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The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance

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Dust Papers. This book demonstrates how the interaction of doctors, business lobbyists, insurance company “risk managers,” and others with non-scientific interests determined the course of ostensibly scientific research into byssinosis, or “brown lung” disease. This unholy alliance, which I am inclined to call the medical-business-insurance-legal complex (with apologies to Eisenhower), controlled the keys to public health treatment of this disease by determining what questions were asked about it, when these questions were asked, and what data were collected to answer them.

The Cotton Dust Papers shows that the control of data about this occupational disease suffered by cotton mill workers delayed governmental recognition of its existence for perhaps 40 years, resulting in the denial of treatment and compensation to hundreds of thousands who worked in those mills. Sadly, anecdotal evidence from England dating back as far as 1837 that could have led to earlier action was ignored as well. Such was their arrogance that those representing insurance and other business interests were quite open about their goal of denying treatment to the injured worker.

As a practicing workers’ compensation attorney, I needed only to read the following excerpt to be convinced of the book’s value for me. It comes from a 1959 memo written by a lobbyist for the Georgia Textile Manufacturers’ Association. The lobbyist opposed a study of brown lung:

[A] high percentage of textile mill employees will soon imagine that they have the symptoms ... and people who never heard of the disease will soon be convinced that they have it, and that sort of mass hysteria can do a great deal of damage.... The very fact that the survey is being made ... is all that will be needed to encourage the damage suit lawyers to initiate and urge the passage of amendments to our Workmen’s Compensation Act which will provide compensation for alleged occupational disease in our industry.

Perish the thought!

The lobbying was successful. *The Cotton Dust Papers* details the process whereby economic power was able to derail governmental support for research into this disease. In the course of this historical reconstruction, the authors pose their central question: given the array of powerful interests that would define disease in a manner consistent with their self-aggrandizement, what array of offsetting forces can move us toward a more objective pursuit of public health?

Despite corporations’ power to obscure real

problems, brown lung was eventually recognized by OSHA in the late 1970s. The authors cite five factors leading to that recognition: federal and state interest in the problem; the industry’s eventual cooperation with researchers who set out to gather the relevant data; public health professionals’ willingness to study the problem; changing public attitudes toward industry and capitalism; and the climate of the times, a general concept that, to some extent, is the cause and effect of all the above.

Like any good historical treatment of disease, this book encourages us to ask how applicable its findings are to the current interplay between industry, government, insurance, and medicine. In particular, the authors challenge us to ask whether the climate of the times that led to the recognition of brown lung is still with us. The authors talk of a time when consumer and environmental concerns played a big role in the political dialogue. If the climate of the times is today far less populist (as my gut tells me it is), this book suggests that our health care and workers’ compensation systems face increased dangers. From my experience, I can easily name several medical problems that afflict large numbers of people, particularly workers, and that medical science could study and treat more effectively if politics did not interpose itself as it does: toxic chemical exposure, stress-induced heart problems, fibromyalgia, and Reflex Sympathetic Dystrophy Syndrome (RSD). Many of my colleagues will hesitate before representing someone claiming any of these sorts of injury. We may be sympathetic, but we know we are much more likely to collect a fee if a new client has a back injury or a missing limb.

This book is disquieting evidence of the ability of economic and political power to overcome scientific method. This is good. If it provides a useful warning about current efforts to politicize the public health treatment of workers through the workers’ compensation systems around the country, this too will be a boon. If readers are not only informed, but mobilized, the authors will have accomplished even more.

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The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance. By

Jody Hoffer Gittel. New York: McGraw-Hill, 2003. xvi, 319 pp. ISBN 0-07-139683-7, \$24.95 (cloth).

This interesting book aims to show that a distinctive set of organizational practices promoting high-performance relationships is key to the success of Southwest Airlines and that these practices can and should be employed elsewhere. The primary audience for this book is managers, particularly those in the airline industry, but the book has sufficient empirical and theoretical grounding to make it worthwhile reading for academics as well.

The book is divided into three main parts. The first part provides background on Southwest Airlines and its remarkable record of consistent profitability over three decades, introduces the author's concept of "relational coordination," and presents evidence that relational coordination is associated with both efficiency and service quality. Relational coordination entails "frequent, timely, problem-solving communication carried out through relationships of shared goals, shared knowledge, and mutual respect." From an empirical study of nine sites operated by four different airlines, including two Southwest Airlines sites, the author presents quantitative evidence of a link between the degree of relational coordination present between different job groups and the turnaround time for flights, the number of staff required, customer complaints, lost baggage, and late arrivals. As these outcome measures suggest, the author's primary focus throughout is on the operational aspects of flight departures—where the rubber meets the runway—rather than financial outcomes or other aspects of firm performance.

Part II is the core of the book. The author details ten organizational practices at Southwest Airlines that reinforce one another to promote a high degree of relational coordination: efforts by top leaders to maintain their credibility and show that they care about workers; investment in front line supervision; selection and training focused on relational competence (that is, on the skills necessary to effectively relate to others in a team context); proactive conflict resolution aimed at developing mutual understanding; efforts to bridge work and family; use of boundary spanners (Southwest relies heavily on its operations agents to coordinate the numerous functions involved with flight departures); performance measurement that focuses on processes rather than on allocating blame; maintenance of job flexibility by mini-

mizing work rules and instilling the expectation that everyone will help out whenever necessary; treatment of unions as partners rather than adversaries; and cultivation of solid relationships with suppliers, airports, and other external parties. This set of practices overlaps somewhat with other treatments of high-performance work systems, but also differs by excluding compensation arrangements and by arguing for the benefits of more intensive supervision (Southwest uses a high ratio of supervisors to employees), rather than self-managed teams.

Job security is not explicitly mentioned, although it is a critical underpinning to these other practices and the author recognizes its importance. Indeed, Southwest's implicit no-layoff policy (demonstrated most impressively by its decision not to dismiss employees in the wake of 9/11), minimal use of outsourcing, and emphasis on hiring from within make the carrier a throwback to an old-fashioned internal labor market.

Each practice is discussed in a separate chapter that combines illustrative quotes from interviews with qualitative summaries of quantitative analyses (the numbers are relegated to footnotes and appendices). While there is much to quibble over in terms of measures and the generally bivariate nature of the analyses, two important strengths of these chapters are the contrast that is drawn between carriers (American Airlines emerges as a particularly retrograde outfit) and the recognition of appreciable differences between sites operated by the same carriers.

Part III attends to the practical issues of building and sustaining high-performance relationships. It contains an interesting discussion of efforts made by other carriers to emulate Southwest, including the creation of an "airline within an airline" (for example, United Shuttle and Continental Lite) and new start-ups (for example, Jet Blue). Key steps for implementing relationship-enhancing practices are discussed. However, while the book aims to encourage other managers to adopt the "Southwest way," much of this last section speaks to the difficulty of doing so. The fact that the prescribed practices are a mutually reinforcing bundle that cannot be instituted in a piecemeal, selective fashion presents a daunting obstacle to successful adoption. The failures or only partial successes of would-be Southwests are cautionary examples for those who might wish to imitate its practices.

Nor does the author appear to fully credit the profound distrust that exists between labor

and management in the airline industry. Trust—rooted in a genuine commitment to job security and respectful dealings with employees—seems to be an essential element of the Southwest story, but the history of labor relations in the industry instills little confidence that the requisite levels of trust can be engendered at other carriers.

It is also questionable whether the author gives sufficient weight to the significance of strong craft identities in the airline industry as an impediment to relational coordination. To be sure, there is much discussion in the book of breaking down barriers between “functional” areas, and the author acknowledges the importance of status differences between job groups. However, the primary source of data for the book is a survey of employees in five job groups closely involved with flight departures (ticketing, gate, baggage transfer, ramp, and operations agents), whose jobs are similar enough that they might well be included in the same bargaining units. The surveyed employees were asked to comment on their relationships with pilots, flight attendants, and other crafts, but the author did not directly survey representatives of these groups. Had she done so, craft identities—sometimes linked to race, sex, and large pay and status differentials—might have seemed like more imposing obstacles to relational coordination.

Readers looking for insights into the character of labor-management relations at Southwest might be disappointed. The author correctly points out that the airline is highly unionized, and she includes partnership with its unions as one of the essential elements of the Southwest way, but there is little specific information about how Southwest and its unions interact, why strikes have been so infrequent, why the unions have been willing to negotiate work rules that appear to allow supervisors and others to do bargaining unit work, or how pay levels at Southwest actually compare to those at other carriers. The extent to which unions have been instrumental in defining the “Southwest way” is unclear from the book, but the author leaves the impression that Southwest’s unions are to be commended mainly for not being too militant and messing up a good thing.

The Southwest Airlines Way provides important insights into what makes this airline distinctive. The author has immersed herself in the subject and has made a strong case for an internally coherent set of practices that promote positive working relationships and performance at Southwest. The extent to which high relational

coordination accounts for the superior financial results obtained by Southwest is less clear. The book does not delve deeply into the carrier’s finances, and there are certainly other factors (for example, low turnover, relatively high load factors on Southwest flights, substantial savings on training costs and maintenance derived from using a single type of plane) contributing to the carrier’s financial performance. The claim that other carriers can adopt Southwest’s practices is the least convincing part of the book. The history of the industry and the very different operations of short-haul, point-to-point, domestic Southwest and long-haul carriers with hubs and global networks weigh heavily against successful emulation of the Southwest model. For now at least, the issue is academic, because the major carriers have taken the distinctly different flight path of bankruptcy filings, mass layoffs, and wage cuts.

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The Economics of Rising Inequalities. Edited by Daniel Cohen, Thomas Piketty, and Gilles Saint-Paul. Oxford: Oxford University Press, 2002. xiii, 358 pp. ISBN: 0-19-925402-8, \$70.00 (cloth).

This volume’s twelve papers (and Introduction) resulted from a research project at the London-based Centre for Economic Policy Research (CEPR), conducted jointly with the Instituto de Estudios Economicos de Galicia. The objective of the papers is to examine the factors and mechanisms that underlie the patterns of rising income inequality since the 1970s in modern developed countries, and especially the differences in patterns of inequality between continental European countries and Anglo-Saxon countries. Of particular interest is the interplay between (i) changes in economic fundamentals such as technological, trade, or demographic factors—the matters on which the so-called “fundamentalist” view generally focuses—and (ii) differences across countries and changes over time in institutions such as minimum wages, collective bargaining, tax and trans-