

CHANGE MANAGEMENT AT AIR ASIA

Module:
Student ID:

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1. Introduction

Change has become a necessary evil for any organisation in the current dynamic business context. This report focuses on Air Asia and how it leveraged its asset of a large data pool to accelerate an international digital transformation during Covid 19. The report analyses the change from both theoretical and organisational perspectives.

2. Organisational background

AirAsia is a Malaysian low-cost airline that is also Asia's largest low-cost, no-frills carrier. The airline promotes that there have been no administrative expenses, yet there are specific payments for goods that are complimentary on other airlines. The Low-Cost Carrier Terminal (LCCT) at Kuala Lumpur International Airport operates as AirAsia's major hub, while secondary hubs comprise Kota Kinabalu International Airport, Senai International Airport, and Penang International Airport. AirAsia's turnover for the third trimester of 2021 was RM296 million, down 37 per cent year on year ("YoY") and 20 per cent quarter on quarter ("QoQ") (Investor Relations, 2022).

FLYING LOW



Figure 1: Revenue of Air Asia
(Phadnis, 2022)

3. Diagnosis: Change recognition

Situation

In recent years, the Covid 19 epidemic has been one of the most powerful external influences. The aviation sector has suffered significantly worse than the bulk of other industries in the wake of Covid-19. Compared to 2019, passenger traffic dropped by over a third in 2020 (Business Insider, 2022). Due to pandemic-related losses, Air Asia was able to expedite its digital transformation and convert the firm into something more than just an airline. During these uncertain times, AirAsia realised the need of being flexible and thorough in risk management (Business Insider, 2022).

Task

It was AirAsia's big data pool and ability to modify its digital environment that gave the low-cost airline an enormous edge over its competitors when the pandemic unexpectedly struck in Q1 2020. (Business Insider, 2022).

Action

Online ticketing for Air Asia has undergone a major revamp throughout the outbreak and now offers a wide range of products and services. An ecosystem of other services, including food delivery, grocery shopping, and even internet shopping, is included in the app, which has been branded a "super app" by AirAsia Group.

Result

Singapore is one of 10 countries where AirAsia's digital payment network BigPay claims 1.2 million customers (Business Insider, 2022).

4. Change management approach

AirAsia has always prioritised the use of cutting-edge technology in all aspects of its operations. More than 85% of its customers now book their flights directly via the airline's website, making it the first in the region to focus on ticketing done entirely online. A more logical progression, rather than an emergent approach, led to digital transformation at the airlines during the pandemic. There were 60 million monthly visitors to the group's website prior to the acquisition of Covid. This resulted in a substantial customer database (Kaur, 2022). To facilitate the airline's digital transition, after Covid, they simplified the move and divided their operations into two core divisions: the airline and the digital enterprises under AirAsia Digital. BIG Reward is a programme that rewards customers for using the company's many online services (Kaur, 2022). Despite the fact that the pandemic delayed the company's digital transition, it still feels that it should be prepared for a disaster. As a result, they see catastrophe as a chance for change and believe that they can do whatever is financially possible to take advantage of it.



Figure 2: Four pillars of Air Asia's digital transformation
(Source: Created by self)

5. Lewin's model of change

It is the collective behaviour of a group that determines how each individual responds to change, says Lewin. Everything that has an effect on the group structure has an effect on the

behaviour and capacity for change of the individual. Following is a breakdown of Air Asia's journey from start to finish (Hussain *et al.* 2018).

Unfreezing

This approach must consider the obvious risks that change poses to individuals and the necessity to encourage those who are affected to accept change to achieve a natural stable equilibrium (Hussain *et al.* 2018). Change events, according to Lewin, are propelled or restrained by a quasi-stationary equilibrium in human behaviour (Hussain *et al.* 2018). If, during the unfreezing stage, members of an organization's system go through a "disconfirmation" phase and resist change, the organisation may face difficulties. AirAsia's senior management must educate employees about digital transformation and the use of big data in order to convince them to participate in the planned shift (Burnes, 2020). The success of a change initiative is determined by an individual's acknowledgement of the importance and necessity of change (Burnes, 2020). The effectiveness of a firm's transformation depends on employees' willingness for big development and change activities in the organisational framework during the unfreezing stage (Hussain *et al.* 2018).

Changing

The second phase outlined by Lewin focuses on implementing the change and the steps needed to achieve it. Organisational development interventions will be implemented at this stage by AirAsia and its employees to effect change. Developing leaders and working together as a team are two key methods for bringing about change (Burnes, 2020). When it comes to implementing a company-wide transformation, strong leadership support is critical. At this point in the change process, leaders are responsible for learning, teaching, and transforming the organisation and taking on the role of promoting and enabling the change (Hussain *et al.* 2018). In addition, the execution of a change process relies heavily on incentive systems. Employee engagement in the change process has been studied, and the results show that incentive systems are just as crucial as other elements in getting workers to embrace change (Burnes, 2020). Therefore, AirAsia should design its incentive systems to recognise and reward workers who actively engage in and assist in implementing the proposed change. Establishing a performance management process that acknowledges specific change progress and teams' and individuals' efforts towards the change is one way to accomplish this (Burnes, 2020).

Refreezing

During the refreezing phase, an organisation should be stabilised and institutionalised in a new condition according to Lewin's planned change model. For the new behaviours to be somewhat secure against regression, refreezing aims to maintain the organisation's stability at a new quasi-stationary equilibrium (Burnes, 2020). For refreezing to work, new behaviour must be consistent with the learner's existing behaviour (conduct, character, and surroundings). Otherwise, a fresh cycle of disconfirmation will occur (Hussain *et al.* 2018). An organisation's conventions, rules and procedures may be altered to refreeze a project. AirAsia may begin the process of transformation by reinforcing the company's culture. One of the most challenging leadership tasks is to change an organisation's culture (Hussain *et al.* 2018). As a result, a company's culture is made up of a variety of interrelated elements, such as its mission, values, and methods of communication (Burnes, 2020). AirAsia has to strengthen these changes with cultural changes that complement the change initiatives to maintain the change efforts. New norms and behaviours may be created to accomplish this. The next step for AirAsia is to continue to evolve. Digital training programmes that cater to all levels of expertise inside the firm may help achieve this goal. Consequently, a range of digital training programmes, from "digital literacy" to "expert," would be appropriate for the employees to educate them in digital

transformation, which they need to learn and that will add value to their jobs (Burnes, 2020).

6. Resistance to change

There are two sides to Malaysian low-cost airline leader, Tony Fernandes, who also happens to be its most popular businessman. One is loud, easy-going and available, while the other is a careful businessman who tends to manage what he gets into, frequently enraging his partners in the process. He also raises and degrades persons and close allies as haphazardly and intuitively as he abandons them. These attributes characterise his daring manoeuvres, which sometimes result in beautiful but often tragic outcomes (Chowdhury, 2022). Similar to his overall approach, the digital transformation spearheaded by Fernandes also saw drastic measures which faced resistance from employees. One of the major resistances was the fear of the unknown. It has been evidenced in Kotter's 8 step change management model that employees often do not realise the urgency of change as they fear the outcome due to their knowledge gap. However, this was quickly overcome during this change process by adequate training provided.

7. Conclusion and recommendations

It can be concluded from the report that Air Asia has taken a great leap forward in the space of digitisation and innovation. On one hand, there are new feathers in the cap such as BigPay and Big Reward. On the other hand, there have been enhancements in the existing services such as ticketing and check-in processes such as Scan2Fly. Now, the future course for the organisation will be to develop an effective CRM approach which will acclimatise the consumers with this digital shift.

Goals	Specific	Measurable	Achievable	Realistic	Time-bound
Enhancing customer relationship during the change process	Providing personalised assistance to customers such as help during check-in, SMS or email notifications reminding them to scan and upload documents etc.	Can be measured through increasing market share and customer acquisition rate	It is achievable due to already in place data pool and digital resources	It is the next realistic step post-digital transformation	Within 6 months
Focusing on changing consumer behaviour towards	Developing social media content and media narrative	Can be measured through an increase in online traffic	It is achievable due to an already established	Will help in developing a digitised consumer base	Within 1 year

becoming more tech- oriented	about how being digital is the new future		brand image and social media identity		
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Table 1: SMART recommendations
(Source: Created by self)

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10. Appendices

Appendix 1: Gibbs reflective cycle

Gibbs's reflective cycle is a reflective exercise where a specific instance is reflected upon, followed by an analysis and evaluation. Following is my reflective approach to Air Asia's digital transformation.

Applying Gibb's model of reflection on Air Asia's change process	
Description	Air Asia went into a digital transformation launching a host of digital services such as Scan2Fly, FACES and PRS. Even though this is not the extent of their digital transformation, my experience with it so far has been the services mentioned above along with their Super App.
Feelings	Even though these technologies were innovative, I, as a passenger, felt particularly dumbfounded by the biometric scanning system (FACES) or having to scan my boarding pass (PRS) instead of the regular handing it to personnel. I was confused and had to sort for assistance during the checking procedure. On the other hand, the application has been a smooth experience.
Evaluation	My positive experience with the app was due to its user interface and ease of use. I did not have to go through multiple pages and instructions for booking my ticket. On the contrary, even though the other applications eliminated steps in the check-in process, I was constantly anxious that I am missing an important step.
Analysis	I think the reason for my anxiety with the above-mentioned application was that I, similar to any employee within the organisation resisted change in my mind. Although I knew technology is supposed to make my life easier, it was a matter of changing behaviour which I was not ready to.
Conclusion	From a consumer behaviour standpoint, it can be said that Air Asia is in dire need of bridging the gap between its cutting-edge

	technology and its minimalistic customer interaction.
Action plan	There needs to be more assistance provided during check-in initially to simplify the transition process and behaviour change of the consumers.