Southwest’s merger with AirTran, valued at over US$3 billion, makes Southwest the fourth largest American carrier. The merger increases Southwest’s presence in a number of major cities, most notably New York (LaGuardia) and Washington D.C. (Ronald Reagan National Airport). Thanks to AirTran, it now flies into the coveted Atlanta’s Hartsfield-Jackson Atlanta International, the world’s busiest airport, along with a number of international vacation destinations such as Aruba, Puerto Rico and the Bahamas. Southwest has grown organically, acquiring only two other smaller carriers—Morris Air and Muse Air in the 1980s. This has made it easier to maintain its quirky identity. On the other hand, AirTran was created from several airlines, including the former ValuJet, a little over 10 years ago. It is known mostly as a low-cost, on-time carrier. The Company Culture page on AirTran’s Web site prior to the merger claimed that “loyal crew members keep AirTran airways customers soaring” who have a “timely and accommodating demeanor.” AirTran’s values included a total commitment to safety, technical excellence, continuous learning, fun and profit. 21 Southwest, headquartered at Love Field in Dallas, uses the ticker symbol LUV and they use all kinds of ways to show that the “Luv” their customers. Southwest has cultivated a corporate culture that focuses on employees and customers having a good time while flying. They carefully select their employees using interviews that involve creative activities and or even asking the recruits to wear tutus. Their training program with karaoke and amusing challenges is designed to socialize the new recruits into Southwest’s fun-loving culture. According to its Web site, its cultural values are “A Warrior Spirit, A Servant’s Heart, A Fun-Luving Attitude.” 22 “Southwest’s whole business model is built on a particular approach to managing employees. It’s a big bet they are making that they can swallow AirTran. . . This is a very different approach, taking thousands of AirTran employees, dumping them into the system and hoping it works. It’s a pretty risky move,” says Peter Capelli, a Wharton management professor in 2010. Cappelli adds that airline mergers are always difficult because integration has to take place while a carrier continues to carry out complex operations. Thousands of employees can’t easily be put through an orientation program in the merger’s short time frame and the information systems supporting the complex operations of two airlines can’t be easily changed. 23 In November 2011, Southwest Airlines’ more than 6,000 pilots and AirTran Airways’ 1,700 pilots overwhelmingly approved a plan to combine the seniority lists of the two carriers, with five out of six pilots voting in favor. 24 The personnel systems have to be modified to reflect the new seniority and pay systems. The disparate cultures of Southwest and AirTran are also posing problems for the merger of their online reservation systems. Southwest currently is planning to switch from Sabre or Amadeus to better accommodate merchandising and international flights. AirTran’s reservations system vendor is Navitaire. 25 AirTran and Southwest have diametrically opposed views on distribution through online travel agencies. Southwest usually sells its tickets via telephone or through its Web site whereas AirTran prefers online reservation systems such as Orbitz and Expedia. 26 It will likely take several years after to figure out how to blend the two different reservations systems. Will the cultures of Southwest and Airtran come together? People are optimistic but the real answer lies in the future.

1. Discuss the layers of culture that are evident in this case.

2. What are the similarities and dissimilarities between the cultures, values and beliefs of Southwest and AirTran airlines?

3. What problems could arise due to the different perspectives of both airlines towards online reservation systems? What do you recommend the managers do to solve these problems?

4. What would you recommend managers to do insure a smooth integration of the information systems, given the culture differences?