

What's wrong with Boeing's approach to culture change and what can be done about it

by Andrew Hopkins*, May 2025

In recent years two Boeing 737 Max aircraft crashed, as a result of poor engineering design. All on board were killed. Last year a third aircraft saw part of its fuselage blown away, as a result of a manufacturing defect.

Boeing's current CEO, sees the company's culture as the root of these problems and in early 2025 he embarked on a campaign to change that culture. I argue here that his efforts are misdirected, and that there is a better way.

The CEO's strategy was to set up a "culture working group", to craft a new set of values for Boeing. These would replace a set of principles established by the former CEO. Each value has associated behaviours. There are five new values: safety and quality, people focus, trust, ownership and innovation¹.

How was this to be achieved? "Culture change will take time", the CEO says "and it's only possible if every one of us lives these values and embraces these behaviors". "Changing our culture starts with each of us."²

This is a common way of thinking about culture change. But it is deeply problematic for at least two reasons.

First, it treats the culture of the organization as the sum of the values and behaviours of its members. The alternative, and preferable view is that culture is a truly organisational phenomenon. As organisational anthropologist, Geert Hofstede, explains:

Changing collective values of adult people in an intended direction is extremely difficult, if not impossible. Values do change, but not according to someone's master plan. Collective practices, however, depend on organisational

¹ Rosenblatt, L "Boeing sets new values after brutal employee feedback", *The Seattle Times* April 17, 2025

² Hamilton S. "Boeing reports mixed results of latest employee survey, but middle management and officers remain key obstacles" *Leeham News*, April 22, 2025

characteristics like structures and systems, and can be influenced in more or less predictable ways by changing these.³

For example, if one of the desired cultural characteristics is a commitment to quality, the organization must be set up to achieve this outcome. There must be stringent quality control; there must be adequate staff devoted to the job of ensuring quality; these staff should be answerable to an executive-level quality control manager, not to local business managers; a system of rewards for quality work must be in place; and so on. In this way, the pursuit of quality is embedded into organisational arrangements. It is not enough to specify quality as a value and then exhort people to adopt it; the quest for quality must be structured into the organization in a way that goes beyond individuals but will nevertheless generate the attitudes and behavior required of individuals.

The second problem with the CEO's approach is that it sees culture change as the responsibility of all employees: "Changing our culture starts with each of us". It is the responsibility of each and every employee to make it happen. The alternative, advocated by many culture change theorists, is that culture change starts at the top and it is the responsibility of the CEO to drive the required change. How can they do this? One influential view is that of organisational psychologist Edgar Schein:

"[Leaders create cultures by] what they systematically pay attention to. This can mean anything from what they notice and comment on to what they measure, control, reward and in other ways systematically deal with."⁴

CEOs can't be expected personally to "measure, control and reward". They must ensure that these things are built into the structure and functioning of their organisations.

Research on high reliability organisations (HROs) provides important insights into how this can be done in practice. The concept of an HRO was developed by social scientists to explain why some organisations, operating with highly hazardous technologies, do so with far fewer major incidents than might be expected.

Here is what two of the originators of the HRO tradition write:

The key difference between HROs and other organisations in managing the unexpected often occurs at the earliest stages when the unexpected may give off only weak signals of trouble. The overwhelming tendency [of most organisations] is to respond to weak signals with a weak response. ...[HROs] see the significant meaning of weak signals and give strong responses to weak signals⁵.

Giving a strong response to weak signals is probably the best known and defining characteristic of HROs. Clearly, responding to weak signals requires highly developed reporting systems, that is, a highly developed culture of reporting. This is arguably the paramount feature of an HRO.

³ Hofstede, G. *Cultures and Organisations*, McGraw-Hill, 1991, p199

⁴ Edgar Schein, *Organisational Culture and Leadership* 2nd Ed, Jossey Bass, 1992, p231

⁵ Weick, K & Sutcliffe, K, *Managing the Unexpected: Assuring High Performance in an Age of Complexity* Jossey Bass, San Francisco, 2001, pp3-4

Most of the new values that Boeing's CEO adopted, depend on people speaking up, which requires a strong culture of reporting. Here are some ideas drawn from the HRO literature on how such a culture can be developed⁶.

1. The system should encourage the reporting of "concerns" (or "bad news"), not just incidents or near misses. This means that there is no need for reporters to ask themselves: is this something I should report? If they are concerned, that is enough.
2. Reports must be made in writing, and directed automatically to several locations: the immediate supervisor, a more senior manager in the same chain of command, and the corporate safety centre. This centre must have real authority, and its head must report directly to the CEO.
3. All reports must be responded to by the immediate supervisor. It may be that the supervisor is able to resolve the issue, but in any case, supervisors must reply to the reporter, saying how they intend to deal with the matter. This response must go automatically to all the recipients of the original report. Boeing employees have complained that their reports are ignored or that they disappear without trace. Having their concerns individually acknowledged, as required here, is vital to the restoration of trust at Boeing. Moreover, transmitting the supervisor's response to senior managers gives these people line of sight on problems and how they are being dealt with.
4. The corporate safety centre has multiple roles, among them, monitoring the reporting process to ensure it is working, and assembling statistics on what is being reported. But most importantly, the corporate centre must examine and risk-assess each and every report and ensure that line managers are dealing effectively with the most significant matters. It has been claimed that middle management is an obstacle to culture change at Boeing, and if that is indeed the case, scrutiny by the corporate centre will go a long way to overcoming this problem.

Some of the matters reported may require specialist input from the corporate centre. They may also require the commitment of considerable resources, perhaps millions of dollars, and it is for the head of corporate safety centre to make the case to the CEO for the provision of these resources.

5. The goal must not be to maximise the number of reports, or to achieve any particular target. Too many reports will swamp the system. What is important is the quality or value of the reports received. The value of a report depends on the extent to which it identifies a problem with the potential to cause serious or catastrophic harm.
6. How can all this be made to work? At the end of a reporting period, say every three three months, a panel is assembled at each workplace to judge which report has been most helpful in highlighting critical issues. The most senior site manager should announce the decision of the panel and reasons why this report was considered so valuable. The

⁶ A Practical Guide to Becoming a "High Reliability Organisation. Available in ANU open access repository <http://hdl.handle.net/1885/287366> . Scroll down to **file** at bottom of web page.

reporter needs to be acknowledged and to receive a significant financial reward, a thousand dollars, or more. If this process is repeated every three months, it will “steer” the reporting system towards the most useful reports. And it will provide an on-going lesson to all concerned in risk-identification and risk-assessment. Such a system will develop over time into a valuable component of the whole risk-management system.

It may also be desirable to acknowledge courageous reports in this way, for example, where a reporter acknowledges that they have made a mistake which needs to be corrected, so as to avoid trouble at a later date. Such reports must be celebrated and rewarded.

7. It is envisaged that such a system will operate at each workplace or site. These sites can be aggregated into higher level business units, with site level winners competing for an aggregate level award, adjudicated in the same way. This aggregation process may be repeated up the organisational hierarchy, with the CEO announcing a company-wide award for the most helpful report. This should be handsomely rewarded.

8. Such a reporting system will only work if reporters do not fear retaliation. To achieve this requires, a no-blame system, at least in relation to reporting, not a just-culture system, in which the company reserves the right to discipline people in certain circumstances. Reporters must be guaranteed that they will not be penalised, and nor will anyone about whom they make reports. Boeing will need to find ways of overcoming initial suspicion, for example by providing special rewards for people who make the first reports and by demonstrating that they have not been victimised.

The approach to culture change sketched here differs markedly from that proposed by Boeing’s CEO in that it involves changes to Boeing’s structure and functioning, changes which will need to be initiated and championed by Boeing’s CEO. Moreover, these changes will naturally generate the individual-level change that the CEO is seeking.

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