A Comparative Analysis of Leadership Styles on Organizational Performance in the Airline Industry

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EXECUTIVE SUMMARY

The 21st century has witnessed many successes and failures in the airline industry, and leadership was identified as one of the main factors influencing management styles. As such, this research seeks to ascertain the best-suited leadership style for maximum organizational performance in the airline industry, focusing on two reputable, accredited airlines, Malaysia Airlines Berhad (MAB) and Southwest Airlines (SWA). The research establishes a comparative analysis of secondary data extrapolated from these two airlines and presented in a thematic format. The discussions centered on transactional and transformational leadership styles prevalent in this industry. The findings revealed that under a transactional leadership style, MAB suffered significant losses, while SWA was always profitable under a transformational leadership style. MAB's leadership style, which inhibits creativity and employee participation, and its decision to deny customers and employees the right to claim benefits have contributed to its failure. On the other hand, SWA's success was attributed to the employees' faith and trust in their leader and vice visa, especially as their leader chooses to retain them during financial crises. The research concluded that the transformational leadership style, which considers employee satisfaction, trust, and competitive advantage, has maximum effect on organizational performance and profitability and is recommended as best-suited for the airline industry.

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CHAPTER ONE
INTRODUCTION

A. Topic
The Importance of Leadership on Organizational Performance in the Airline Industry.

B. Title
A Comparative Analysis of Leadership Styles on Organizational Performance in the Airline Industry.

C. Background
The 21st century has witnessed several changes in the airline industry, owing to many factors, including the leadership styles adopted. Recently, there have been many successful and unsuccessful airlines (Zhang, 2017) attributed to different leadership styles that have significantly impacted organizational performance in the airline industry (Kamisan and King, 2013). This is because of its impact on employees' satisfaction (Asrar-ul-Haqa and Kuchinkeb, 2016) and the organization's ability to outperform others within the industry (Anderson and Birrer, 2011). However, Madanchain et al. (2016) argued that for organizations to remain viable through compelling performances, employee satisfaction, competitive advantage, and the role of leadership remains critical. As a result, Nanjundeswaraswamy and Swamy (2014) lamented the need for further studies to understand how leadership influenced organizational performance in the airline industry. As such, this study embarked on a study to underpin leadership's impact on organizational performance using Southwest and Malaysia Airlines and to recommend the best leadership style for airlines.

D. Rationale
This research was undertaken with three rationales. Firstly, the literature on the importance of leadership on organizational performances in the airline industry should be enhanced, focusing on Southwest and Malaysia Airlines models. Secondly, the study will identify and link the effects of transactional and transformational leadership styles on organizational performance using the two airlines. Finally, it will recommend the best leadership style for airlines based on the research conducted on the two aforementioned internationally recognized airlines.

E. Scope
This study focussed on conducting a comparative analysis between Southwest and Malaysia Airlines to determine the extent to which leadership affected the organizational performances in the airline industry by using secondary data (Cote, 2018; Kamisan & King, 2013). The research was conducted by examining the secondary data on the application of leadership styles and their effects on the performances of the two airlines. The data collected were placed into themes using the appropriate method of analysis. The transformational and transactional leadership theories were explored to determine the impact leadership had on their performances. During the study, specific focus was given to employees' satisfaction and the competitive edge of the airlines to understand the extent to which leadership impacted the airlines. These were done using the theoretical application of employees' satisfaction and competitive edge.

F. Aim
This study aims to ascertain the best-suited leadership style for maximum organizational performance within the airline industry.

G. Objectives

➢ *The Objectives of this Study Are:*

- To examine the impact of various leadership styles on airline operations, policies, culture, and profitability.
- To conduct a comparative analysis of leadership styles between Southwest and Malaysia Airlines while critically reviewing the leadership theories that lead to their success.
- To recommend a strategic approach for utilizing the best leadership style to enhance airline companies.

H. Theory Overview
Theoretical frameworks define theories of various topics and elucidate the reason for the research's existence (Imenda, 2014). This research examines the impact of leadership on organizational performance in the airline industry by conducting studies on Southwest and Malaysia Airlines. Due to the research's nature, the researcher employed four theories: Transactional and Transformational Leadership, Herzberg (2003) theory of Job Satisfaction and Motivation, and McGrath (2013) Transient Competitive Advantage theory.

➢ *Leadership*

Leadership definitions have varied from the ninetieth, twentieth, and twenty-first centuries, with the birth trait, followed by behavior, then a process, and now, an influential process of motivating individuals and groups within an organization to achieve common goals (Sharma and Jain, 2013; Igbaekemen and Odivwri, 2015). The responsibility of leadership is critical since it is accountable for managing and directing the organization (Kamisan and King, 2013). Leaders are seen as figures with power who demand respect (Amanchukwu et al., 2015) or earn it (Bell, 2013), while leadership styles are styles adopted by leaders to influence followers (Amanchukwu et al., 2015). As such, organizations adopt a leadership style that they deem best, which can be Autocratic, Bureaucratic, Democratic, Laissez-Faire, Transformational, or Transactional. As a result, this research focussed on Transformational and Transactional Leadership styles at Southwest and Malaysia Airlines since these styles are common in the airline industry (Kamisan and King, 2013; Pavlova, 2017).

➢ *Transformational Leadership Theory*

The transformational leadership theory focuses on how leaders and followers intertwine. This theory defines leadership as a process where an individual engages and connects with others, giving rise to inspiration and ethics in both leaders and followers (Amanchukwu, Stanley, and Ololube, 2015). This theory also believes that charisma, confidence, and clear values motivate followers (Lamb, 2013). Transformational leaders who are also ethical (Ken, 2015) motivate and inspire individuals to assist group members, thereby stressing the importance of collectivism, which encourages individuals to optimize performance.

➢ *Transactional Leadership Theory*

The transactional theory focuses on supervising and managing the roles of followers of the organization regarding policies and rules (Ken, 2015). It stipulates members' expectations and the consequences of noncompliance in task fulfillment (Lamb, 2013). Recognitions are given to employees to encourage the achievement of required results (Anderson, 2016). Regardless of which leadership style is selected, it does impact the organization's performance.

➢ *Organizational Performance*

The performance of an organization reveals how viable it is. Organizational performance is an analysis of a company's performance compared to its goals and objectives (Tavana & Puranam, 2015). More so, it focusses on value by examining the three 'Es,' namely economy (minimal cost), efficiency (maximum value), and effectiveness (desired outcome) (Hurduzeu, 2015). Organizational performance has several determinants of which culture, job satisfaction, and transient advantage are essential.

➢ *Job Satisfaction*

Is employees' emotional feelings regarding fulfilling their mandates in the working environment (Coetzee and Stoltz, 2015). Herzberg (2003) argued that money alone does not motivate employees; instead, it is an intrinsic value for improvements such as challenges and responsibilities. The relationship between job satisfaction and productivity determines the competitiveness of an organization.

➢ *Competitive Advantage*

Is the capability of an organization to outperform another within the industry (Anderson and Birrer, 2011). However, McGrath (2013) lamented the importance of revamping outdated theories and introduced the *Transient Competitive Advantage* theory. This theory focuses on customers' desires and the need for businesses to change continuously in the technological business environment. McGrath (2013) argued that this tool guides leaders in the strategic path to sustain their organizations' longevity. Nevertheless, applying all these new frameworks effectively will depend on the leadership style adopted.

The leadership style adopted directs the organization's structural mechanism and systematic functioning, which is responsible for human resource recruitment and the organization's competitive direction. Hence, this research aimed to determine how leadership affects organizational performances at Southwest and Malaysia Airlines.

I. *Integration with MBA Discipline*

This research topic was covered in 'Leading and Managing Organisational Resources' (LMOR), which I completed during my studies in the University of Bedfordshire Masters of Business Administration program. This course gave insights into corporate governance, change management, finance, and operation, which are essential for sustaining an organization (Loewenberger, 2018). It allows for the alignment and engagement of leadership and how it transcends organizational performance through employees' satisfaction and ultimately gaining a competitive edge. The real implications of this module remained very insightful throughout this paper.

J. *Method of Analysis*

This study employed comparative analysis as the chosen method. Comparative analysis compares organizations, situations, people, systems, and other things to identify similarities, differences and any unique characteristic that will impact either or both objects being compared (Wilkinson, 2013; Reference, 2019). This method is best suited since it allows for critically identifying similarities between the two airlines. Additionally, it facilitates the identification of the best leadership style practices for organizational performance, which can be adopted by other airlines (Cote, 2018; Wong and Musa, 2011). The secondary data

gathered was arranged, analyzed, and presented in themes. The best leadership style the researcher decided on was based on leadership's impact on organizational performances and profitability at the airlines above.

K. Evidence/Data:

To ensure creditability, validity, consistency, and reliability, the researcher extracted secondary data on leadership styles and organizational performance at Southwest and Malaysia Airlines from peer-reviewed journals and published news articles from 2009 to 2019. The criteria were necessary to ensure the integrity of the secondary data collected to accurately conceptualize the conclusion and recommendations (Bamberger, 2017).

L. Discussion of Chapters

This research contains five chapters. Chapter One positioned the research's foundation, outlining the research's purpose, aims, and objectives. The second chapter focused on the various literature used to inform analysis. Chapter Three concentrates on analyzing the data gathered from Southwest and Malaysia Airlines. Chapter Four discussed the data presented in the study through the lens of the theories in Chapter Two. The final chapter consisted of the research conclusions and recommendations.

CHAPTER TWO
LITERATURE REVIEW

A. Introduction

This chapter gives insights into the body of research that addresses the topic of leadership on organizational performance in the airline industry (Harvard Graduate School of Education, 2018). It also gives some brief insights into Southwest (SWA) and Malaysia Airlines Berhad (MAB) based on secondary data garnered during this decade. As such, the rationale of this study is to contribute to the enhancement of the body of literature in this arena and to recommend the best-suited leadership style for the airline industry.

B. Airline Industry

The airline industry offers air transportation to people and cargo using airplanes based on schedule and routes (Encyclopedia, 2018). However, due to the highly competitive nature of this industry, players have been forced to develop and adopt strategies that would optimize their competitiveness to remain resilient and viable. Although disturbing forces instigate changes in the industry, so can leaders in how they manage their entity (Gilbert, 2009). Not surprisingly, one such strategy is the leadership style adopted by airlines.

As such, this study researched the impact of leadership on organizational performance in SWA and MAB, which are two acclaimed airlines (Cote, 2018; Kamisan & King, 2013). SWA is a privately owned airline company founded in 1971 and is the United States' largest low-cost domestic and international carrier, which adopts a transformational leadership style (Pavlova, 2017). MAB, owned by Malaysia Sovereign Wealth Fund, was founded in 1947, flies domestic and international routes, and adopts a transactional leadership style (Kamisan & King, 2013). It should be noted, however, that although the leaders are transformational and transactional, managers within the airline may adopt leadership styles based on the situations confronted (Kamisan and King, 2013). Due to SWA's success at low-cost service, MAB also adopted a similar approach. However, MAB's transactional leadership style (Kamisan & King, 2013) has decreased its ability to combat challenges encountered by the airline, such as lack of job satisfaction and loss of competitive edge, which are very prevalent (Pavlova, 2017; Pearson, Pitfield, and Ryley, 2015). Moreover, these challenges hurt productivity and organizational performance, which studies have found to have a direct linkage to leadership style in the airlines (Cote, 2018).

C. Leadership and Leadership Style

Leadership is an influential process of motivating individuals and groups within an organization to achieve common goals (Sharma and Jain, 2013; Igbaekemen, 2015). Traditionally, leadership was viewed as a trait or personality style based on skills and birth characteristics rather than situation (Avolio, Walumbwa, and Weber, 2009). However, it is now perceived to outline the mission of an organization to attract the values in support of it (Koech et al., 2012). However, Leadership styles refer to how leaders motivate followers and adapt and align themselves to situations and organizations (Amanchukwu et al., 2015). Notably, although many leadership styles existed, wise leaders could select the best one for their organisation, thereby acknowledging that no leadership style is suitable for all organizations (Kamisan and King, 2013).

D. Types of Leadership Styles

Owing to the many leadership styles today, leaders are challenged when deciding on the most effective one for their company since they all have various strengths and weaknesses. With this in mind, Charry (2012) has identified six major leadership types, although the newer ones can be classified under one of these six types.

Autocratic Leadership Style is mainly recommended for the military since leaders control their followers and entertain little or no say from them in decision-making and problem-solving (Amanchukwu et al., 2015), which makes it unfit for the airline industry, which requires flexibility. *Bureaucratic Leadership Style,* on the other hand, demands that employees adhere to stringent rules and regulations, which makes it ideal for pharmaceutical manufacturing and hospitals due to the high risk involved (Minett et al., 2009) and not practical in airline leadership, except maybe in the cockpit. Further review showed that *the Democratic/Participative Leadership Style. However,* it promotes involvement (Miao et al., 2013) and consults with employees on every issue before decisions are taken (Lythreatis et al., 2017), which renders it weak during crises (Amanchukwu et al., 2015). This style may be unsuitable for the airline industry due to its dynamic nature and unstable environment. *The Laissez-Faire Leadership Style* allows too much autonomy for employees (Amanchukwu et al., 2015). Leaders only provide what employees need (Chaudhry and Javed, 2012). However, the airline requires teamwork and effective Management, which makes this style unhealthy for the industry since employees can mismanage their time and managers can lose control of employees (Ololube, 2016).

Further, research revealed yet another style, the *Transactional Leadership Style,* which is task-oriented, meaning an employer can influence followers into task completion within the prescribed rules and regulations confinement, and where rewards are given for adherence and punishment for noncompliance (Kamisan and King, 2013; Asrar-ul-Haq and Kuchinke, 2016). In this leadership style, the followers agree to obey their leaders and accept the requisite conditions of employment at the point of penning their contracts. As such, followers achieved the organizational objectives while minimizing cost and maximising quality, customer service, and productivity (Sadeghi & Pihie, 2012). Notably, this style is said to be effective in hierarchical silo organizations where monitoring is critical (Kamisan and King, 2013). With this in mind, Rukmani, Ramesh, and Jayakrishnan (2010) have identified three components of the transactional leadership style, namely: contingent reward, where employees work for reward; active Management by exception, where leaders monitor and discipline staff if they deviate from acceptable practices; and passive Management by exception where leaders intervene when the issue is deemed severe.

Nevertheless, given the airline industry dynamics, these components may apply to some extent in some situations, although the latter may be too risky to tolerate. Building on this, Yulk and Mahsud (2010) claimed that transactional leaders applied one leadership style to any situation regardless of context. Consequently, this may suppress employees'/employer relationships, resulting in potential ideas and skills being lost or underutilized.

Transformational Leadership Style, on the other hand, focuses on the relationship between leaders and followers (Amanchukwu et al., 2015). Notably, these leaders are visionaries who inspire and motivate employees and welcome their participation in decision-making (Bell, 2013; Lamb, 2013). Transformational leaders are also very ethical (Cherry, 2012). They engaged employees by challenging and emphasizing the importance of the organization's mission and values to the employees. This style stimulates employees' minds, resulting in teamwork, innovation, and high productivity, thereby impacting the organizational culture favorably (Hurduzeu, 2015).

Furthermore, this style is comprised of four fragments (Kamisan and King, 2013), which are the ability of leaders to influence employees to accept change, influence and motivate employees to accept and achieve goals set by leaders, stimulate creativity and innovation among employees; and respect individualism of employees. These dimensions encourage subordinates to develop generative, logical, and explorative thinking by utilizing their beliefs and values (Scott and Peter, 2009).

Consequently, the global competitiveness in the airline industry has forced airlines to revamp their strategies to remain competitive constantly. Research has revealed that transformational leadership has positively impacted followers to outperform organizations. However, Yulk (2011) highlighted that not many studies have been done on the effectiveness and influence of transformational leadership on groups in different situations. Despite this criticism, much research exists on transformational leadership in various industries, including the airline. Due to the distinguishing features of the various leadership styles, their impact on organizational performance in the airline industry yields varied results.

E. Organizational Performance

According to Douma and Schreuder (2013), organizations are bodies encompassing various functions, missions, and goals, which require Management and people to work together to achieve common objectives. On the other hand, organizational performance is converting input into output while aligning the process with the organization's goals and objectives (Hurduzeu, 2015; Tavana and Puranam, 2015). Unsurprisingly, an organization's most important objectives are maximized productivity and minimized cost. However, although various assessments and measures can be utilized in this regard, this study employed leadership's impact on job satisfaction and competitiveness as the assessment tools for examining organizational performance in the airline industry. It should be noted, however, that leadership style also heavily influences organizational culture.

F. Organizational Culture

Organizational culture is perceived to be the norms, values, and beliefs that exist in an organization and impact and influence members' attitudes and behaviors (Tsai, 2011). Bitsani (2013) states this can be basic assumptions, espoused values, or artifacts. Artifacts are physical representations of the organization, such as reports and uniforms, whereas espoused values are adapted or produced values of the organization, such as their goals, strategies, and policies (Bitsani, 2013). Likewise, basic assumptions build on espoused values, such as fundamental beliefs and behavior (Bitsani, 2013). Informatively, Makovsky (2013) commends SWA for their three values for motivating employees, namely: a warrior spirit, a servant's heart, and a fun-luving attitude (Southwest spells love as "Luv"). Remarkably, these words are favorable and inspirational and compels positive employees' reactions. However, unlike SWA, MSA has frequently reworked its strategies to manage employee issues and competition engagement. Although the airline claimed to have a hospitable, warm, and sociable culture (Malaysia Airlines, 2014), The SunDaily (2014) reported that 20,000 employees were retrenched while 14,000 were rehired, and 6,000 were expected to be retrained and absorbed elsewhere. This would have disrupted MSA's culture immensely. Notwithstanding this, it will be better for leaders to use organizational culture more meaningful to identify and resolve issues. One of the prominent issues in this industry is job satisfaction.

G. Job Satisfaction

According to Coetzee and Stoltz (2015), job satisfaction is employees' emotional feelings regarding fulfilling their mandates in the working environment. This involves the effects of norms and values on employees (Bitsani, 2013). However, Herzberg (2003) argued that even excellent Management does not motivate staff unless exciting and challenging work is allotted or there is increased responsibility. He stressed that reducing working time, growing wages, fringe benefits, staff training, communication, job participation, and staff counseling do not motivate employees but instead encourage them to expect more, and if these demands are not fulfilled, they become depressed. Nonetheless, what motivates employees intrinsically are work, accomplishment and work recognition, responsibility, growth, and development. This does not mean the enlargement of the task but instead work enrichment, which, according to Herzberg (2003), psychologically allows employees to grow vertically. He further indicated that employees could be motivated by removing some controls from them while retaining accountability, increasing accountability for their work, assigning them task units, granting additional authority with some leverage in their assigned activity, making periodic assignments and reports available to them directly, assigning them with new and challenging tasks, and finally, assigned them with specific task aiming to make them skillful in that field.

Not with standing this, Herzberg (2003) recommend ten steps to garner employees' satisfaction and these are: selecting jobs where incentives are not too expensive, where employees' behaviours are poor, hygiene factors are growing and where motivation will make a difference; employers should be assertive that these jobs can be changed; scrutinized various ways in changing tasks without considering their possibilities and consequences; remove all hygiene factors from the list; clean the list again, replacing demotivational words with eminent words such as achievement, challenge, growth; screen the list, remove any work enlargement (horizontal) activity; prohibit direct contribution from employees whose job is to be enriched, their involvement will encourage contentment not motivation; initially set up two similar groups for experimental purpose, introduce motivation methodically over a period in one group, while the other should be normal, allow hygiene factors in both, evaluate motivation on both groups; a temporary decreased in efficiency and performance from the experimental group may be experienced due to changes; and finally, supervisory resistance may be expected since low productivity will reflect poorly on them, however, after a successful experiment, supervisors and managers will realize that were only checking their subordinates' work and not functioning within their capacity which is training, developing and applying strategic and tactical measures where necessary.

Further, Herzberg (2003) advised that job enrichment is a continuous process commensurate with steady changes; thus, if employees are satisfied with their jobs, productivity will increase, the cost will decrease, and a competitive edge can be attained (Mazurenko and O'Connor, 2012).

H. Transient Competitive Advantage

Transient Competitive Advantage is a business strategy that focuses on rapidly generating new strategies as changes occur to secure an advantageous position (McGrath, 2013). Significantly, this strategy involves rapid innovation processes. As such, McGrath (2013) argued that rather than investing resources over a long period to ensure a competitive advantage that only lasted for short periods, organizations should be ambidextrous, that is, constantly indulging in exploration and exploitation processes simultaneously (Turner et al., 2013), to gain transient competitive advantage. Traditionally, strategies were formulated to guide the organizational performance for extended periods, with some changes (Kaleka and Morgan, 2017). However, given the current global business status, this approach is no longer practical.

Nonetheless, strategies formulated, executed, monitored, assessed, and revised with shortened life cycles will stimulate quicker customer reactions (McGrath, 2013). Furthermore, the key to transient-advantage is leaders' honesty and willingness to assess and accept any risk in their strategy. However, this assessment required leaders to answer the following questions: do they buy the organization's product; have returns exceed investment; are customers finding similar or better products produced elsewhere; are competition emanating from unpredicted locations; are customers still excited about the product; do people chosen by the organization to work considered it to be reputable; are the best employees leaving; and is stock keep undervaluing (McGrath, 2013)? Consequently, McGrath (2013) advised that if the answers to four of these questions are yes, then the organization is not advantageous, and Management should examine to see if any of the following misconceptions is/are prominent: first, the market sustains the top position; investment in innovation is hopeless; retaining quality higher than customer is willing to pay when more straightforward offers existed; leader knows what the customer wants so no market research needed; opportunities not supported by the organizational structure should be ignored; manage more employees, and defending the status quo, thus inhibits creativity, innovation, and risk-taking; and innovation is possible without making provision.

Notwithstanding these, to achieve transient competitive advantage, McGrath (2013) recommend an eight-step approach which are: do not compare the organizational performance with others, examine the environment and develop strategies to capitalize on opportunities and strengths; examine data through observation and interpretation, then rethink frameworks, restructure workforce and revamped operations if necessary; evaluate the environment and invest even a small amount in technology for the future so, at the maturity stage, the company will play on the level playground, produce and provide experience and complete solutions especially after-service to customers, this will retain them; build a robust relationship and network with clients and customers, entertain the sharing of ideas and comments; any restructuring and disengagement should be conducted gradually and professionally which will not hinder relationship or tarnished reputation; develop structure and process to accommodate steady innovation, so that when one

expires a new one is implemented; and finally, do not apply old approaches to new projects. Experiment, iterate, learn to make changes, and implement new plans.

I. Linking Leadership Style to Organisational Performances

Notwithstanding the many advantages and disadvantages of the various leadership styles, they all impacted organizational performance in many ways. However, McGrath (2013) proclaimed that pronounced leaders had generated strategies, such as innovation and inspiration, to manage organizational performance. Not surprisingly, however, such a leadership style challenges the status quo while engaging the workforce by utilizing adequate resources and systems. Furthermore, McGrath (2013) implored that transient competitive advantage requires leaders to know where they want to compete, how they intend to win, and how they anticipate getting from advantage to advantage. Notably, such a decision is strategic and demands leadership intervention. As such, this research examined how leadership style impacted organizational performance in Southwest and Malaysia Airlines.

CHAPTER THREE
ANALYSIS OF DATA

A. Justification of Research Method

In this chapter, the researcher presented secondary data on the impact of leadership on organizational performance in the airline industry based on research conducted on SWA and MAB. These airlines were selected as benchmarked due to their internationally acclaimed reputation (Cote, 2018; Kamisan & King, 2013). Notwithstanding this, the method used in this research is comparative analysis. According to Wilkinson (2013) and Reference (2019), a comparative analysis is a research method used to compare organizations, situations, people, systems, and other things to identify similarities, differences and any unique characteristic that will impact either or both objects being compared. This method was selected because it enables the researcher to identify similarities and differences among the leadership styles and their impact on organizational performance relating to job satisfaction, culture, and transient competitive advantage at SWA and MAB (Mills et al., 2006). Comparative analysis allows data analysis to derive best practices that can be useful, in this case, the airline industry. As such, standard best practices were extrapolated from these two airlines, which can be valuable lessons to the airline industry in enhancing governance and operations. Notably, this study was guided by a frame of Reference. As such, this chapter analyzes two airlines' transformational and transactional leadership styles. The researcher also examined these leadership styles' impact on organizational performance regarding culture, job satisfaction, and transient competitive advantage and presented the data in a thematic format. Further, precautions were exercised to ensure the validity and reliability of all data presented in this chapter. As such, peer-reviewed journals, published reports including company reports, newspaper articles and reliable website information available in the public domain for the period 2009-2019 were used.

B. Findings

➢ Leadership Styles

Leadership styles are how leaders motivate followers and how leaders adapt themselves (Amanchukwu et al., 2015). According to Kamisan and King (2013), SWA adopted transformational leadership styles, while MSA adopted transactional leadership styles. Transformational leadership promotes the vision (Besieux et al., 2015), appeals to high prospects, and uses values and practices to garner and influence employees (Zhu et al., 2011). Unlike transformational, the transactional leadership style involves the employer's influence over employees to complete jobs and rewards and punishment sanction performances (Kamisan and King, 2013; Asrar-ul-Haq and Kuchinke, 2016)

MAB and SWA have been carriers in domestic and international markets for over forty years, but they operate on different continents, namely Asia and North America, respectively (Malaysia Airlines, 2018; Southwest Airlines Bhd, 2019). Likewise, they both withstood challenges in the airline industry due to globalization. However, the impact of those challenges on the airlines depended on the leadership type adopted and strategies implemented. SWA leaders believed that the airline is not just a company, but instead, it's a cause (Taylor 2019). Thus, the company's goals were to make travel easy, affordable, and flexible, and they will not change even with the challenges they encountered. Taylor (2019) said this was aimed at allowing millions to fly. With this purpose, the airline has won many awards, such as Big Company and Great Entrepreneurship, owing to its commitment, consistency, effortlessness, and ongoing innovation. Kelleher, the late cofounder/CEO of SWA, was to seek the value that motivates people and treat all with respect (Makovsky, 2013). He believed that friendliness, reliability, low-cost, and low fare would link people to what they considered necessary (Makovsky, 2013). He also believes that employees should be decisive and agile in decision-making, and he permits employees to break the rules, but they should be accountable (Freiberg and Freiberg, 2019).

The success of the low-cost strategy has gained momentum in the Asian continent, causing many airlines, including MAB, to adopt the strategy (Kamisan and King, 2013). However, MAB is controlled by Malaysia's sovereign wealth fund. Thus, the flexibility enjoyed by MAB was limited by governance. Not surprisingly, those policies were strict and bureaucratic, yielding different results from those of privately owned airlines. However, the low-cost market segment in Malaysia caused MAB to capitalize on the opportunity (Kamisan and King, 2013). Unfortunately, MAB was unsuccessful in that market. In 2005, the Malaysian government gave Jala three (3) years to bring the airline back to success, which he did (Kamisan and King, 2013). Not surprisingly, Kamisan and King (2013) stated that the success was due to Jala being a transformation strategist. Although he had no aviation background, given the leverage he was given, he could put MAB back in the air in two years. Unfortunately, the airlines took a dive when Jala left.

➢ Culture

Organizational culture is perceived to be the norms, values, and beliefs that exist in an organization that would have influenced the attitudes and behaviors of members (Tsai, 2011).

SWA defined culture in three ways; namely, people should be proud to be there, have a fun-loving (loving) attitude, and be sensitive (Makovsky, (2013). Their employees and customers should be proud to be at SWA, given the love the employees express and the sensitiveness they exhibit. This made the airline recorded consistent profitability, joyful employees, and satisfied customers rate (Baker, 2015). The leader allows employees to express their individuality, make pranks, and be creative, to name a few (Freiberg

and Freiberg, 2019**).** MAB, on the other hand, had a hierarchical silo structure with lots of layers, causing a deceleration of information channels up and down (Freed, 2015). Freed (2015) highlighted that with the disappearance of MAB's MH370 and the Ukraine shooting of MH17 airplanes, the reputation of the airline went down, which allowed other airlines to dominate the market due to loss of trust.

➢ *Job Satisfaction*

Research has found evidence that transformational leadership style positively impacts employees' engagement (Tims et al., 2011; Salanova et al., 2011; Breevaart et al., 2014; Breevaart and Bakker, 2017). According to Freiberg and Freiberg (2019), SWA believes that employees come first; if satisfied, they will treat customers well, and customers will return; thus, shareholder's wealth will be maximized. At the recruitment stage, recruits are evaluated against the company's three values, which resulted in only a 2% annual voluntary staff-turn-over rate (Makovsky, 2013). SWA's late leader also honors employees by taking them to dinner and lauding them in the news and on the internet for performance (Makovsky, 2013). These approaches resulted in the airline being recognized for the most Productive Workforce and Best Customer Service rating (Freiberg and Freiberg, 2019). According to Galer (2019), SWA was the first airline to offer its employees a profit-sharing plan. Further, when SWA was experiencing financial issues back in 1973, the leader elected to sell an airplane and retain his employees, which was the hallmark origin of the airline's culture (Galer, 2019).

On the other hand, MAB workers complained of a lack of career opportunities, five-year employment contracts, which when expired employees are reemployed from scratch, and poor Management, which causes employees to leave (Hamza and Govindasamy, 2014). When the airline was rebranded to MAB in 2015, 20,000 workers were retrenched, and 14,000 were reemployed because of financial crises (Freed, 2015). Although the Employment Act was passed to protect employees' rights by allowing them to have a trade union, airline employees were being held by the clauses of the new contracts, which, once penned, all previous benefits were lost (Azmi, 2017). As such, employees could no longer claim unfair packages since they would have agreed to the terms before they signed. Alternatively, employees can seek trade union intervention, but all parties' representatives should be present (Azmi, 2017). Azmi (2017) stressed that the new Act had given immunity to the new administration, restraining employees and other relevant parties from bringing any litigations against them that occurred in the previous administration, aiming at allowing MAB to be business-focused. However, it is contended that the engagement of employees increases productivity and performance (Schliemann, 2009), propelling organizations toward competitive advantage (Macey et al., 2009).

➢ *Transient Competitive Advantage*

Transient Competitive Advantage focuses on generating strategies as changes always occur to secure an advantageous position McGrath (2013). Despite its success, SWA was still challenged by increased competition from the industry (Inkpen, 2013; Srinivasan, 2019). In light of the competition in 2013, SWA merged with AirTran, integrated a workforce of 8,000, managed change, and operated in international markets (Inkpen, 2013). SWA successfully executed this project because the leader believed in taking risks and respected and trusted his employees and their competence (Galer, S. 2019). Further, employees were empowered to serve customers without management intervening in every situation.

Moreover, the constant increase in profitability was primarily due to the three employees' value strategy, which sees the return of customers and the increase in shareholders' wealth (Freiberg and Freiberg 2019). According to Southwest Airlines' 2017 Annual Report (2018), on-time performance was 78.7% due to challenging weather. However, baggage handling was exemplary, and complaints were minimal.

However, MAB has experienced severe challenges in terms of leadership, reputation, finance, human resources, and litigations (Freed, 2015). Given the disappearance of the MH370 airplane and the death of all passengers, MAB was out-competed in the airline industry (Azmi, 2017). Before the incident in 2014, the airline had lost USD$392M; thus, it could not compete (Pandey and Singh, 2015). Pandey and Singh (2015) also noted that Management planned to commence cost-cutting when the disaster occurred. At that point, leadership decided to restructure and rebrand to MAB, a new administration, and denied claims of all obligations under the previous administration. According to BBC News (2014), the airline aimed to return to profitability in 2018. However, the airline could not do so and has been warned that 2019 may also be unreachable (Toh, 2018). Notwithstanding the adversities the airline experienced, it is developing strategies such as digital technology to enhance customers' services and is thriving to collaborate and build healthier relationships with other airlines (Tan, 2018).

C. Summary

In summary, the comparative analysis conducted on SWA and MAB regarding the impact leadership has on organizational performance has found that leadership style significantly impacts performance in all respects, such as culture, profitability, policies, employee satisfaction, and competitiveness. Leadership underpins organizational performance. Further, operating in a highly competitive industry, SWA successfully maneuvered its way through the challenges while it was noticed that MAB got entrapped. Noticeably, SWA competed successfully under one administration while MAB changed four CEO in five years. Further, the way employees were treated and the outlook of the airlines were contrasting. The researcher captured the trickle-down effect of leadership style through the secondary data collected, which will be discussed in the following chapter.

CHAPTER FOUR
DISCUSSION OF FINDINGS

In this chapter, the secondary data that were extrapolated and documented in the analysis is being discussed in alignment with the theories introduced in the literature review, and it is substantiated and validated by relevant and credible sources. The discussion is presented in the same sequence as the previous chapter to establish coherence, beginning with leadership.

A. Leadership

It should be noted that although there existed many leadership styles (Charry, 2012), SWA, a privately owned airline, has adopted transformational leadership style (Pavlova, 2017), while MAB, governed by the Malaysia Sovereign Wealth Fund, adopted transactional leadership style (Kamisan, & King, 2013). As a result, these two leadership styles are discussed in-debt.

Although both airlines are from different continents, they share common grounds such as local and international carriers, have existed for over forty years, have encountered global challenges, and have been operating in highly competitive industries (Malaysia Airlines, 2018; Southwest Airlines, 2019). However, what was evident was that different leadership styles had different management styles. SWA leader believes his company is not just a company, but it is the reason why they are there, and as such, he sets the company goals to make travel easy, affordable, and flexible (Taylor, 2019). According to Taylor (2019), despite challenges, the leader was determined not to change those goals. Remarkably, these aims remain visionary, especially since SWA allows millions to fly with a purpose through its consistency, commitment, and effortless innovation, which earned the company many distinctive awards, such as Big Company and Great Entrepreneurship (Taylor, 2019). This leader's keys were to motivate and treat all individuals with respect, be friendly, and provide reliable service that links people to what they consider important to them (Makovsky, 2013), all supported by transformational leadership theory. SWA's successful vision and strategies have inspired other airlines to change their approach and emulate theirs. MAB was one such company (Kamisan and King, 2013).

The fact that MAB adopts a transactional leadership style adds a different flavor to its governance. For instance, employees work for exchange of compensation, which they are contracted to do; thus, the policy of state-owned airlines. MAB understood that there was potential for the operation of low-cost airline services in Malaysia and took-up the initiative (Kamisan and King, 2013). Unfortunately, due to the bureaucratic and rigidness of its leadership style, the airline almost filed for bankruptcy (Kamisan and King, 2013). Failure will result if leaders only intervene when issues become serious (Rukmani, Ramesh, and Jayakrishnan, 2010) or when one leadership style is applied to every situation (Yulk and Mahsud, 2010), these being the weaknesses of the transactional leadership style. For instance, flying a bridesmaid's forgotten dress to the wedding site carries a cost, which a transactional leader will refuse to do for free. Still, a transformational leader will see it as an opportunity to showcase his generosity and strengthen customer relations (Bartiromo, 2019).

Further, in an attempt to save the airline, the Malaysian government 2005 contracted transformation strategist Jala for three years to put the airline back into the air, which was achieved at break-even in year two and high profitability in year three before the state retook ownership and repositioned it into failing mode (Kamisan and King, 2013). It is glaring that the transformational leadership style's success at MAB was not based on the low-cost strategy but rather the leadership style adopted, which was responsible for aligning all resources with the airline's goals and objectives. However, airline decisions will affect their organizational culture (Tsai, 2011).

B. Culture

SWA believes that people should be proud to be there, exhibit a fun-loving attitude, and be very sensitive towards others (Makovsky, 2013). These qualities were supported by Bitsani (2013), who espouses values consistent with the basic assumption that SWA employees and customers are happy to be at SWA, giving the affection and sensitivity the employees express. Due to the transformational leadership style's inspiration and visionary qualities, SWA's culture is responsible for its consistent profitability (Baker, 2015).

However, because the transactional leadership style mandates employees to do what is expected of them in exchange for compensation, MSA is managed by a hierarchical silo structure which also limits the pace of information flow (Freed, 2015). This is one of many reasons that caused issues with employees and management in the airline to be unresolved (Malaysia Airlines, 2014), as substantiated by Herzberg (2003), and a lack of appropriate communication. Therefore, It is imperative to have a leadership style that supports the organizational culture while linking it to optimized employee satisfaction through knowledge sharing, inspiration, and motivation (Septiani and Gilang, 2017).

C. Employees Satisfaction

Transformational leadership supports employees' satisfaction theory and positively impacts employee engagement (Breevaart and Bakker, 2017). Strikingly, SWA also adheres to this theory where the leader believes that employees come first, and through satisfied employees come satisfied and returned customers, thus increasing profitability and shareholders' wealth (Freiberg and Freiberg, 2019). Further, in honoring employees for their exceptional performance, SWA took them to dinner and praised them in

the news and on the internet (Makovsky, 2013). This recognition of employees' outstanding contributions is also a feature of transformational leadership (Bell, 2013; Lamb, 2013), supported by Herzberg (2003). Not just exceptional contributions are celebrated, but also small wins. This strategy was substantiated by Herzberg's (2003) theory, which states that employees are intrinsically motivated through recognition of their accomplishments. This recognition yielded positive results at SWA, where the airline was recognized for having the Most Productive Workforce and Best Customer Service rating (Freiberg and Freiberg, 2019).

Danish and Usman's (2010) study "Impact of Reward and Recognition on Job Satisfaction and Motivation: An Empirical Study from Pakistan" shows a strong correlation between rewards and recognition on job satisfaction and motivation. At SWA, recruits are assessed against the airline's values, which attempts to ensure that only suitable recruits are employed and potentially compatible with the airline's culture. Furthermore, Galer (2019) stated that SWA was the first airline to offer its employees a profit-sharing plan. Not surprisingly, this culture has caused the SWA annual voluntary staff turnover rate to be as small as 2% (Makovsky, 2013), which is evident in employees' satisfaction presence at SWA. This is what transformation leaders believe and what Herzberg (2003) approved: if employees are happy, so will the company's profitability. Notably, transformational leaders are ethical, and when employees support them, they also support employees (Cherry, 2012). The SWA leader perfectly illustrated this when the airline faced financial issues in 1973; the leader chose to sell an airplane and retained his employees (Galer, 2019). According to Galer (2019), that was the "hallmark origin" of SWA's culture.

Unlike SWA, MAB has adopted a transactional leadership style, resulting in its leader viewing the airline differently. Transactional leaders believe that compensation should be based on contracts. Thus, employees are paid for their work (Asrar-ul-Haq and Kuchinke, 2016). However, Herzberg (2003) argued that even excellent management does not motivate staff unless exciting and challenging work is allotted or there is increased responsibility. Indeed, the lack of this theory was the cry of MAB employees where career opportunities are lacking, employees have to start fresh at the expiration of their five-year contract, and poor management practices cause employees to leave employment (Hamza and Govindasamy, 2014). This is not just demotivational but somewhat frustrating for employees.

In contrast to SWA, had MAB employees been motivated through opportunities and better management, the results would have been favorable, as seen in SWA. Further, after the disappearance of airplane MH370 and the shooting-down of MH17 in 2014, Malaysia Sovereign Wealth Fund took over the airline and rebranded Malaysia Airline Bhd (MAB). This begs the question of change management and how well MAB handled it. Based on a study by Razali and Vrontis (2010), one of the many recommendations was that MAB's Management must involve employees' participation. However, transactional leaders weigh the cost against output; if the price is higher, the project is rejected, even if the company can benefit in the long-run. With this in mind, the new administration retrenched 20,000 workers and rehired 14,000 on new contracts during the crises (Freed, 2015). This decision was taken because transactional leadership is about profit-making. Contrasting with MAB, in 1973, during financial difficulties, the SWA leader instead sold an airplane and retained his employees, which garnered the employees' faith and trust in their leader. In MAB's case, employees are bound by their employment contract and punished for noncompliance by Management because transactional leaders tend to identify mistakes quickly and do not waste time affirming interpersonal relationships or tolerating emotions. As such, freedom, scope for upward mobility, or opportunity to share ideas at MAB were inhibited, resulting in employees losing potential valuable ideas.

Furthermore, due to changes in administration, staff lost all accumulated benefits and cannot file for claims, and unfair packages once rehired (Azmi, 2017). Transactional leaders do not realize how rigidness negatively impacts their company. This reason was solidified by Herzberg (2003), who claimed that wages alone do not motivate employees; instead, they must be accompanied by recognition, job enrichment, accountability, and celebration. Another significant occurrence was the passing of the Employment Act, which gives immunity to MAB and restraining employees from bringing litigation to the airline. The change of administration also restrained relatives of the missing passengers from bringing litigation against the airline. These acts tarnish a company's reputation, which is evident in the poor performance of MAB and loss of competitive advantage. It is contended that satisfying employees accelerates productivity and organizational performance (Schiemann, 2009), which steers an organization towards a competitive edge (Macey et al., 2009).

D. Transient Competitive Advantage

Notwithstanding the challenge of high industry competition, SWA was still successful (Inkpen, 2013; Srinivasan, 2019). This was because of the SWA leadership type; every decision considered the cause and effect of all variables, including employees and customers. This is in keeping with SWA's mission, vision, and values, which have secured its competitive advantage. In 1973 due to financial issues, SWA merged with AirTran, which had 8,000 employees and international markets, to combat this challenge (Inkpen, 2013). Strikingly, the leader's willingness to take that risk garnered trust and respect from his employees, which ignited employees' willingness to serve customers and accelerate productivity (Galer, 2019). This strategy was supported by McGrath's (2013) transient advantage theory, where it was lamented that honesty and willingness to assess and accept risk are the keys to transient competitive advantage. Based on the SWA assessment, it is evident that aligning employees' values with the airlines has increased shareholders' wealth (Freiberg and Freiberg 2019). Also, the strategy of SWA, which allows employees to break the rules and move with determination and agility while maintaining accountability (Freiberg and Freiberg 2019), aligns with McGrath's (2013) transient competitive theory. However, the SWA 2017 Annual Report (2018) revealed that on-time performance was 78.7%

due to adverse weather, while baggage handling was excellent. It is glaring that situations that SWA has control over are outstanding, while situations such as adverse weather conditions are an external factor that SWA has no control over.

On the other hand, transient competitive advantage is far from attained at MAB. This is because of issues in leadership, finance, reputation and human resources (Freed, 2015). However, the relationship between these affected areas is significant to MAB and can benefit MAB tremendously if the ambidextrous theory is applied (Turner et al., 2013). Consequently, these issues will inhibit competitive advantage if they remain unresolved. Further, the disappearance of MH370 and the shoot-down of MH17 in 2014 rendered MAB uncompetitive (Azmi, 2017). These situations were unfortunate, but the airline was already poorly performing and lost US$392M, causing it to lose its reputation (Pandey and Singh, 2015). McGrath (2013) has recommended rapid innovation as a competitive advantage strategy. However, MAB's Management decided to cut costs to be competitive (Pandey and Singh, 2015). Cost-cutting stifles a company's growth by suppressing its resources, including ideas employees might have had that could have been of value. One of the worst decisions MAB took was to deny relatives of the missing passengers the right to claim any benefit from the airline (BBC News, 2014). This decision might have saved the company in the short-term but cost it its reputation in the long-run. This is evident in Toh (2018), a report which stated that MAB aimed to return to profitability in 2018 failed, and was also warned that 2019 might suffer similar faith. In the case of MAB, transactional leadership is micro-managing the airline to the extent that it fails to realize and visualize the changes occurring in the external environment and align the internal environment to the company's advantage. However, Tan (2018) was happy to report that the airline is now developing strategies such as digital technology to enhance customer service. Collaborating and establishing a better working relationship with other airlines is now thriving. These strategies align with transient competitive advantage but should be iterated, and planning should pace with change (McGrath, 2013).

E. Summary

Based on the secondary data analysis, SWA outperformed MAB in leadership strategy, implementation, and organizational performance scores. This is because the leadership style did impact the overall performance of the airlines, although both airlines operated as low-cost and local and international carriers. It would appear that the transactional leadership style lacks the flexibility required for an airline's efficient and effective operating since airline companies are not just ordinary office management. Still, it entails a cross-cultural, cross-ethical, diverse, and dynamic host of variables that should be considered when planning and making decisions. On the other hand, the transformational leadership style considers all these factors and strategizes ways to implement them with their employees' involvement and participation. This adds value to the relationship between leaders and followers and enhances the output of employees, hence reflected in the increased productivity and, ultimately, the gaining of a competitive edge. When MAB contracted a transformational strategist in 2005 to resurrect the airline from its almost-dying stage, the purpose was achieved in year two (Kamisan and King, 2013). Therefore, it is evident that an airline's success requires trust, honesty, flexibility, and ethical behavior from leaders and employees, which are characteristics of transformational leaders. Remarkably, based on the analysis, it is evident that success in the airline industry can only be achieved through the leadership of transformational style.

CHAPTER FIVE
CONCLUSIONS

A. Conclusions

In conclusion, this research sets out to ascertain the best-suited leadership style for maximum performance in the airline industry. The data extracted and analyzed revealed that the transformational leadership style is the most effective and productive in the airline industry. This was due to many reasons. Its initial approach to leadership is to garner the support of its employees through motivation, inspiration, and participate in decision-making. It also allows flexibility, empowering employees to make prompt decisions related to customer satisfaction. More so, this contributed to the building and strengthening of employee-customer relationships. Also, in the findings, it is evident that SWA's adoption of transformational leadership was successful and consistent with the transformational leadership theory (Amanchukwu et al., 2015). SWA's strategies followed Herzberg (2003) Employees Satisfaction theory and McGrath (2013) Transient Competitive Advantage theory. The study brings out the trickle-down effect of leadership on organizational performance and its tremendous impact on airline operations, policies, culture, employee satisfaction, and profitability. However, while the transactional leadership style was based on accountability and exchange of consideration for services, transformational leadership was keen on motivating and engaging employees through inspiration, trust, vision, and an ambidextrous approach.

Contrasting with SWA, transactional leadership may be suitable for accountability but substantially lacks the vision of moving the airline forward. This is primarily due to its rigid hierarchical silo structure, which inhibits the opportunity to make snap decisions for the advancement of the airline. For instance, the transformational style brought MAB to profitability in 2005. Still, under transactional leadership and micro-management, the transformational style was entirely prohibited, failing, which is why the airline industry can only strive in a transformational environment. Additionally, MAB's decision to avoid litigation from customers and employees has cost the company more in the long run because its reputation was tarnished. However, had they been lenient and shown some remorse, the airline would have lost financially. Still, it would have gained emotional trust from employees, which would have transcended to customers, and steep progress could have been realized eventually. SWA did this when they sold an airplane rather than retrenching employees, which earned them employees' trust. SWA allowed their employees to be part of the party all the way. Now, employers and employees look out for each other simply because the company's success is theirs. These ideas are substantiated by Herzberg's (2003) theory. Furthermore, when employees are satisfied, they extend excellent customer services, increasing the number of customers, thus increasing productivity, decreasing operational costs, and gaining a competitive edge. Notably, SWA has fast turn-a-round plans, empowers employees to make prompt decisions, and capitalizes on every potential opportunity, which is McGrath's (2013) definition of transient competitive advantage.

Notwithstanding this, to effectively and efficiently manage an airline company, it is imperative to have the power to make prompt adjustments and incorporate changes in the industry. Therefore, based on the findings of this research, the best-suited leadership style that garners maximum performance in the airline industry is transformational.

B. Recommendations

Based on the findings and analysis of this research, the researcher recommends the following:

In keeping with the dynamic nature of the airline industry, flexible Management is required, consistent with the features of the transformational leadership style. Further, regardless of the airline's ownership, the transformational leadership style is necessary to ensure its success. This is because it motivates, inspires, and empowers employees to offer better services to customers, which transcends to increase productivity (Herzberg, 2003; McGrath, 2013).

Transformational leaders seek what motivates and inspires employees. Like SWA, the leader had an open-door policy where people could freely share their ideas with him and offer any comments and suggestions. He was also able to advise them as their colleagues would do. This helps both parties collaborate and understand each other's needs, thus resulting in bonding and engagement. Without compromising accountability, this relationship fosters growth and healthy engagement within the airline (Herzberg, 2003).

Transformational leaders recruit persons who share the vision and culture of the company based on the vision, mission, and values of the company they are employed. In SWA, recruits are given a probationary period in which they are assessed based on how well they sync with SWA's culture. In the end, if satisfied, they are confirmed; if not, they have to go, not because they are wrong, but because they did not sync with SWA's culture (Freiberg and Freiberg, 2019). It is crucial to have the right employees to ensure exemplary service because employees will be empowered to make decisions on behalf of the airline. This strategy minimizes the risk of bad choices (Herzberg, 2003).

In Transformational leadership, employee satisfaction issues are ideally covered in Herzberg's (2003) theory on employee satisfaction. Therefore, the guidelines and procedures for its implementation must be followed for maximum results in this theory.

Finally, when making plans and formulating strategies, it's best to keep up with the pace of changes and, if possible, be proactive. With the rapid changes in the airline industry and its highly competitive nature, the competitive edge is imperative for its success. McGrath's (2013) theory highlights the importance of gaining a transient competitive advantage and the guidelines and procedures necessary for successful implementation. Therefore, implementing McGrath's (2013) theory is essential as it will ensure a transient competitive advantage.

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