International Journal of Social Science and Business, Vol. 4 No 2; June 2019
ISSN: 2519-9161(Online), ISSN: 2519-9153(Print)
Published by Center for Academic Research (CAR)

Flying the Unfriendly Skies

Bradford R. Frazier
Belmont Abbey College
United States of America

Kelli L. Fellows
Pfeiffer University
United States of America

CASE DESCRIPTION

The primary focus of this case is the juxtaposition of decision making process and theory applied during a real-time organizational crisis. Secondary issues examined include programmed versus non-programmed decisions, rational versus non-rational decision making, and organizational crisis communication. Discussion questions and an in-class role playing activity are included in the teaching note. This case study will allow students to examine as actual crisis scenario and to explore alternative decisions that leadership may have made. This case is applicable to courses in business, management, organizational communication, leadership, or organizational behavior. The case has a difficulty level of level 2-4 (sophomore through senior undergraduate students). Approximately two hours of outside preparation prior to class is suggested to allow students ample time to research the facts of the actual United Airlines example. Information and details about this case are widely available online. It is recommended that the class discussion should occur in one full class period (if a 75-minute class) or two class periods (for 50-minute class) to review and discuss the case questions. Additionally, if assigned, the writing assignment (see instructor's note) should be assigned after the discussion questions are completed in class.

CASE SYNOPSIS

The forcible removal of a seated passenger from a United Airlines flight in April, 2017 sparked a viral feeding frenzy. Public outcry centered on CEO Oscar Munoz – his formal organizational responses and his perceived decision-making inconsistency. His actions, or lack thereof, fueled a highly visible PR disaster. The purpose of the current case study is to utilize a decision-making theory lens to analyze decisions, implementation, and public response. Through this lens, scrutiny of both positive and negative outcomes are weighed juxtaposed with decision making-processes. Key questions guide the analysis to discern what went wrong, what went right, anticipated outcomes associated with various decisions, and how organizations may proactively prepare for organizational crises in the future.

INSTRUCTOR'S NOTES

Introduction

This case study provides a current, real-life example for students to examine, discuss, and provide alternative decisions. It is recommended that the instructor begin with a brief lecture of decision-making, models and theory of decision-making, and a review of the key terms discussed below. Afterwards, it is suggested that students be asked to prepare for this case study by searching online for stories, Tweets, media coverage, or other information prior to class. In the following class, use the discussion questions and role playing suggestions to reinforce their learning about decision-making. Following the class meeting with discussion questions and/or role play and writing assignments, share the epilogue at the end of the instructor's note with the students and explain the actual outcome.

Learning Objectives

1. Define decision making and the decision-making process.
2. Understand and use the rational decision-making model and its limitations.
3. Differentiate between *programmed and non-programmed decisions* and determine in which situations these should be employed.
4. Appreciate the need for the rational decision-making model for decisions, and clearly examining potential unintended consequences of those decisions.
5. Identify potential biases or problems managers often face with decision making, including the "curse of knowledge," biases, satisficing, and bounded rationality.

Decision-Making Models and Theory

This case is an excellent opportunity to discuss and examine decision making and decision making models for business leaders and managers. Kinicki & Williams (2018) define decision making as the act of identifying and choosing one alternative courses of action. Management decisions are usually made either instinctively and quickly, or slow and methodically. For more mundane tasks, managers often make decisions instinctively without adequate consideration. For example, the phenomenon known as the "curse of knowledge" can occur whereby extensive manager experience can actually lead to tunnel vision and blind spots, causing irrational decisions to be made.

The rational decision making model, also known as the classical model, is described as the way managers ***should*** make decisions. The following steps in the model are prescribed: 1) Identify the problem, 2) Develop alternative courses of action, 3) Evaluate the alternatives, and 4) Implement the course of action selected. This model assumes that managers will apply this model with all of the accurate and complete information available, which is prescriptive (Kinicki & Williams, 2018, p. 204).

Rarely, however, are such conditions ever met in management decisions. As a result, managers often utilize the Non-rational decision making model, which is the way managers ***actually*** make decisions much of the time. Two types of non-rational decision making are *satisficing and intuition.* Satisficing occurs when managers seek alternatives until the first satisfactory one is discovered, without examining additional options. As a result, the first option is often not the best solution, resulting in a poor decision being made and implemented. (Kinicki & Williams, 2018).

Kinick & Williams (2018) describe another decision-making pitfall of *bounded rationality* whereby the ability of decision makers is limited by several constraints: the complexity of the problem, time and money constraints, differences in cognitive ability and decision making biases, imperfect information, information overload, differing priorities, and goals that are conflicting goals. These issues are extremely common and often lead to poor decisions which can negatively affect an organization.

Decision Making Biases

Most all managers will fall victim to various biases from time to time. Kinicki and Williams (2018) describe several that are applicable to this case. Applicable biases to be discussed are listed below:

1. *Availability bias:* Managers make decisions based only on readily available information or memory.
2. *Representative bias:* Managers make decisions on a sample or single prior event.
3. *Overconfidence bias:* managers are overconfident in their decision making skills and do not take adequate time to make the decision.
4. *Hindsight bias:* managers see problems as being more predictable than they actually are.
5. *Framing bias:* managers are influenced by the way a problem is presented to them.

Programmed and Non-Programmed Decisions

Griffin (2015) describes two types of decisions often used by managers: *programmed and non-programmed decisions.* Managers often rely on the *programmed* type for decisions that occur frequently and are relatively structured. *Non-programmed decisions,* however, occur less often and are normally unstructured. With these decisions, managers must invest considerable time to examine the problem, identify stakeholders, consider potential solutions, and making the ultimate decision.

He further notes most major decisions are made *under uncertainty*. *Decision making under uncertainty* occurs when the decision maker does not know all of the potential outcomes, nor does he or she know the impact these decisions may make.

Manager and leaders often fall victim to using non-rational decision making models when enacting a decision they deem to be routine. Subsequently, the leader fails to consider the significance or potential impact of the decision. Non-rational decision making often leads to *satisficing*- the shortening of the decision making model to end once a suitable solution is developed, while failing to analyze other potential decisions.

The Case

On Sunday, April 9, 2017, United Airlines employees determined that flight 3411 departing from Chicago to Louisville, Kentucky was overbooked. Attempting to rectify the issue, airline personnel – following company policy – offered any volunteers willing to take a later flight up to $400 in compensation. However, not enough passengers volunteered. Subsequently, flight crew members contacted Chicago Aviation Security Officers to remove a passenger that had been purportedly randomly selected, allegedly consistent with United Airlines protocol. A passenger videoed Dr. David Dao's forcible removal from the aircraft. Significant physical injuries sustained were immediately evident and angst and frustration of passengers on board was evidenced by their shouts of protest. Ultimately, the flight crew determined that the flight was not, in fact, oversold. In turn, bruised and bleeding, Dr. Dao returned to his seat for the flight home.

Within hours, video(s) documenting the passenger removal incident emerged via social media. Social media exploded with public outcry and calls for a United Airlines boycott. United's first public response entailed an apology only addressed the flight overbooking inconvenience. In his first public statement, CEO Munoz apologized for the overbooking situation and indicated that they were reaching out to the affected passenger. Following the public statement, Munzo sent an internal memo to all employees. The following is an excerpt from that communication.

> "Like you, I was upset to see and hear about what happened last night aboard United Express flight 3411 headed from Chicago to Louisville. While the facts and circumstances are still evolving, especially with respect to why this customer defied Chicago Aviation Security officers the way he did, to give you a clear picture of what transpired, I've included below a recap from the preliminary reports filed by our employees." (McCann, 2017)
>
> "As you will read, this situation was unfortunately compounded when one of the passengers we politely asked to deplane refused and it became necessary to contact Chicago Security Aviation officers to help. Our employees followed established procedures for dealing with situations like this. *While I deeply regret this situation arose, I also emphatically stand behind all of you, and I want to commend you for continuing to go above and beyond to ensure we fly right."* [emphasis added] (McCann, 2017)

Airline industry standard practice engages in overbooking seats to compensate for customers who do not show up for their flight, resulting in additional revenue. However, the event of United Express flight 3411 highlights the complexity of this practice and potential negative implications. Munoz's responses suggest his *intuition* noted this decision was a *programmed decision* based accepted industry standards or practice, as well-established company policy. His apparent failure to appreciate the magnitude of the incident, specifically, and potential brand and financial implications of his subsequent responses, generally.

This case encourages students to examine the decision-making process and to become familiar with the pitfalls of poor decision making. While hindsight is 20/20, this case provides students and opportunity to examine the outcomes of this case and will result in better decisions, and a more critical analysis of the impact of various outcomes that may result.

WRITING ASSIGNMENTS AND ACTIVITIES WITH TEACHING NOTE

Group/Team Discussion questions for the case:

1. Describe which type of decision-making (rational vs. non-rational) Mr. Munoz used in his initial reaction to the crisis. Why do you think he used this method in this case?

2. Under what condition did Mr. Munoz make the decision for his initial response? Were his actions based on a decision made *in certainty*, with all information and outcomes available? Why or why not?
3. How do organizational policies and procedures (*programmed decisions*) encourage *satisficing*? What strategy or strategies may organization implement to avoid similar situations?
4. What are some other potential responses or actions Mr. Munoz could have utilized in response to this situation?
5. Based on the facts of the case, what decision making biases can you identify that affected Mr. Munoz's actions after the event?
6. Apply the rational decision making model to the United airlines overbooked scenario. Complete each step of the model and complete the model with your recommendations. Did your final solution match Mr. Munoz's? Describe in detail how you would apply the model to this situation.

WRITING ASSIGNMENTS AND TEACHING NOTE

Group or Role Play Activity

In response to the recent passenger incident, United Airlines CEO Munoz has formed a strategic task force to develop and make recommendations to drive organizational change. Specifically, CEO Munoz charged the task force with exploration of variables influencing or informing decision making across all levels of the organization. He specifically wants to ensure that risk of brand damage and financial loss is minimized.

Members of the task force include:

- Chief Financial Officer
- An Executive Consulting Firm Consultant
- Human Resources Intern
- Communication Department - Social Media Specialist
- Accounting Internal Controls Manager
- Marketing Director
- Observer

Each task force member is expected to voice concerns, review individual and collective decision making within the organization, examine existing policies and procedures, and make recommendations regarding changes warranted and associated implementation strategies.

Group/Team Discussion questions for the case: (solutions)

1. Describe which type of decision making (rational vs. non-rational) Mr. Munoz used in his initial reaction to the crisis. Why do you think he used this method in this case? Did Mr. Munoz rely on a programmed decision?

Students will most likely be quick to identify that Mr. Munoz and other airline employees used non-rational decision making, perhaps mistaking this scenario as a programmed decision. Organizational policy and procedures would have been used in similar situations. However, the programmed decision did not take into consideration the exacerbating elements that created the need for a rational decision making model decision.

Most all managers fail to utilize the decision making model for decisions for one main reason: time. Managers and leaders are constantly having to make a multitude of decisions during the course of a workday. This scenario appeared, initially, to require a simple, programmed response. However, as the situation unfolded, the outcome could have clearly been better if adequate time was allotted to examine the facts.

Clearly, the facts of the case show that a passenger was essentially beaten into submission should have been a key element of the response and decisions made by Mr. Munoz following the situation. Students may suggest that the decisions made on overbooked flights should no longer be programmed decisions, with management taking time to analyze the situation on a case-by-case basis.

2. Under what condition did Mr. Munoz make the decision for his initial response? Were his actions based on a decision made *in certainty*, with all information and outcomes available? Why or why not?

Griffin (2014) describes three circumstances in which manager make decisions: under certainty, under risk, and under uncertainty. Under certainty, managers know all the possible, with reasonable certainty, all of the alternatives available and the risks that are associated with each of those alternatives. Under risk, managers understand the alternatives and risks along with the potential costs and risks with each option. Finally, under uncertainty, the manager does not know all the alternatives available, and consequently, does not know the risks or potential outcomes for each alternative. Most all significant decisions made in the organization are made under uncertainty.

In this case, Munoz made the decision about his response under uncertainty. It seems he did not know, or consider, the spectrum of alternatives available and the associated risks therein. In hindsight, the decision created public outrage and potentially damaged the United brand irreparably. It became much more than a simple decision about the accommodation of overbooked passengers. Mr. Munoz should have identified all of the stakeholders involved, recognized the significance of the scrutiny of public responses to crises, and obtained much more information and consulted other managers prior to making a public statement.

It is important to reinforce that managers make the majority of decisions in uncertainty. Because of this contextual reality, students must consider the constraints of decision making under uncertainty, the value of the rational decision making model, and exploring how organizational operations may engender or fuel automatic, rote decision making.

3. How do organizational policies and procedures (*programmed decisions*) encourage *satisficing*? What strategy or strategies may organizations implement to avoid similar situations?

Programmed decisions are a vital component of organizations. Many routine, day-to-day organizational decisions are easily met with programmed decisions. However, programmed decisions lead to satisficing where the organizational leader thwarts the rational decision making model at Step 2 once a satisfactory alternative is discovered. By doing so, organizational decision makers eliminate the possibility of a better decision, or one that is more appropriate. Human beings are cognitive misers. Satisficing's pervasiveness across managers is plausible because they have limited time to make a spectrum of decisions. Preserving cognitive resources concurrently with time restraints creates the perfect incubator for satisficing's occurrence and perpetuation. However, it is important for students to understand, as in this case, the devastating consequences that may result from satisficing.

Students should also appreciate the contextual variables shrouding decision making – particularly in an emergent risk-to-crisis situation. Fellows (2015) notes, "This process does not unfold in a vacuum. Rather, variables outside of organizations' control may influence or impede the process. The challenge with risk and crisis communication stems from a complex combination of variables, individual decision makers, and varying emotional states connected by communication," (p. 13).

Organizations may desire to minimize a similar events recurrence in the future. Students reading and analyzing a case may hold similar desire, in turn biasing their goal and associated recommendations. This desire, though, is fallacious thinking. Fellows (2015) notes the inherent perils of decision making – both proactive and in hindsight – and risk and crisis communication. "On the surface, a novice may consider the solution to risk and crisis communication simplistic and readily attainable – simply craft an effective message and disseminate the information to all audiences in a timely manner. Unfortunately, even if the perfect risk or crisis communication plan, internal controls, or messages are prepared and implemented, the desired outcome may remain elusive," (p. 13).

4. What are some other potential responses or actions Mr. Munoz could have utilized in response to this situation?

Students will most likely will identify the most appropriate action Mr. Munoz could have taken was to withhold a statement or judgement concerning the incident until he had a full appreciation of the breadth and depth of the situation's events. While it is noble to stand up for employees, considering various stakeholders' perspectives (e.g., passengers; potential and present customers; stockholders) a more measured and informed response would perhaps yield less public outrage.

In addition, students should address what should be done regarding the industry standard policies and procedures regarding overbooked flights. Based on this incident, critical review of these accepted business practices across the industry may be timely.

As mentioned in the case synopsis, it appears that the brand damage at this point has not been long lasting as profits were up in the quarter during which the incident occurred. However, a flurry of memes has proliferated on social media indicating that the public may not soon forget what happened.

Students should consider that a mea culpa from Munoz may have helped to reduce the negative impact. However, the public most likely will not be as forgiving for future similar incidents.

5. Based on the facts of the case, what decision making biases can you identify that affected Mr. Munoz's actions after the event?

Students may identify at several of these decision making biases that may have occurred in this case:

a. availability bias: Mr. Munoz most likely wouldn't have been involved in a situation of an overbooked flight under normal conditions. When this situation was brought to his attention, he was quick to come to the defense of his employees, which is commendable. However, it becomes clear that there was more to the story, and he did not adequately obtain all of the available facts.

b. representative bias: as mentioned in the previous bias, overbooking flights is nothing new and occurs dozens of times a day around the world. Mr. Munoz most likely assumed that this was another similar case that he had dealt with over the years and decided to react as he most likely had reacted in previous overbooking scenarios: by defending his employees, and not the customer.

c. overconfidence bias: Similar to item b, Mr. Munoz assumed this was not a major problem, that the customer may complain, but would be easily appeased with some token compensation. Little did he know that the event would spiral out of control and become an international news story.

d. hindsight bias: as the name of this bias implies, Mr. Munoz definitely viewed events as being more predictable than they were as in item c.

e. framing bias: although it cannot be known for certain, the situation was most likely presented to Mr. Munoz as a minor disagreement or issue on a flight. He had been in this situation countless times before. The scenario was probably framed as a "belligerent" customer caused a ruckus on a flight. No big deal…until it wasn't.

6. Apply the rational decision making model to the United airlines overbooked scenario. Complete each step of the model and complete the model with your recommendations. Did your final solution match Mr. Munoz's? Describe in detail how you would apply the model to this situation.

Using the rational decision making model, students can create a detailed matrix for each of the six steps in the rational decision making model.

1. *Identify and evaluate the problem: CEO Munoz recognized there was a decision situation. However, it appears that he underestimated its significance and the additional details surrounding it. A decision was made as to when to respond publicly and internally, as well as what the message should be.*
2. *Determine alternative courses of action: encourage students to come up with as many alternatives as possible. Encourage brain storming to produce at least 5-8 possible alternatives.*
3. *Evaluate possible choices: again, encourage brainstorming and ask students to consider all the alternatives along with potential outcomes, risks, and payoffs for each.*
4. *a. Choose alternative: ask students to disclose which alternative they chose, but then require students to explain their choice. What were the risks and potential payoffs? How does this compare to other alternatives considered?*
   b. Implementation of the decision: students should then consider how to implement the chosen strategy. Will it employ retraining? Human resources? Change of existing policies and procedures? Challenge industry standards?

c. Review outcomes: it is critical in this case to have students understand the feedback loop necessary to adequately evaluate the outcome of the decision(s) employed. While the students will not have the luxury of looking back on what decisions that they have selected, they should note how they will evaluate the results and what metrics will be used to determine the efficacy of the decision.

Group or individual writing assignment (outcomes)

In response to the recent passenger incident, United Airlines CEO Munoz has formed a strategic task force to develop and make recommendations to drive organizational change. Specifically, CEO Munoz charged the task force with exploration of variables influencing or informing decision making across all levels of the organization. He specifically wants to ensure that risk of brand damage and financial loss is minimized now and in the future.

Members of the task force include:

- Chief Financial Officer
- An Executive Consulting Firm Consultant
- Human Resources Intern
- Communication Department - Social Media Specialist
- Accounting Internal Controls Manager
- Marketing Director
- Observer

This activity is recommended to be done in a team setting. Assign each student of a team to one of these roles. Also, include an observer to record details of the discussions. Have students meet for one full class period to discuss their role and assignments. Additional time may be needed if the students have difficulty reaching a group consensus on final recommendations to the CEO.

Also in chapter of his text, Griffin (2014) discusses group decision making. The purpose of this exercise is give the students the experience of group decision making, having been charged with finding common ground to make recommendations to the CEO. After the exercise, it is recommended that you debrief and discuss with the students their experiences and ask the following questions:

a. Did you feel the team decision making was more difficult or less difficult than making a decision on your own based on your role? Do you think the quality of the decision was better than what you would have done on your own?

b. Did you experience any groupthink during your deliberations? If so, how was it addressed?

c. In your individual role, did your opinion of what to do mesh with the overall group? How did you collaborate to reach a consensus?

Each task force member is expected to voice concerns, review individual and collective decision making within the organization, examine existing policies and procedures, and make recommendations regarding changes warranted and associated implementation strategies.

EPILOGUE

Immediately following the event, United's market value and stock price took a significant hit in the days immediately after the incident. However, in the quarter ending in which the event took place, United's profits were actually up 39% over the previous year. Operating revenue rose from $25.41 billion in 2016 to $26.55 billion in 2017, clearly showing that United did weather this storm without significant, long-term effects (United, 2018). However, as Maidenberg (2017) reports, United did show a decline in some other metrics compared to other large, domestic airlines.

Also, as a result of this incident, there was significant change. CEO Munoz stated that they would no longer remove a seated passenger due to an oversold situation. Solutions will be made prior to passengers boarding in the event of an oversold flight.

Also, the Chicago Aviation Security punished some of the officers involved and made changes to their operating policies.

CEO Munoz embarked on the interview circuit in an attempt to assuage passenger fears and anger and took responsibility for the incident vowing it would never be repeated.

Finally, rival airlines responded in a number of ways in attempt to increase their market share at the expense of United. Delta announced that it would provide up to $10,000 (as opposed to the industry standard $400 offer) in compensation to re-accommodate passengers volunteering to give up their seat for a later flight. Most competitor airlines have adopted a similar policy.

Some airlines reported that they would end the policy of overbooking flights, however it remains to be seen if that actually happens in response to this incident.

REFERENCES

Griffin, R. W. (2015). *Fundamentals of management* (8th ed.). Mason, OH: South-Western – Cengage.

Fellows, K. L. (2015). *Risk and crisis communication*. Denmark: Bookboon Ltd.

Kinicki, A., & Williams, B.K. (2018). *Management, a practical introduction*, 8th ed., New York, NY: McGraw-Hill Education.

Kottasova, I. (2017, April 11). United loses $250 million of its market value. *CNN Money*. Retrieved from http://money.conn.com/2017/04/11/investing/united-airlines-stock-passenger-flight-vieo/index.html

McCann, E. (2017, April 14). United's apologies. A timeline. *The New York Times*. Retrieved from https://www.nytimes.com/2017/04/14/business/united-airlines-passenger-doctor.html

Maidenberg, M. (2017, July 18). United Airlines profit rises despite boycott threats over passenger treatment. *The New York Times*. Retrieved from https://www.nytimes.com/2017/07/18/business/united-airlines-profit-earnings.html

United Airlines (2018). Retrieved from https://hub.united.com/united-airlines-reports-fourth-quarter-2567373628.html