

# Governing Energy

## Cultural Collision

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Energy industry pundits, including this one have extolled the aerospace safety culture as one to emulate. It is true that the lessons learned from that sector as well as others can add value and perhaps prevent similar incidents by others.

Many readers may be aware that on January 9, 2015, United Airlines sent a safety warning message to its more than 12,000 pilots. The basic thrust of the message, *“the common thread with all of these [incidents] is that they were preventable.”*<sup>i</sup>

According to the Wall Street Journal, United’s safety concerns are rooted in a number of internal matters. Briefly, performance variables comprise both human interaction and technical flying skills.

### Behavioral

- Increased retirements as well as significant new hiring
- Lack of respect for the Captain’s authority
- Shorten Training
- Integration of cultures following the merger with Continental
- Asset class (air craft types) integration after merger

The memo apparently states that these behavioral issues pose a, *“significant risk to the operation.”* These safety issues are largely cultural in nature and reflect changing societal norms as well as the integration of two organizations with different cultures.

### Skills

- Inflight emergency evasion
- Landing with fuel reserves below minimum
- Improper landing and takeoff procedures<sup>ii</sup>

It appears that United should be able to address these safety related issues in-house. In other words, they do not depend on actions from government agencies, suppliers or customers to remedy the poor practices uncovered.

Currently, the oil and gas industry is undergoing a structural transformation. As discussed in a previous blog, the commodity price trading range is at a step level change downward and may stay there for a long time.<sup>iii</sup>

This puts increasing pressure on already strained field operations. Moreover, the workforce demographics are changing. The long awaited Big Crew Change is well underway as well as the changing dynamics with the arrival of the millennials.<sup>iv</sup>

We have previously addressed cultural differences between operators and their supply chain partners.<sup>v</sup> The United memo points directly to *cross-cultural cockpit management* as a contributor to the corporation's safety concerns. This is an important lesson for an industry that is restructuring and greatly depends on its supply chain.

Moreover, both the airline and energy sectors are highly regulated with a major focus on safety and there does not appear to be a track record whereby regulators have reduced scrutiny during economic downturns. The more likely scenario is that the regulatory environment will remain strong and operations must adjust accordingly.

The proactive approach that this airline's leadership is taking is a 'good practice' that all industry economic actors should emulate and is in accordance with the first axiom of a Culture Safety—Leadership!<sup>vi</sup> Understanding and addressing cultural collisions can lessen the chance of an actual collision.

## How proactive is your organization's leadership?

### About the Author

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### End Notes

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<sup>i</sup> <http://www.wsj.com/articles/united-sent-safety-warning-to-pilots-1424900742>

<sup>ii</sup> [http://www.upi.com/Top\\_News/US/2015/02/28/United-Airlines-warns-pilots-after-major-safety-events-and-near-misses/5881425121949/](http://www.upi.com/Top_News/US/2015/02/28/United-Airlines-warns-pilots-after-major-safety-events-and-near-misses/5881425121949/)

<sup>iii</sup> Shemwell, Scott M. (2015, January 22). Is it Different This Time? *Governing Energy*. PennEnergy.

<sup>iv</sup> \_\_\_\_\_ (2013, Fall). Millennials Take On Our Increasingly Complex World. *PennEnergy EnergyWorkforce*. pp. 7-9.

<sup>v</sup> \_\_\_\_\_ (2014, November 7). Agile, Resilient, Sustainable Ecosystem. *Governing Energy*. PennEnergy.

<sup>vi</sup> <http://www.therrinstitute.com/assets/cos-maturity-model---2d-edition---adobe-online.pdf>