

Resilience and efficiency through Leadership and Cooperation

Presented by AIRLINES ASSOCIATION OF SOUTHERN AFRICA

THE PANDEMIC – DIFFERENT STYLES OF LEADERSHIP

One thing the handling of the COVID-19 pandemic has shown us, is that across the world leadership styles have been so diverse as the many nation leaders, business leaders, community and family leaders have sought to manage the COVID-19 pandemic as they see fit, either in the interest of their nations and their people, their organizations, their community and family members or their own interests. Since the emergence of the COVID-19 virus in December 2019, and particularly following its declaration as a pandemic on 11 March 2021, the World Health Organization (WHO) and in our industry, the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), and Airports Council International (ACI), have led the way with the development of standards, recommended practices, protocol guidelines, processes and procedures on how to manage the pandemic in our industry, and in particular how to reduce and mitigate the risk of transmission of the virus in operations. In general, the above measures have been largely successful in their implementation since once air travel was permitted, operations have proceeded with minor blame being apportioned to the air travel value chain for spreading the virus. A culture of compliance which exists within the aviation industry has assisted greatly with ensuring standards are maintained by airlines and airports as passengers use their services.

However, the culture of pandemic reality is viewed differently across the public spectrum. On one hand you have the group that acknowledges a significant threat to life caused by the spread of the virus, and on the other hand there is the group of denialists who believe to varying degrees that it is a hoax and openly disregard regulations that have been put in place as well as directives of leaders. The majority of Heads of State have led their nations acknowledging the threat of COVID-19, but some have openly disputed the existence of the virus, challenged science and disregarded the recommendations of the WHO. The latter group of leaders have uniformly dismissed the threat, challenged their health experts, and dealt with the pandemic in a dismissive manner, only to see later how the pandemic has spread through their nation with them providing little comfort or leadership to their people on how to deal with the virus.

For those Heads of State leaders who have acknowledged the virus, there has been another challenge. How does one impose restrictive measures on your people and take them along with your decisions? Across the world, we have seen the most amazing display of the use of State authority to enforce regulations. Through the declaration of states of emergency or disaster, the State has assumed power to impose restrictions and measures to control their citizens in ways not ever considered possible in an open society. In the main, at least in the initial stages, the population largely accepted this and complied with leadership by decree. This was probably largely as a result of uncertainty as to what this virus was and how it could potentially impact the population. Each State had its own process of containing the virus including complete lockdown, risk adjusted lockdown depending on levels of infection and availability of medical facilities, and the imposition of travel bans with various levels of quarantining and testing.

GOVERNMENT AND BUSINESS – THE NEED FOR INCLUSIVITY

One of the areas which has been of concern to the aviation industry as lockdown regulations were imposed and amended from time to time, is the level of access by private business associations and organizations to be able to influence Government decisions. As the lockdowns persisted under severe restrictions, businesses became desperate as they fought for survival. The aviation industry business in many States fell to zero overnight as lockdowns came into place in March 2020. The restart was slow based on a Government assessment of the readiness of the industry to be able to operate with new protocols. As the pandemic proceeded, access was given to some organizations to meet with Government, in some areas not widely enough, but ultimately Government made the final decision.

Governments have been the subject of criticism, being blamed for the devastation that has taken place in the aviation, travel and tourism industry. Governments have consistently said that actions taken were to protect the lives of their citizens. However, the argument has been used that loss of livelihoods has led to massive fall-out and loss for families, directly and indirectly caused by COVID-19. Business leaders have said that many restrictions were kept in place for longer periods than required and had they been lifted, this could have averted many business and personal tragedies. Trying to balance the dynamic of lives vs. livelihoods has probably been the biggest challenge to achieve a solution acceptable to all. A recommendation is that Government should be more receptive to the views of business and the private sector, and achieve a more inclusive balanced approach to introduce efficiencies into the process. This has occurred in some States, although not across all business sectors. Many Governments still impose strict lockdowns which continue to inhibit the ability to restart the economy and businesses that contribute to a nation's economic upliftment.

From a leadership perspective, unfortunately, Governments have not always taken their citizens and many businesses into their confidence and the broader public normally finds out the latest restrictions through Government announcements with no opportunity to influence the amended regulations. This has caused significant frustration for many sectors including the aviation, travel and tourism sector, which, it is acknowledged has been of the most profoundly impacted by this pandemic.

VACCINE ROLL OUT OPPORTUNITY FOR COOPERATION

An area of opportunity for Government and the private sector to work together is in respect of the vaccine roll-out. Throughout the world, Government is insisting on leading the roll out in their country and being in complete control of the process. With the certification of a wide range of vaccines becoming available, the imperative must be for as quick a roll out as possible. States must be ready to get the vaccines administered as quickly as possible to their population. The private sector has indicated its willingness to assist, but it would appear Government is reluctant to involve the private sector to the extent possible. Private business has shown a great resilience and ability to adapt to changing circumstances and their involvement working together as a team with Government can only enhance and improve the efficiencies of the vaccine roll out.

THE COVID-19 DISRUPTION AND IMPACT TO AVIATION

One of the continued casualties of continued lockdowns in many States is the negative impact on international civil aviation. Many States have imposed continued travel bans on flights to and from their countries to all States or to some States where they perceive there to be a high risk of transmission of the virus or variants thereof. ICAO and IATA, supported by States and other industry associations, developed the ICAO Civil Aviation Recovery Taskforce (CART) guidelines to ensure the safe restart of international aviation. Whilst States in principle supported CART, its implementation in practice has been limited as many States continue to impose their own rules to the restart of international aviation. This has caused confusion to the travelling public with a hesitancy for customers to make travel plans given the risk that a State may at short notice reimpose a travel ban and disrupt a journey causing disruption and potentially financial loss to several customers. A recommendation is that if States support internationally agreed plans e.g. CART, they should apply them or provide reasons why they are not supported. Both IATA and ICAO and other organizations have published guidelines, apps etc. to enable the successful restart of international aviation, and it is essential that States try to find an alignment of purpose and intent and enable international aviation to re-commence.

Domestic aviation appears to be allowed to continue worldwide, but its growth and development is hampered by the lack of international feed to domestic services. ICAO and IATA have shown global leadership in this area interacting with Governments and airlines to re-start operations. On a

regional basis, the measures are supported by regional associations, airlines and airports. However, if State leaders and officials persist in making their own decisions feeling they have to do it all themselves, all the efforts of these organizations to open up and restart international aviation, will be further delayed.

Within the aviation industry, all stakeholders have been severely impacted by the COVID-19 pandemic. When lockdown occurred, and flights were prohibited, revenue fell to zero as there were no passengers and no flights, except for essential services and cargo. This impacted airlines, airports and air navigation service providers, civil aviation authorities, travel and tourism agents, and all associated businesses which rely on revenue from passengers and customers who pay for services that feed the businesses across the value chain. Where some flights were allowed to continue and as the start-up commenced in certain areas, revenue was very limited and practically all organizations were loss making during 2020 and this will continue in 2021.

THE COLLABORATION AND CONSULTATION IMPERATIVE

Aviation stakeholders do have a common goal – they are in business to successfully and profitably provide a service to passengers to travel to destinations by air and to transport cargo by air. As has been shown by the pandemic, if there are no flights, there are no winners. However, the various stakeholders do have different approaches to achieve the common goal and this is where through leadership and importantly collaboration, preferred win-win solutions can be achieved.

In terms of ICAO DOC 9082, the principle of economic regulation should be an accepted practice whereby the State and Industry reach consensus or agreement on user charges to be levied on airlines or passengers. Either the State or an independent regulator determines the final charge to be implemented, but importantly, the principle of consultation is essential to determine user requirements. In addition, the affordability for both the service provider to finance the development and the customer to pay the charges necessary to enable the service provider to recoup expenditure which was incurred, must be assessed. COVID-19 introduced the dynamic of survival into the mix due to the financial distress experienced by all state owned and private aviation organizations, and all airlines.

Industry Associations and businesses have called for significant financial relief for public and private industry organizations. With a global pandemic cutting across so many sectors of the socio-economic sectors, Governments have naturally had to lead the process. Governments have the responsibility to put the legal framework in place to manage the pandemic. Due to the extreme negative impact on business, it is also only natural that Governments, given that businesses and private citizens pay taxes, have been approached for financial relief. For the aviation industry, relief has been sought either firstly, in respect of cash injection (equity, wage subsidies, or grants), secondly, loans or loan guarantees and tax relief and thirdly, in respect of user charges and fees levied on airlines, requests for reductions, no increases, waivers, deferment of payment etc. In respect of cash injection, Governments have not taken a uniform approach with only some providing assistance, and in respect of user charges, through their government owned service providers, providing limited assistance. In respect of loans and loan guarantees, some facilities were made available, but certain financial institutions have continued to impose stringent loan conditions, making loans an non-viable option for many businesses. It is noted that private organizations within Africa, have not received any significant financial support often citing different conditions to be applied to private businesses. It is recognized that Governments do have a responsibility for their citizens well-being and in many cases, they have had to focus their resources on alleviating poverty and providing support for many citizens who are destitute due to job losses or having to survive on significantly reduced salaries.

INDUSTRY LEADERSHIP

Industry Associations have a leadership responsibility and mandate from their members to represent them on issues of common interest with Government, public and private stakeholders. This is to enable the individual organizations, in particular CEO's and their executives to concentrate on core matters across their aviation businesses, and in particular during this COVID pandemic, to focus on their survival. Industry association leadership enables the airlines to be represented at engagements with these stakeholders without the airlines themselves having to be represented. The CEO's are themselves leaders of their organizations, and industry associations must always be aware that they act on the behest of their members. Hence it is important for industry associations to consult regularly with their members to ensure that their views and requirements are correctly represented during these discussions.

To ensure the above, it is important to ensure the following. Firstly, there must be an open, transparent, good relationship between the industry association and its members. Secondly, there must be accessibility between the parties to enable consensus views to be formulated and a position to be taken with minimal delays. Thirdly, should airline representatives wish to be part of the discussions, this should be facilitated. Such engagements could entail the following options : the industry association puts together a position paper or sets out the proposed position in an e-mail or at a meeting and requests agreement to the proposal or comments. The Industry Association must be ready to take different views on board and to amend the proposal accordingly. Ultimately a team based solution should be reached. Where this is not possible, dissenting views must be recorded.

It is ideal for consultations to take place between the stakeholders where the above process is carried through to reach a consensus position and a win-win solution. Unfortunately, this can often not be achieved where certain views on process and position are not negotiable for one or the other party. This does not lead to amicable solutions and can lead to the deterioration of relationships between the organizations and results which are unacceptable to one or both parties. Where an independent regulator is charged with making the final decision, both parties agree to subject themselves to the regulator's final decision. If one party feels so aggrieved, then an appeal process is possible, but by that stage, the relationship between the regulator and at least one party would be damaged. Strong leadership is not shown by being intransigent on decisions but on finding a solution that meets most of the needs of all parties.

DEALING WITH EMBEDDED POSITIONS

Overcoming embedded interests of some key stakeholders could require a number of alternative actions. Taking fixed positions has probably been more prevalent during the COVID-19 times due to the severe financial impact of the pandemic . As noted previously, Government has taken the lead and makes decisions, often with little consultation, and the position in dealing with COVID-19 is not negotiable. In dealing with Government owned organizations, it is therefore imperative that open channels of communication and access to the stakeholder management is put in place. The aviation industry, needs to debate realistic options and try to find solutions – common sense solutions, or well worked out and motivated alternatives. If there is some flexibility, solutions may be found. It is imperative that all parties understand the current realities that all stakeholders are in, and work to find amicable solutions. Rigid positions will invariably lead to conflict.

CONCLUSION

All organizations have leaders. Governments have the legal, policy and strategic responsibility to lead their nations in good times and in challenging times, such as the COVID-19 pandemic. Industry bodies are mandated by the members to represent and lead their position in mutual business interest consultations. During normal business and particularly during COVID-19 pandemic, a general rule must be for leaders of their organizations representing respective stakeholders, to firstly understand their mandate, develop a consensus position, be prepared and

engage in an open and transparent manner to reach a workable solution. Government must also mandate their representatives to similarly develop mandates through which solutions can be developed in their interest, that of the stakeholders and the community at large. Ultimately new efficiencies need to be incorporated into work practices and a resilience shown to enable necessary change to be implemented. Strong leadership does not mean getting your own way – there may need to be compromise to find a solution in the best interests and ensuring the mutual success of all stakeholders.

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