

An Air-flight Ticket Agency with Sustainable Leadership

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Abstract

The sustainability framework is discussed with the analysis of Company A – one of the biggest ticket agencies in South Vietnam, which has been in this market for more than fifteen years with the leadership position. Company A has fit 16 out of 19 elements of sustainable leadership of Avery (2005) grouped into six core sets of practices: adopting a long-term perspective, staff development, organizational culture, innovation, social responsibility and ethical behavior. That could explain partly why Company A has been the leader in the market for many years.

Keywords: Sustainable leadership, Ethical behavior, Social responsibility

1. Introduction

There are several scholars (e.g. Avery, 2005; Kantabutra, 2006; Piboolsravut, 2004; Wilson, 2003) are seeking an alternative to the prevailing Anglo/US model that promotes short-term and shareholders-value. It's argued that this model cannot lead to sustained business success. Therefore, Rhineland capitalism, in Europe, is seen as an alternative philosophy to promote corporate sustainability (Albert, 1992). It's concerned about the long-term sustainability of an organization and its relationship with all stakeholders, not only with shareholders (Albert, 1993). Therefore, this model is completely different to Anglo/US business model.

Sustained organization is not only adding some “green” or “social responsibility” value to its business. It also does not only obtain some international certificate (e.g. ISO 14001), but the sustainability must be integrated and embedded into every aspect of the organization (van Marrewijk and Werre, 2003). Then, Avery's (2005) Sustainable Leadership Grid which is contained 19 elements offers a relatively comprehensive approach to assessing embedded sustainable leadership practices in organizations (Kantabutra, 2009).

Avery (2005) uses 28 case studies from regions as diverse as Asia, Europe, South Africa, and the USA, to identify two fundamentally different ways of leading organizations in the developed world. In line with Albert (1992, 1993), she refers to these as Anglo/US and Rhineland leadership principles. Due to the two different approaches of those two models, Rhineland model tends to outperform Anglo/US model on social and environmental measures, as well as long-term shareholder value. The literature review can support for the greater sustainability of Rhineland model than Anglo/US on all three dimensions – financial, social and environmental.

Avery (2005) has defined a total of 19 criteria to distinguish two approaches. She derived those from a major study of 13 European firms and tested on other 15 enterprises from all over the developed world. Therefore, whether Rhineland leadership is relevant to less developed economies is under investigation recently. There are few studies in this area such as an investigation in a Thai healthcare service provider (Kantabutra, 2009).

The sustainability framework is discussed next, together with the analysis of one of the biggest ticket agencies in South Vietnam, which has been in this market for more than fifteen years with the leadership position. Therefore, this research is going to find out if there is any relevant between Avery's sustainability framework and a leadership company in an emerging market.

2. Literature review

Independent of geography, sustainability in business organizations goes beyond the traditional view of adding on being “green” and “socially responsible” to business-as-usual. Sustainable businesses need to do more than purely comply with internationally accepted rating systems such as the Triple Bottom Line or the Global Reporting Initiative. Rather, sustainability needs to be fully integrated and embedded in every facet of the organization (van Marrewijk and Werre, 2003). Dunphy et al (2003) portray six phases in the development of corporate sustainability; however, these authors did not display elements which organizations need to build for

their sustainable growth. Avery's (2005) Sustainable Leadership Grid containing 19 elements offers a relatively comprehensive approach to assessing embedded sustainable leadership practices in organizations.

Avery's 19 elements have been grouped into six categories: adopting a long-term perspective, developing leaders from within the business, building a strong organizational culture, supporting incremental and radical innovation, adopting social responsibility and ethical behavior. Each category contains one or several of Avery's 19 elements. It will be discussed next and under the findings.

2.1 Adopting long-term perspective

Rhineland enterprises emphasize the long term over the short term. The long-term perspective influences every aspect of Rhineland organizations, including strategic thinking, planning, investment, growth and work processes, human resource policies, and stakeholder relationships (Avery, 2005). The Anglo/US emphasis on higher profits now can mortgage a firm's future long-term position (Kenedy, 2000). Some firms have removed themselves from the influence of the financial capital markets and outside investors to enable them to focus on the long term (Avery, 2005, Coggan, 2003).

2.2 Developing leaders from within the business

Developing staff is considered as the central to Rhineland businesses. They prefer to grow their own managers and leaders, develop their own employees rather than hire outsiders. There is only one exception that if there is no internal employee has any special skills that the task requires. A global study of CEOs leaving office concluded that appointing CEOs from outside the company is a high-risk gamble (Hamilton, 2003). By retaining employees and growing them, companies can preserve their core value, ideas. Therefore, they have a strong and stable platform to build up a strong organizational culture. Moreover, continuous staff development is consistent with taking a long-term perspective, including with retaining staff (Kantabutra, 2009).

2.3 Building a strong organizational culture

Organizations often manage their culture through statements of vision, values and/or philosophy designed to express core beliefs and the informal rules that guide members' behavior (Avery, 2005). Considerable evidence suggests that organizations with clearly articulated vision statements tend to perform better than those without (e.g. Hamel and Prahalad, 1989; Kantabutra and Avery, 2002). Indications are that visions tend to be more effective for leaders who have a high level of discretion or control within their firm's (Larwood et al., 1995).

Rhineland organizations' strong cultures make them a "special place to work" (Avery, 2005), and their long-term perspective allows Rhineland organizations more time to communicate a vision and have it take effect. This cohesive culture holds organizational members together even in difficult times.

2.4 Supporting incremental and radical innovation

Innovation is a major source of technological progress and economic growth (OECD, 2002). Radical innovation refers to major shifts in product lines and processes or developing entirely new goods/services, whereas incremental innovation entails continuous, small-scale improvements to processes, services and products to enhance quality (Hall and Soskice, 2001). Rhineland enterprises are champions of both kinds of innovation (Avery, 2005; Lawler et al., 1995), which helps make them successful.

2.5 Adopting social responsibility

While the traditional Anglo/US organizations do not care about the social responsibility, but only profit, the Rhineland organizations really focus on social responsibility or environmental protection. Although there are many pressures such as economic or financial one, numerous studies show that socially responsible European, UK and US firms match or outperform their counterparts commercially (e.g. Gelb and Strawer, 2001; Schueth, 2003; Watt, 2003). Socially responsible firms are associated with improved shareholder value among 500 Standard and Poor firms and have been found to outperform their class financially against other indices (Keim, 2001; Stanley and Oekom, 2004).

Although there are demonstrable economic gains in being "a good corporate citizen", for many Rhineland organizations this is the "right thing to do", which leads to the next topic of ethical behavior.

2.6 Adopting ethical behavior

Basically, ethical behavior involves "doing the right thing" and is strongly evident among Rhineland enterprises. It is considered essential for organizational sustainability, given the recent exposure of unethical accounting and other practices in failed public corporations such as Enron, and many others during the 2008 global financial crisis (Kantabura, 2009). Ethics are a form of risk management and can enhance a firm's reputation (Avery,

2005). Companies that run in transparent, ethical ways can retain investor confidence and maintain their reputations.

3. Methodology

Case study data was collated through a triangulation of data collation methods including access to documents, field observations, and interviews. The company's brochure, website, and publications about the company encompassing newspapers and magazine articles were collated before, during and after the interviews and field observations which were conducted by the author during six months from December 2010 to May 2011. Field observations, in which observable things were taken note of, were done concomitantly with the interviews. In-depth interviews with the chief executive officer (CEO), five sales managers and twenty four employees of the company were conducted. Interviews commenced with a request for a brief depiction of the interviewees themselves, the company and its history, and nature of operations. The preponderance of time in each interview revolved around issues involving organisational culture, leadership, innovation, corporate social responsibility, and ethical behaviors. Interviews were conducted in Vietnamese language. All interviews were implemented at the company. Interviews averaged 90 minutes, and all were tape-recorded. The interview tapes were then verbatim transcribed. Findings were matched to the Avery's (2005) research framework and found to embrace several sustainable leadership elements. The extent of conformity with Avery's elements, based on the data, has been categorized as "least evident", "moderately evident" and "most evident".

4. Findings and discussions

In 1991, Vietnam started opening the door to the world, it's a major change in economic. At that time, Mr. Nguyen Canh Nam, an abroad student from Germany, was back to Ho Chi Minh City and carried an ambition to open a business. Starting with the company name, he perceived that the name is very important; it will stick with the company for the whole life. Therefore, it was considered too much, and then he got the name A to memorize about his hometown. In 1994, A Trading Co. Ltd. was born.

Company A started as a trading, import/export company. However, Mr. Nam found out a potential market and he decided to re-direct his business into that way. That's about air-flight ticket agency. At that time, it's very difficult to get the license to be an air-flight ticket agency. However, thank to his relationships, he got it finally.

At that time, it's very difficult for customers to buy an air-flight ticket due to limitation of flight, seat. The limitation of ticket agency is also a barrier to customers. However, it was the challenges and chances for Company A to be the leaders in this market. Mr. Nam had many innovations at that time to get the market share. All of his ideas just came from a basic thought, that's how to create the best convenient service for customers. Company A was the first ticket agency that had the delivery service. Because of the convenient services that Company A brings to customers, it's gotten a large market share. Starting with 6 people and 4 personal computers (PCs) for ticketing, then 23 people and 10 PCs at the main office, now Company A has more than 60 people at four offices, 3 in Ho Chi Minh City and 1 in Bien Hoa city.

Currently, A Trading Co. Ltd. has 4 branches which are operated by family members. Most of employees have been at Company A for a long time. Although the demand of transportation is increased 15%-25% per year - Mr. Nam's estimation, the new air-flight ticket agencies are opened with the higher rate. Competitiveness in this market become higher and it becomes complicated day by day. Besides, air-flight tickets are increased, so revenue and profit of all agencies are decreased. Moreover, the inflation is increased so it's really a difficult time for all agencies, including Company A. However, under the lead of Mr. Nam, Company A is still one of five biggest air-flight agencies in South Vietnam.

The success of Company A could be summarized in some main points: excellent customer service, strong organizational culture and social relationship. They will be analyzed clearly in the next section of this part. Table 1 is the sustainable leadership grid comparing Rhineland criteria and A Trading Co. Ltd., showing the correspondence between the six core categories and Rhineland criteria.

4.1 Adopting long-term perspective

Mr. Nam – the CEO – said that: "Naming a company is so important because it will last for a long time, even through my life. I was very happy and excited after finding out the name A. I hope that my next generation could preserve and develop this brand name". At the beginning, he was so serious about his business. Doing business is a long-term plan with a meaningful brand name. A is used to memorize his home town, Nghe An province (A is the combination of the names of a river and a mountain).

First business of Company A is not air-flight ticket agency. However, after he saw the potential of this market, he re-directed his business to this way, and he knew that this should be Company A's core value. Therefore,

Company A only always focuses on selling air-flight tickets. Up to now, A has not done any other business than it. That could explain why Company A could keep its leadership in this market. While other agencies do some other business such as consulting study abroad, visa application, etc., Company A has only one business with excellent customer service.

“In order to have the stable business and the leadership position, we should define our own core value and must be loyal to it” – Comment from Mr. Nam. However, he also stated that it’s good if you could expand your business, but you will face many difficulties, one of that is about human resource, company’s capability. For Company A, it’s a family-run business. Therefore, it only focuses on one business and become the leader in this market.

In the recent years, even though there are a lot of difficulties such as high inflation, increasing air-flight tickets, many new opened ticket agencies, Company A is still loyal to its business, try the best to go through the hard time with the excellent customer service.

4.2 Developing leaders from within the business

Employees are always the most valuable property of the company, especially at Company A. “As long as the employee shows his/her commitment to the company and ambition to be promoted and have a better life, A will give them the best condition to do so” – comment from Mr. Nam. He rarely hired someone from another ticket agency since if they already moved from another agency to Company A, then it’s highly possible that they will move to another one. To Company A, retaining and training the current staff is the highest priority.

“The management team always tries to create the friendly and comfortable working environment for all employees”. – Comment from Duong Anh Tuan, he was a junior ticketing employee when joined Company A 13 years ago. Currently, he is the Manager of Ticketing.

4.3 Building a strong organizational culture

Organizational culture is special at Company A. It’s like a big family here, among 60 people. The way that they behave is the same to be brothers and sisters in a family, under the leading, guiding and helping of Mr. Nam. Company A is building a “family” culture inside the 60-employee company. That’s the most important evidence for the sustainability of the company, one element for the sustainable leadership of Company A in air flight ticket market.

“I started as internship at Company A since I was a senior student. Now I am a full-time accountant here. Most of employees are compatriots, so we always try to help each other in working. If there is any argument between us, it’s soon solved and back to normal”. – 3-year employee, Ho Thi Toan.

“Treating all employees as in a family is given prominence by all managers” – comment of a Manager.

That’s reflected clearly in working style. If a person is monitoring a ticket, he does not only do for himself, but also help others to do this. Especially in some special time such as Tet Holiday, getting a ticket is very difficult but they always help each other to satisfy customers. Although Company A faced any difficulties, Mr. Nam has never had to lay off any employee or even reduce their salaries. He always wants to create the best environment and conditions for his employees, so they will feel assured to work better and have high productivity.

4.4 Supporting incremental and radical innovation

In order to be the leader in this area, Company A has done many innovations, especially in the customer service. At the beginning, Company A was the first agency that provided delivery service. This door-to-door service has brought a lot of customers and fame for Company A. Customer service is the key things in retaining customers at Company A.

Usually, an agency only works in official working time and limited in extra time. However, Company A is always available, both online (via phone, mail, instant message) and offline (office), in both normal days and public holidays. There is always a employee there to support customers and tickets can be sold any time. It’s very helpful and convenient for any customer that’s in urgent. Therefore, Company A becomes the first choice of many people.

Nowadays, in the Internet era, Company A is going to open a portal for everyone in booking a ticket at its website. That’s another innovation of Company A in order to provide convenience and excellent service to all customers.

4.5 Adopting social responsibility

Social responsibility, including environmental protection, is not reflected clearly at Company A. Even air-flight tickets are transformed from paper to e-ticket in order to save trees and protect environment, but it still requires customer to print out. Therefore, there are a lot of paper and documents at Company A office. However, they do not waste paper at all, but try their best in recycle those for other purpose. For example, printing 2-side-paper as much as possible, take advantage of 1-side paper, etc.

Company A does not consider an employee moving from Company A to another agency as a “steal”. Even that's an employee training by Company A, Mr. Nam also let him go without any condition. He said: “I just want to give them the best environment and conditions to work. If they want to leave, I also let them go if they think that Company A is no longer a good place for them. Company A is a place that current employees feel happy to work and anyone that leaves might feel comfortable”. That could explain why Company A could enhance its reputation and brand.

4.6 Adopting ethical behavior

This part is much related to social responsibility. Company A, or Mr. Nam always does charity events. It's not only in Ho Chi Minh City, but also in his hometown, Nghe An. The contribution for charity also expands to outside Vietnam such as the charity for the victims of Earthquake and tsunami in Japan.

Moreover, in working style, Company A always tries to give the best price to customers but not cheating on air-flight company as others. They do not create the price war among agencies to get the market share. Their market share is maintained and gained just because of their excellent customer service, and the social relationship of the management team.

Mr. Nam always persuade his customers to buy tickets of Vietnam airlines, that's an reality action to support for Vietnamese brand even though its price is not lower than other. That's the pride of Vietnamese people.

5. Concluding thoughts

By and large, it appears to be a close fit to Avery's sustainable leadership practices (2005). It could explain why Company A could be the leader in this market and could maintain this leadership in nearly 20 years. However, there is some parts of this framework cannot be applied due to the specific characteristic of Company A, in particular and Vietnamese economy and culture, in general. The success of Company A could be summarized in some main points:

- Excellent customer service: at Company A, in order to get market share and retain customers, it always innovates and created the most convenient service for customers, anytime and anywhere.
- Strong organizational culture: in this view, Company A is more likely a family than a company. Everybody shares the difficulties and the happiness. That's the most important key for Company A to get through the hard time.
- Social relationship: base on the widely social relationship, Mr. Nam had opened Company A as an air-flight ticket agency and had some advantages in business. His word is very meaningful and important to other stakeholders, from customers to air-flight company managers.

However, A Trading Co. Ltd still has some shortage. The first thing is about Human Resource management. The reasons that Company A focuses only on air-flight ticket (to be the leader in this area) is they do not have enough internal power. Since it's a family-run business model, it's so hard to expand it without an effective management model. Currently, everybody seems to work and live in a family, but if it expands to hundreds of people or expands its business area, it's hard to keep this model. That's why business model is another challenge to Company A.

In a nutshell, Company A has fit 16 out of 19 elements of sustainable leadership of Avery (2005). That could explain partly why Company A has been the leader in the market for many years. Moreover, it may be worthwhile to continue observing Company A to determine whether it outperforms its counterparts in the long run.

The findings from the case research of Company A denote that the Rhineland model can provide a relevant framework for depicting leadership in an emerging market. Ghoshal (2005, p. 81) pointed out that “... companies survive and prosper when they simultaneously pay attention to the interests of customers, employees, shareholders, and perhaps even the communities in which they operate”. This author wondered why business leaders overlook the more socially-responsible Rhineland approach, which actually delivers better shareholder value, and instead revert to the unsustainable “...ruthlessly hard-driving, strictly top-down,

command-and-control focused, shareholder-value-obsessed, win-at-any-cost business leader..." (Ghoshal, 2005, p. 85).

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Table 1. Total elements in conformity (based on Avery, 2005)

	Rhineland Elements on the Sustainable Leadership Grid	Lam Hong	Extent to Conform			Relevant Categories					
			Least Evident	Moderately Evident	Most Evident	1	2	3	4	5	6
1	CEO concept: top team speaker	✓									
2	Decision making	?									
3	Ethical behavior: an explicit value	✓									■
4	Financial markets: challenge them	✓					■				
5	Innovation: moderate	✓								■	
6	Knowledge management: shared	✓							■	■	
7	Long-term perspective: yes	✓					■	■			
8	Management development: grow their own	✓					■	■			
9	Organizational culture: strong	✓						■	■		■
10	People priority: strong	✓						■	■		
11	Quality: high is a given	✓							■	■	
12	Retaining staff: strong	✓					■	■	■		
13	Skilled workforce: moderate	✓						■	■		
14	Social responsibility: moderate	✓						■	■	■	
15	Environmental responsibility	✓							■	■	
16	Stakeholders: broad focus	✓							■	■	
17	Teams: self-governing	✓							■	■	
18	Uncertainty and change: considered process	✓					■		■	■	
19	Union-management relations: cooperation	?									

Key:
 ✓ = conforms
 ? = not known

Category

- 1 = long-term perspective
- 2 = staff development
- 3 = organizational culture
- 4 = innovation
- 5 = social responsibility
- 6 = ethical behavior