



Co-funded by the
Erasmus+ Programme
of the European Union

The article was prepared in the framework of the implementation of the Jean Monnet International Project at the National Aviation University: EU Transport Policy № 619652-EPP-1-2020-1-UA-EPPJMO-MODULE

This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

PROBLEMS OF OVERCOMING THE CRISIS IN AIR CARRIERS IN CONDITIONS COVID - 19

E.I. Danilova¹, I.B. Zarubinska¹, V.O. Novak¹

¹National Aviation University, Lubomira Guzara Ave. 1, Kyiv, 03680, Ukraine

Abstract

The article describes the consequences of the crisis caused by COVID-19 on global aviation and the risks for the aviation industry. It was proved that further non-use of aviation equipment could lead to banking services of small and medium airlines. It was concluded that the main task facing air transport today and needs to be addressed immediately. There is a need to develop a modern economic mechanism for overcoming the crisis of air carriers in terms of COVID-19 and introduction of measures and their improvement by solving the problems of improving financial indicators in the field of passenger traffic.

Keywords

aviation, airlines, airports, air transport, air carriers, economic mechanism, crisis state.

Formulation of problem

Analysis of the results of marketing research on the world market of transport services in the passenger transportation segment in recent years shows that with the spread of the crisis and the growth of competition,

each mode of transport actively seeks to maintain its market share or gain additional positions on it. Today, in order to solve this problem, the assessment of transportation results should be based on a systematic approach, taking into account the principles of cooperation and the level of competition in the existing

transport systems. Over the past 60 years, civil aviation has experienced many difficult times, from cutbacks in flight programs to carrier bankruptcies. However, the risks have never been as strong as with COVID-19.

Research methods

This work was based on analysis of an analytical reviews specialized periodicals, scientific publications, Internet resources, etc., collected by the authors during the research of this problem.

The main objective of the article

The purpose of this article is to summarize the risks of the aviation industry due to the crisis caused by COVID-19, and to find ways to prevent them.

Exposition of the basic material

Airlines and airports around the world were among the first to feel the powerful blow of the coronavirus. Reduced and canceled flights, reimbursement of ticket prices, staff reductions - now every representative of the aviation market experiences this. Quarantine and a ban on international passenger traffic have left airlines without a major source of cooperation, forcing them to freeze their activities and move to the use of reserves so as not to go bankrupt.

Strict quarantine in Ukraine has significantly affected the volume of passenger traffic. After all, there is an unwritten law of aviation that the plane in the air brings profit, and on the ground - only losses.

An analysis of passenger traffic by Ukrainian airlines during the years of independence of Ukraine, which led to the conclusion that during the years of independence of Ukraine, against the background of the general trend of passenger traffic by public transport to decrease, only air transport until 2020 demonstrated positive dynamics [6].

The Ukrainian market of passenger air transportation for the first 6 months of 2019 showed a record growth - 20% compared to the same period last year [7]. This was a record not only in Ukraine but in the

whole of Central Europe. This was reported by ONLINE.UA with reference to the Polish profile edition pasazer.com [12]. However, in January-July 2020, air traffic in Ukraine decreased by 69.3%. In 2019, the total volume of air traffic will be about 24 million persons [10]. The industry's losses in 2020 have become incredibly large.

It is obvious that further downtime of aircraft may lead to the bankruptcy of small and medium-sized airlines. There is a high risk of further mass layoffs of highly skilled workers working in this field. Thus, a single aircraft is simple - 4-5 crews, or 36-50 people [11]. Most domestic companies have sent staff on unpaid leave. However, a full-fledged way out of the crisis in the aviation industry is still far off the horizon.

The International Air Transport Association (IATA) estimates that coronavirus could more than halve global passenger traffic, and passenger airlines could fall by 314 billion in revenue. According to inspections, the losses of the Ukrainian airline UIA amount to about 35% of the company's expected revenues in just one quarter of 2020 [12].

Therefore, the situation in the air transport market as a result of the crisis caused by COVID-19 requires the development of a crisis management strategy by aviation companies.

The economic strategy of market development of airlines is a multi-purpose program to ensure sustainable and dynamic development of the company based on effective planning, use of marketing methods, optimization of traffic plans, flexible regulation of financial resources, current control of costs and revenues, sustainable solvency and self-financing.

It should be noted that the development of development strategies of any airline operating at the international level requires significant effort and professional skills of specialists to carry out successive stages of strategic analysis of both internal and external environment [3].

Thus, strategic analysis is a priority for the airline, which seeks to maintain a leading position among its competitors.

The practice of the airline's commercial activity shows that the main priority should be strategic planning. When developing a strategic plan, it is advisable to start with an objective analysis of the current situation, to understand the nature of the impact of the environment in which it operates on its activities [1].

When choosing a development strategy it is necessary to take into account the specifics of the enterprise using a systemic and situational approach [2]. If the airline identifies foreign economic activity as one of the priorities, it is necessary to form specialized international strategies of the enterprise, implementing and maintaining the proper functioning of the system of strategic management of international activities of the enterprise. At the same time, it should be remembered that important areas of activity of managers are not only the development of strategy in international markets, but also its proper implementation, as well as monitoring its implementation in the long run.

A mandatory element of strategic analysis is the analysis of the external environment, which includes the assessment of suppliers, competitors and consumers, as well as analysis of services offered by the airline and competitors, to identify the life cycle of services and opportunities for modernization [3].

This analysis should be carried out using maps of strategic groups to determine the position of the enterprise among competitors and the direction of its development in the current competitive environment.

It is also necessary to conduct market research to identify consumer preferences and evaluate suppliers to determine the quality of fuel, aircraft and other components and the level of prices for them in this area. Requires consideration and the impact of macroeconomic, microeconomic and operational factors on the volume of air carrier traffic in international markets.

The efficiency of the airline in today's market conditions largely depends on environmental factors, and the competitive situation in the international air transport market, structural changes in the global and national economy, inflation, government and international regulation and other factors directly affect the prospects of the airline and determine the nature of further development strategy [2, 8].

The main task of airline management in market conditions is to choose the optimal development strategy in international markets, taking into account all environmental factors and, above all, sanitary and epidemiological factors.

It should be stated that in the process of functioning of aviation enterprises under the influence of numerous environmental factors there is a mismatch of the developed development strategy to real needs.

Strategic inconsistencies, in such cases, become the area of change management of the enterprise.

Comprehensive strategic analysis is a key component of the strategy development process and includes analysis of the internal and external environment and portfolio analysis accordingly. An integral element, however, is the function of monitoring the chosen strategy and return to the beginning of the cycle in case of any discrepancies.

To alleviate the economic and environmental consequences of the pandemic, the European Union has decided to temporarily release airlines from the obligation to use at least 80% of their allocated slots at airports. In addition, the EU Regulation was adopted, which allows to extend the validity of certain certificates, licenses and other permits in the field of transport.

It should be noted that Ukrainian airports suffer along with airlines due to the coronavirus crisis. The blow was especially painful for Ukrainian airports, which have been increasing passenger traffic and actively developing over the past few years. In particular, 70% of employees are left unpaid by Boryspil Airport, and losses due to quarantine are estimated at 380 million hryvnias per month [10].

To assist States and relevant stakeholders, the International Civil Aviation Organization (ICAO) has created a website dedicated to safety measures in connection with COVID-19. All Governments are encouraged to inform ICAO of any current developments in the countries in the context of COVID-19.

In addition to the regular recommendations on COVID-19 addressed to the national government, ICAO is also proposed to offer a Civil Aviation Cooperation Mechanism to prevent and address threats to public health. The website contains updated recommendations from the World Health Organization, which supports the response bulletins issued by ICAO, the Centers for Disease Control and other regional and international organizations.

The Airports Council International has published a brochure describing a set of standard measures implemented at major international airports.

Key topics covered in the publication include the following issues:

- adaptation of management and planning to respond to COVID-19 impacts;

- staff management measures including education, wellbeing and health monitoring;
- passenger management procedures including the introduction of temperature screening, health declaration, and cleaning and sanitizing;
- changes to facilities management including cleaning of staff and public areas such as restaurants;
- provision of protective and cleaning equipment;
- airside operations and safety including risks and operational impacts;
- security measures including passenger and staff security screening;
- information technology requirements.

based on the results, introduction of measures to improve it in order to solve the problem of improving economic performance in the field of passenger traffic.

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A pandemic can help rethink the organization of working life, transport and infrastructure. It provides an opportunity to review not only the methods of work and introduce a remote format, but also to adapt the entire transport infrastructure to new realities.

These processes require broad support from states, both organizationally and materially. Governments develop development programs, provide subsidies, grants, and provide government guarantees on loans to transportation companies. The implementation of this activity requires careful control by the highest audit bodies.

The COVID-19 pandemic can be a starting point for global change in transport, as it fundamentally changes the habits and order that have developed in this area. International passenger traffic, the bulk of which is accounted for by air transport, has experienced an unprecedented reduction due to the closure of state borders and the imposition by governments of other restrictive measures that have made it impossible for airlines to operate on a regular basis.

This has led not only to financial losses for the carriers themselves, but also to a serious reduction in jobs in the sector with further socio-economic consequences.

Conclusions and suggestions

The research concluded that the main task facing air transport today and needs immediate solution is the need to develop a modern economic mechanism to overcome the crisis of air carriers in COVID-19, taking into account international experience in this field and,

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