies a reduction and mineralization of services for low-cost airlines. Chief purser and ground staff were found to share the same opinion on what makes different Air France from another traditional airline.

While most experts' results indicate a clear differentiation between Air France and low-cost airlines primarily, based on the idea that price equals quality of products and services, the reality tells another story. Low-cost airlines achieved to provided 80% of the quality service (Franke, 2004; Yu-Hern Chang, 2007) at a 50% lower price than traditional airlines (John Thomas, 2014). Therefore, experts' results show a distortion from the reality. Experts were in accordance to say that the difference between Air France and another traditional airline lies in its history and heritage. Air France achieves to differentiate from traditional rival airlines on an imaginary dimension but not on a physical one. Therefore, Air France appears to be sandwiched between low-cost and other traditional airlines, failing to significantly differentiate from both.

4.3 Leadership Style.

Among all experts interviewed, the leadership style that Air France uses is the transactional one, characterized by hierarchical structures and contingent rewards taking the form of cheap flying tickets. Two important findings emerged. First, the degree of hierarchical structure is perceived differently among pilots, chief purser and ground staff. The higher the expert is on the hierarchical chain, the stronger the hierarchical pressure is. Second and most important, the lower the expert is on the hierarchical chain, the higher the sentiment of familial atmosphere is and the higher the identification to Air France is. The possible explanation for the non-identification of pilots to Air France is the limited interactions whether with chief purser, ground staff or passengers. Pilots arrive first onboard and leave last. In the case on Air France, pilots appear to be the epicenter of problems.

Conclusion.

The conceptual model of this research materializes to be efficient at relating and explaining the mutual relationship between core values and organizational culture and differentiation with the use of leadership style as a moderator. Hypotheses were confirmed through the use of a questionnaire. This research provides a coherent and enriching understanding through the case study of Air France.

The case study of Air France illustrates the importance and spillovers of the conceptual model's variable used in this research. Air France's transactional leadership style imposes a strong hierarchical structure, where members work as separate entities. Air France's union, having shareholdings majority and the absence of interaction among Air France's members have repercussions on the degree of organizational culture. While core values are clear and transmitted through communication, the social validation process is deficient, leading to Air France members' non-identification. As a result, Air France does not operate at unison. Internal conflicts opposing Air France to its own union (SNPL) illustrate the ongoing organizational culture's deterioration. The rather weak organizational culture of Air France reduces its own ability to differentiate. While Air France shareholdings' structure ensures protection against takeover, it highly decreases its ability to

implement strategies, lowering its attitude and aptitude towards changes and ultimately its ability to differentiate from rivals.

Recommendations and limits.

The research's conceptual model contributes to academic literature by regrouping existing theories by providing a dynamic framework in which core values and organizational culture, differentiation and leadership style interact with one another. Combined with the questionnaire and its methodology, practitioners can gain valuable knowledge on how to use or modify their existing organizational culture according to the leadership style used in order to differentiate from rivals.

The limits of this research derive from the conceptual model itself, which uses only two variables and one moderator. First, the explicit relationship between leadership style and the ability to differentiate was presumed to exist. Further developments on this relationship are required to obtain a more detailed understanding of the three components that constituted the conceptual model of this research. Second, the mutual influence between core values and organizational culture and differentiation needs additional investigations to understand which one affects the other first. Third, the questionnaire requires a larger sample of interviews, along the entire hierarchical chain, to provide more detailed and precise findings on organizational culture, differentiation and leadership style. By doing so, practitioners can determine where their organization's strengths are as well as weaknesses, with the aim to ameliorate the overall organizational culture and performance.

Finally, supplementary variables from different academic fields can be added to the research's conceptual model to deliver an extensive model. Further researches on the relationship between mission statement and financial performance of an organization, the life-stage of an organization and its ability to adapt and differentiate, the use of passengers' reference points to make choices, the passengers' brand loyalty, the extent to which members can modify the organizational culture at their image, the impact of Human Resources on organizational culture, the employees' turnover, the interaction between organizational culture and the public, are expected to be fruitful and highlighting for academic literature as well as for practitioners.

References.

Akamavi, R. K., Mohamed, E., Pellmann, K., & Xu, Y. (2015). Key determinants of passenger loyalty in the low-cost airline business. Tourism management, 46, 528-545.

Alamdari, F. (1999). Airline in-flight entertainment: the passengers' perspective. Journal of Air Transport Management, 5(4), 203-209.

Allaire, Y., & Firsirotu, M. E. (1984). Theories of organizational culture. Organization studies, 5(3), 193-226.

Alvesson, M. (1985). On focus in cultural studies of organizations. Scandinavian Journal of Management Studies, 2(2), 105-120.

Alvesson, M. (2002). Understanding organizational culture.

Ankli, R. E. (1992). Michael Porter's competitive advantage and business history. Business and economic history, 228-236.

Anwar, J., & Hasnu, S. (2013). Ideology, Purpose, Core Values and Leadership: How they influence the Vision of an Organization? International Journal of Learning and Development, 3(3), Pages 168-184.

Argyris, C. (1976). Single-loop and double-loop models in research on decision making. Administrative science quarterly, 363-375.

Argyris, C. (2002). Double-loop learning, teaching, and research. Academy of Management Learning & Education, 1(2), 206-218.

Argyris, C., & Schon, D. A. (1974). Theory in practice: Increasing professional effectiveness: Jossey-Bass.

Bachman, J. (2014). Air France Pilot Strike May Cost More Than $600 Million. Bloomberg Business.

Baker, S. E., & Edwards, R. (2012). How many qualitative interviews is enough.

Bartunek, J. M. (1984). Changing interpretive schemes and organizational restructuring: The example of a religious order. Administrative science quarterly, 355-372.

Bass, B. M. (1985). Leadership and performance beyond expectations.

Bass, B. M. (1999). Two decades of research and development in transformational leadership. European journal of work and organizational psychology, 8(1), 9-32.

Bass, B. M., & Avolio, B. J. (1993). Transformational leadership and organizational culture. Public administration quarterly, 112-121.

Blackman, D., Connelly, J., & Henderson, S. (2004). Does double loop learning create reliable knowledge? The Learning Organization, 11(1), 11-27.

Burke, W. W., & Litwin, G. H. (1992). A causal model of organizational performance and change. Journal of management, 18(3), 523-545.

Burnes, B. (2004). Kurt Lewin and the planned approach to change: a re-appraisal. Journal of Management studies, 41(6), 977-1002.

Chan, F.-T. (2010). The influence of low-cost carriers for airline industry.

Cheng, Y.-H. C. a. C.-H. (2007). Analyzing the Strategies of LCCs and FSCs in Southeast Asia. Aerlines e-zine edition(36), 1-6.

Clark, N. (2014). Air France Puts Cost of Pilots' Strike at More Than $400 Million. The New York Times.

Collins, J., & Porras, J. I. (2002). Built to Last: Successful Habits of Visionary Companies (HarperBusiness Essentials, New York).

Collins, J. C., & Porras, J. I. (1996). Building your company's vision. Harvard business review, 74(5), 65-&.

Datta, Y. (2010). A critique of Porter's cost leadership and differentiation strategies. Chinese Business Review, 9(4), 37-51.

Deichmann, D., & Stam, D. (2015). Leveraging transformational and transactional leadership to cultivate the generation of organization-focused ideas. The Leadership Quarterly, 26(2), 204-219.

Dess, G. G., & Davis, P. S. (1984). Porter's (1980) generic strategies as determinants of strategic group membership and organizational performance. Academy of Management journal, 27(3), 467-488.

Dillman, D. A. (1978). Mail and telephone surveys (Vol. 3): Wiley Interscience.

Douglas, M. (1986). How institutions think: Syracuse University Press.

Eilertsen, S., & London, K. (2005). Modes of organizational learning: Pacific Palisades, CA: Kollner Group.

El-Namaki, M. (1992). Creating a corporate vision. Long Range Planning, 25(6), 25-29.

Faulkner, D., & Bowman, C. (1992). Generic strategies and congruent organisational structures: some suggestions. European Management Journal, 10(4), 494-500.

Ferrer, J.-C., e Oliveira, P. R., & Parasuraman, A. (2012). The behavioral consequences of repeated flight delays. Journal of Air Transport Management, 20, 35-38.

Fitzgerald, T. H. (1988). Can change in organizational culture really be managed? Organizational Dynamics, 17(2), 5-15.

Franke, M. (2004). Competition between network carriers and low-cost carriers—retreat battle or breakthrough to a new level of efficiency? Journal of Air Transport Management, 10(1), 15-21.

Fu, Y.-K. (2013). The influence of internal marketing by airlines on customer-oriented behavior: A test of the mediating effect of emotional labor. Journal of Air Transport Management, 32, 49-57.

Gleicher, D., Beckhard, R., & Harris, R. (2014). Change model formula, 1987.

Goodstein, L. D., & Burke, W. W. (1991). Creating successful organization change. Organizational Dynamics, 19(4), 5-17.

Hall, W. K. (1980). Survival strategies in a hostile environment. Harvard Business Review, 58(5), 75-85.

Hambrick, D. C. (1983). High profit strategies in mature capital goods industries: A contingency approach. Academy of Management journal, 26(4), 687-707.

Han, H. (2013). Effects of in-flight ambience and space/function on air travelers' decision to select a low-cost airline. Tourism management, 37, 125-135.

Hendry, J. (1990). The problem with porter's generic strategies…. European Management Journal, 8(4), 443-450.

Hill, C. W. (1988). Differentiation versus low cost or differentiation and low cost: a contingency framework. Academy of Management Review, 13(3), 401-412.

Hornstein, H. A. (1971). Social intervention: A behavioral science approach.

Hunter, L. (2006). Low Cost Airlines:: Business Model and Employment Relations. European Management Journal, 24(5), 315-321.

Jacquin, J.-B. (2015). Désastre collectif à la tête d'Air France. Le Monde Economie.

Janićijević, N. (2013). The mutual impact of organizational culture and structure. Economic annals, 58(198), 35-60.

John Thomas, B. C. (2014). The Future of Airline Business Models – Which Will Win? Aviation Insights Review (Allaire & Firsirotu), Volume XVI(Issue 34), 1-4.

Kemp, S., & Dwyer, L. (2003). Mission statements of international airlines: a content analysis. Tourism management, 24(6), 635-653.

Khan, S., & Anjum, M. A. (2013). Role of leadership style and its impact on getting competitive advantage. European Journal of Applied Sciences, 5(2), 53-61.

King, B. E. (2013). Transactional and transformational leadership: A comparative study of the difference between Tony Fernandes (Airasia) and Idris Jala (Malaysia Airlines) leadership styles from 2005-2009. International Journal of Business and Management, 8(24), p107.

Lawton, T. C. (1999). The limits of price leadership: needs-based positioning strategy and the long-term competitiveness of Europe's low fare airlines. Long range planning, 32(6), 573-586.

Lawton, T. C., & Solomko, S. (2005). When being the lowest cost is not enough: Building a successful low-fare airline business model in Asia. Journal of Air Transport Management, 11(6), 355-362.

Lipton, M. (1996). Demystifying the development of an organizational vision. Sloan Management Review, 37, 83-92.

Margulies, N., & Krull, A. (2011). The Impact Of Static Core Values On OD Theory And Practice. Journal of Applied Business Research (JABR), 3(3), 112-121.

Mathies, C., Gudergan, S. P., & Wang, P. Z. (2013). The effects of customer-centric marketing and revenue management on travelers' choices. Journal of Travel Research, 52(4), 479-493.

McElroy, M. W. (1999). Double-loop knowledge management. Systems Thinker, 10(8), 1-5.

Miller, D. (1992). The generic strategy trap. Journal of business Strategy, 13(1), 37-41.

Miller, D., & Friesen, P. H. (1986). Porter's (1980) generic strategies and performance: An empirical examination with American data Part I: Testing Porter. Organization Studies, 7(1), 37-55.

Mintzberg, H. (1988). Generic strategies: toward a comprehensive framework. Advances in strategic management, 5(1), 1-67.

n.d. (2015). Air France attaque le syndicat majoritaire de ses pilotes en justice. Le Huffington Post.

Ogbonna, E., & Harris, L. C. (2000). Leadership style, organizational culture and performance: empirical evidence from UK companies. International Journal of Human Resource Management, 11(4), 766-788.

Opdenakker, R. (2006). Advantages and disadvantages of four interview techniques in qualitative research. Paper presented at the Forum Qualitative Sozialforschung/Forum: Qualitative Social Research.

Patankar, M. S., & Sabin, E. (2010). The Safety Culture Perspective. Human Factors in Aviation, 95.

Pearce, J. A., & David, F. (1987). Corporate mission statements: The bottom line. The Academy of Management Executive, 1(2), 109-115.

Phillips, L. W., Chang, D. R., & Buzzell, R. D. (1983). Product quality, cost position and business performance: a test of some key hypotheses. The Journal of Marketing, 26-43.

Porter, M. E. (1980). Techniques for Analyzing Industries and Competitors: New York. The Free Press.

Porter, M. E. (1985). Creating and Sustaining Superior Performance. Michael Porter, The.

Porter, M. E. (2008). The five competitive forces that shape strategy. Harvard business review, 86(1), 25-40.

Preziosi, R. C. (1980). Organisational Diagnosis Questionnaire (ODQ). The 1980 annual handbook for group facilitators, 112-120.

Qu, R., Janssen, O., & Shi, K. (2015). Transformational leadership and follower creativity: The mediating role of follower relational identification and the moderating role of leader creativity expectations. The Leadership Quarterly.

Schein, E. H. (1984). Coming to a new awareness of organizational culture. Sloan management review, 25(2), 3-16.

Schein, E. H. (1989). The role of the founder in creating organizational culture. Readings in managerial psychology, 278.

Schein, E. H. (2010). Organizational culture and leadership (Vol. 2): John Wiley & Sons.

Sharp, B. (1991). Competitive marketing strategy: Porter revisited. Marketing Intelligence & Planning, 9(1), 4-10.

Speed, R. J. (1989). Oh Mr Porter! A re-appraisal of competitive strategy. Marketing Intelligence & Planning, 7(5/6), 8-11.

Taylor, G., Van Aken, E., & Smith-Jackson, T. (n.d). IMPROVING ORGANIZATIONAL CULTURE USING CORE VALUES.

Thompson, J. (1967). Organizations in action. 1967. SHAFRITZ, Jay M.; OTT, J. Steven. Classics of organization theory, 4.

Tosey, P., Visser, M., & Saunders, M. N. (2011). The origins and conceptualizations of 'triple-loop'learning: a critical review. Management Learning, 1350507611426239.

Treacy, M., & Wiersema, F. (1997). The discipline of market leaders: Choose your customers, narrow your focus, dominate your market: Basic Books.

Tretheway, M. W. (2004). Distortions of airline revenues: why the network airline business model is broken. Journal of Air Transport Management, 10(1), 3-14.

Vidović, A., Štimac, I., & Vince, D. (2013). Development of business models of low-cost airlines. International Journal for Traffic and Transportation Engineering, 3(1), 69-81.

Wang, X.-H. F., & Howell, J. M. (2012). A multilevel study of transformational leadership, identification, and follower outcomes. The Leadership Quarterly, 23(5), 775-790.

Wensveen, J. G., & Leick, R. (2009). The long-haul low-cost carrier: A unique business model. Journal of Air Transport Management, 15(3), 127-133.

Whiteley, A., & Whiteley, J. (2007). Core Values and Organizational Change: World Scientific.

Yamin, S., Gunasekaran, A., & Mavondo, F. T. (1999). Relationship between generic strategies, competitive advantage and organizational performance: an empirical analysis. Technovation, 19(8), 507-518.

Yu, D., & Hang, C. C. (2010). A reflective review of disruptive innovation theory. International Journal of Management Reviews, 12(4), 435-452.

Yu-Hern Chang, C.-H. C. (2007). Analyzing the Strategies of LCCs and FSCs in Southeast Asia. aerlines e-zine(36), 1-6.

Appendix I. Questionnaire Airline Industry.

1) What is the goal of your organization?
2) Around what principles your organization works to take action?
3) What does your work consist of? How long have you been doing it?
4) Do you share/ transmit these principle to new trainee? How do you do so?
5) Have you noticed changes in your job's mission over time? Are you allowed to suggest changes?
6) At an organization level, how difficult would it be to implement new procedures/policies?
7) What are the differences & similarities between your organization and a low-cost company? Strength
8) What are the differences & similarities between your organization and a similar airline company? Strength.
9) Is there a common goal in your organization? If so, is it incentivized?
10) How would you define your relationship with your leader, supervisor and employees?
11) Which of the two is more pronounced: Hierarchy or familial atmosphere?

Core values and organizational culture	**Differentiation**	**Leadership style**
Core values, values, and artifacts. **1,2,3**	Low-cost. **7**	Transformational. **10,11**
Transmission mechanisms. **4**	Traditional. **8**	Transactional. **9,10,11**
Attitude, ability to change. **5,6**	Dual strategies. **7,8**	