Case study: Evaluate the leadership of Michael O’Leary
Executive Summary

The purpose of the report is to discuss the management style of Michael O'Leary, the chief executive officer of Ryanair, one of the leading aircraft carriers of Europe. Although O'Leary is credited with proposing the business model of low cost airlines and on-flight services, he is also questioned for his leadership style. Through the report, it has been established that O'Leary is a manager and not a leader as he was good with making strategies and taking decisions but not good while dealing with employees. Several people stated that he was rude with staffs. Moreover, the report also highlights he was a good decision-maker, but his ways could not be used for long as it would bear consequences such as financial crisis, customer dissatisfaction and employee turnover.
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Introduction
The airline industry throughout the globe has been a volatile market with increased government regulations, changing customer preferences and fluctuating prices of the resources. In such a scenario, the companies operating in this sector face a tough time in setting prices, gaining profits and forming a loyal base of customers. However, in the UK airline industry, Ryanair, a budget carrier is regarded to be a successful venture in building a loyal customer base by compromising on their profit margins. Michael O'Leary, who is both criticised and admired by different groups of people, heads the organization. Through the course of the report, the leadership and management style of O'Leary would be discussed by dissecting his behaviour and traits. For providing a theoretical point of view, leadership theories would also be referred, however, the starting point of the report would be the article penned by Nicola Clark on Ryanair in NY Times in 2013.

Background
Incorporated in the year 1985, Ryanair has grown to become the number one European airline transporting more than 142 million customers per year with more than 2000 flights operating daily from 84 bases (Corporate.ryanair.com, 2019). The flights of the company are operational in 37 countries and connect 226 destinations. The unique selling proposition of the airline company is low fare and being advertised as budget aircraft. The airline even set a record in 2017 by carrying more than one billion customers (Ryanair.com, 2019). The success of envisioning and functioning of the low-cost business model of Ryanair is credited to Michale O'Leary, the chief executive officer under whom the company flourished. O'Leary is regarded as one of the most successful Irish businesspersons with a net worth of $1.1 billion as of 2018 (Forbes, 2019). He is often regarded as a dynamic personality working a vision of making Ryanair the favourite airlines for the customers by instilling repeat purchase behaviour in them, despite the several criticisms that came his way (Nytimes.com, 2019).

Literature review
Leadership has been a topic of debate for the past few decades as it is difficult to summarize the concept in a few phrases. However, several scholars have taken turns to develop leadership theories to set a guideline for individuals while they are leading and inspiring people. One of the theories that are still considered relevant by certain experts is trait theory. As per the trait theory, the leaders are endowed with some traits and physical characteristics that set them
apart from the non-leaders (Owings and Kaplan, 2012). The trait theory does not focus on whether the traits are in-born or acquired by the leaders but just proposes two sets of traits – emergent (height, attractiveness, intelligence and self-confidence) and effectiveness (charisma and other traits acquire from learning and experience).

Another theory that is ought to be most relevant in the present times is the *contingency theory* as per which no leadership style is deemed to be perfect or set as the internal and external environment is dynamic in nature. Therefore, it is the duty of the leader to forecast the changing situations and adapt to them by changing the leadership style (D. Waters, 2013). Also known as, situational leadership, the method of operation is dependent on the business environment and relationship between subordinate and supervisor.

In the modern times, the two most used and proposed leadership theories are *transactional* and *transformational*. The transactional theory believes in working with the employees by rewarding or punishing them based on their performance. However, transformational theorists believe in transforming the performance of the employees by inspiring and motivating them (Antonakis and House, 2014). An amalgamation of both these theories as per the demand of the situation would prove to be a fruitful for the organization and the leader.

**Q1. Is O’Leary a manager or a leader or both? Set out your rationale underpinning your answer.**

As per Old.nios.ac.in (2019), leadership is defined as a process or an activity, where an individual takes up the role of influencing, persuading and guiding an individual or group of individuals for attaining specific targets within a stipulated period. Therefore, the role of a leader is to ensure that the energies and skills of employees are directed towards the achievement of a common goal. On the other hand, management is defined as an art and science wherein; an individual is entrusted with the task of formulating plans for accomplishing organizational goals. Often misconstrued as same or similar, the role of leaders and managers are distinguished. For instance, managers carry out their role of managerial tasks by using the following methods of – planning, organizing, directing, implementation and controlling. However, the leaders execute their responsibility for inspiring and guiding people by motivating and directing their actions in the desired directions (Bohoris and Vorria, 2008).

Upon reading the article Nytimes.com (2019), it was evident that O’Leary was extremely dedicated towards his duty through which he managed to prepare a cost cutting business model
that allowed him to “transforming Europe’s once-cossetted air travel market into one where airlines fiercely compete for every passenger”. From further research, it can be stated that Michael O’Leary was a manager that conceptualized the business model of low cost airlines. The cost cutting strategy, charging lower fares from customers and making the airline companies competitive along with on-air retailing and selling of snacks was the brainchild of O’Leary. According to Professor Tom Begley, the dean of UCD School of Business, Michael O’Leary is a charismatic manager inspiring several men and women (The Irish Times, 2019A). The professor further went on to say that, O’Leary might not treat people well but is one of those rare people driven towards work and responsibility.

Interpreting the words of Jim Collins, O’Leary has done a fantastic job in managing several units efficiently, however, has failed to be a good leader due to his rude behaviour and charismatic style, which is often deemed to be superficial at several levels. Supporting this view, Creaton said that Michael O’Leary ran the place by “kicking people in the head” and maintaining an officialdom attitude (The Irish Times, 2019). Therefore, it can be deduced that O’Leary was a good manager but not a good leader. As a manager, he brainstormed and came up with several plans and strategies making Ryanair the leading aircraft carrier of Europe. He fulfilled all the responsibilities of planning, controlling and implementing and made the low-cost business model a success and giving customers what they want (Green and Green, 2014). However, as a leader, O’Leary was not good as he adopted a charismatic and autocratic leadership style. He was extremely strict with his employees and did not treat them well. Due to this, he is often referred to as the uninspiring taskmaster focussed on only business objectives while ignoring the needs and demands of the employees.

Q2. The characteristics and skills that have helped him drive the company forward

Michael O’Leary is said to be a visionary, one of the significant skills needed to be a successful manager. As a manager, it is important for the individual to possess a vision wherein, they envisage where they want to see the company in future. The vision forms their guide and motivation based on which the actions and plans are directed. Following this statement, it can be said that O’Leary was a visionary since; he started out working in his position with the thought of making Ryanair the leading airline organization of Europe. As he had a vision in place coupled with a determination to succeed, he managed to attain his goal, and in this path, he transformed the airline industry by making it competitive in nature. Hence, Michael O’Leary can also be called a trendsetter.
Another important characteristic of a manager that O’Leary has is planning. The prime responsibility of a manager is to forecast and plan in order to set all the activities in line while limiting it to the availability of resources and capabilities of the company. O’Leary assumed and executed this responsibility effortlessly as he managed to identify the gap in the market wherein the customers demanded lower fares and launched it. Moreover, he successfully developed strategies that bore fruits for the company and outlined the tasks towards accomplishing the objectives. Another characteristic of his that propelled the success of Ryanair is decision-making skills. O’Leary has a good understanding of the market and hence, is a risk-taker. He took the risk of adopting a cost cossetting strategy wherein; the flight rates were considerably lowered for attracting a large customer base. This risk that he took is till date considered to be a wise decision as it set out to be a business model imitated by other companies as well.

For a manager, it is important for the individuals to innovate and come up with new, unique and interesting ideas that would appeal to the customers. Michael O’Leary possessed this quality and is credited with ideation of onboard pay toilets, standing room “seats” at the back of Boeing 737 aircraft and retailing and advertising on air (Nytimes.com, 2019). Out of all the ideas, the idea of retailing in flight proved to be a success as people did buy things while they were flying. Another quality or characteristic that Michael O’Leary has a manager is commercial awareness. He was informed about the weak economic position of the country and hence, deduced that the customers were averse to paying high prices for flying. Moreover, he even understood the limitations of his company, and after considering all these restraints, he came up with a business model that gave customers what they wanted and even helped Ryanair in gaining a considerable amount of profit and large customer base.

Q3. What could be the consequences of taking his style too far?
As mentioned earlier, Michael O’Leary is not an inspiring leader as he believes by the autocratic leadership style wherein, the subordinates do not have a say and have to abide by all the orders passed down by the supervisor. Following the autocratic leadership style, O’Leary takes all the decisions by consulting the senior management only without consulting the middle or bottom level employees. Moreover, he is known for ignoring the needs of his employees and not treating them well leading to de-motivated employees. Therefore, such behaviour from Michael O’Leary’s bears’ consequences for Ryanair as the behaviour of the chief executive officer is a task or system-oriented and not an employee or people-oriented.
The first consequence of taking Michael O’Leary’s style too far is **high attrition or turnover rate** among the staffs of Ryanair. In autocratic leadership style, the leaders or the managers tend to take over the role of a dictator where they impose their authority, rule and ideas on their employees leaving the staffs to feel burdened and pressurized (3WH, 2017). In such circumstances, where the employees do not have the permission to share their views and ideas, they tend to feel dissatisfied and de-motivated leading to high attrition rate. For example, as per the recent article The Irish Times (2019B), around 700 pilots resigned from Ryanair in the last fiscal year as they left extremely dissatisfied. The reason cited for resigning from the company was that the senior management failed to adhere to the terms of employment and ask the pilots to work even during their leave periods.

Another consequence that is ancillary to the issue of high employee turnover rate is **customer dissatisfaction**. As the employees are fast leaving the company, the organization is not being able to provide quality service to their consumers. Michael O’Leary is known to provide the customers with what they want and provide for all their needs meticulously. However, in the past few years, the company has not been able to satiate their customer needs. As per the article published in the Guardian, the customers ranked Ryanair the worst airline consecutively in the last six years (Topham, 2019). The lowest ratings were based on the following factors – seat comfort, cabin environment, food and drinks and boarding.

If the management style of O’Leary is followed for a much longer time, the company can face **financial issues also**. As the customer dissatisfaction rate is high, the company is facing lower profits and revenue sales. According to Davies (2018), the profits of the aircraft carrier slumped by 20% and was recorded at €319 million, leading to a fifth consecutive fall in the profits in the past few years. The employees of the company and cancellations of the flights lead to the constant loss of revenue and profits to the strikes.

Q4. Will O’Leary be the right person for Ryanair during the times ahead, or does the company now require more of a ‘manager’ than a ‘leader’?
As discussed above, Michael O’Leary is a good manager possessing important skills like planning, organizing, directing, implementing and controlling. However, as a leader, he was not as successful as he was rude in behaviour and did not consider employee needs while taking any business decisions. Therefore, it can be said that as a manager, O’Leary is the right person to head the company and assume the responsibility of running the business as he is a sharp businessman with a good understanding of the market. Although the company was started by
the Ryan family, it was Michael O’Leary that ensured that Ryanair soared new heights by realizing that the customers are not wanting to pay higher prices. Therefore, he introduced cost cosseting business model and other in-flight services. Under his management, the budget aircraft organization became a successful company throughout Europe.

However, from the employees’ point of view and seeing the prevailing conditions of the company, Ryanair needs a new leader. The attrition rate in the company is high as the employees are tired of the autocratic rule dictated by O’Leary. As cited above, several pilots have also resigned stating that terms of the employment contract are not being followed. Therefore, the company needs a new leader that would associate him or herself with the employees and understand their viewpoints. The leader would resonate with the employees, motivate, and inspire them to continue their service with the company by maintaining good employee relations.

Application of leadership theories to Michael O’Leary
Michael O’Leary follows the autocratic leadership style, which classical approaches where the manager retains the power of making decisions and the authority of taking any action. The employees are just expected to adhere to the orders and do as instructed. Michael O’Leary thinks that he is best to take decisions for the company, as he believed that he possessed the strategic capabilities to do so. Giving this a theoretical perspective, the autocratic style of leadership can be associated with Great Man’s theory as per which the scholars believe that the leaders are born and not made. As per the advocates of this theory, an individual is born with the heroic capabilities of leading people and tasks that cannot be incurred through experience or any learning (Nawaz and Khan, 2016).

However, in the present times, the Great Man’s theory is dispensed and stated to be irrelevant as scholars believe that an individual gains the potential of being a good leader through experience, knowledge and learning. As per the prevailing business scenario, the two most sorted after leadership theories that Michael O’Leary should adopt are – transactional and transformational. According to Odumeru and Ogbonna (2013), the transactional theory is in alignment with managerial leadership, where the supervisor promotes compliance among his staffs by means of punishments and rewards. The employees are motivated by means of financial and non-financial rewards so that the staffs deliver their best performance and help in cooperate in attaining the organizational objectives. The transformational leaders are focussed
on forward-thinking ideas and gain active participation from the workforce through contingent rewards and penalization.

Another leadership theory that would resonate with the employees is **transformational theory**. Under transformational leadership theory, the leader motivates, inspires and stimulates its followers to deliver their best performance (Hamstra et al., 2014). The leader develops amicable employee relations with the staffs and transforms their performance into getting structured outputs. Michael O'Leary should follow and adhere to a mix of both transactional and transformational leadership theories for the betterment of the company. The autocratic style of leadership is not proving fruitful for the company with a constant decline in revenues and profits and strikes from the employee's end. Therefore, a mix of transactional and transformational theories would help O'Leary to develop good relations with their employees and increase the staff retention rate. Moreover, the staffs' performance would help in enhancing the company performance in the market.

**Conclusion**

The report focuses on the leadership and management style of Michael O'Leary said to be a rude but sharp businessman. Through the report, the role of O'Leary in the business organization, Ryanair has been discussed. The report talks about the difference between the role of a manager and leader by citing the working methodology of Michael O'Leary. Moreover, as the employee treatment from O'Leary side was hard, the consequences of carrying out with his leadership style for long are also mentioned in the report. His managerial characteristics have also been listed following a discussion on the leadership theories.
Reference List


