

CHALLENGES THE AIRLINE INDUSTRY FACES AT PRESENT

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## ABSTRACT

Y TRAN

### CHALLENGES THE AIRLINE INDUSTRY FACES AT PRESENT

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The competition among business operating in the airline industry has become highly intense. This has resulted in creating different types of obstacles for these organizations. For instance, companies are now required to invest large amounts of resources in marketing and promotion activities to attract more and more customers. The main aim of conducting the present study is to identify various issues faced by the airline industry. For the present study, the researcher has adopted an inductive approach focusing on general assumptions then comes to the specific and applies to the industry; the researcher has emphasis on selecting exploratory research design technique.

The sample size for the present study is 101 respondents from more than 10 different airline companies at Dallas-Fort Worth airport in Dallas, Texas includes American Airlines, JetBlue Airways, Spirit Airlines, Delta Airlines, Frontier Airlines, United Airlines, Alaska Airlines, Sun Country Airlines, Korean Airlines, and Qatar

Airlines. From the study carried out, it can be concluded that there are large number of issues and challenges that are being faced by the companies operating in the airline industry. At present, conducting smooth flow of all operations and activities is no longer an easy task for companies. Companies are not able to determine suitable strategies that can support in attracting new customers and retaining the old ones in every possible manner. It is recommended to the airline companies to carry out external analysis on a continuous basis through PESTLE (Political environment, Economic factors, Socio-cultural factors, Technological changes, Legal issues, Environmental Aspects) as through this it is possible for them to know the external challenges that affect business operations.

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## **CHAPTER I**

### **INTRODUCTION**

#### **1.1 BACKGROUND OF THE CASE**

In the modern era, the airline industry is contributing a lot to the growth and development of the global economy. Over the past few years, the travel and tourism industry has witnessed significant growth and airlines can be termed as the most prominent supporter of the entire industry. In monetary terms, it can be expressed that the aviation industry contributes 3.5% to the total gross domestic product of the world. The contribution of the airlines industry can be also understood by the fact that every year more than three billion people make use of the services provided by the industry (Shaw, 2016). Apart from this, the industry also contributes to economic growth indirectly by creating potential employment opportunities. Nowadays, the airports are no longer restricted to a place or particular point of departure, and now, leisure facilities such as dining, shopping, relaxation and much more are offered.

However, it can be critically argued that irrespective of the fact that the industry is contributing significantly to economic growth; these days, there are several challenges that the industry is facing. The problems have started creating several obstacles in terms of achieving higher growth and objectives. For example, the companies operating in the airline industry are facing issues linked with management of human resources. This has further resulted in affecting the way in which services are delivered to customers. The rate of employee turnover is increasing and this can be considered a major threat in long-



term growth and sustainability of the airline companies. In the present scenario, human resources are considered as the vital asset for any business enterprise.

Effective management of staff members will aid in carrying out the smooth flow of all operations and business activities in the long run. It can be expressed that the rate of employee turnover is increasing because of factors such as rising discrimination practices and inadequate pay in the industry. These factors have resulted in creating a high degree of dissatisfaction among workers and, at the same time, have encouraged these individuals to quit their job and move to other industries. Apart from this, changing technology at frequent intervals has also emerged as a major challenge for the companies operating in the airline industry. In order to remain competitive in the marketplace, it is required by businesses to adopt new technology or upgrade their existing technology at frequent intervals. This results in increasing the overall operational cost that is a big threat for companies.

In addition to this, rapid technological changes also adversely affect the profit margin of the airline businesses. Even after adopting new technology, organizations are required to invest large amounts of human, financial, and other related resources to provide training to staff members in terms of using the technology. Frequent training programs also results in developing a sense of dissatisfaction among workers and, thus, hampers their overall productivity to a great extent.

Nowadays, the competition among businesses operating in the airline industry has become highly intense. This has resulted in creating different types of obstacles for these

organizations. For instance, companies are now required to invest large amounts of resources in marketing and promotion activities to attract more and more customers. Furthermore, the airline companies are required to offer high quality services at low cost to attract new customers, which is not an easy task. In the modern era, the bargaining power of customers in the industry is very high as there are several options and alternatives available for them. Increasing and intense competition is a threat because it forces the existing business to constantly focus on improving service quality and innovation, which is never easy when the profit margins are low. Attaining a high degree of customer satisfaction in the long run has become very complicated for the companies operating in the airline industry.

## **1.2 RATIONALE**

The main aim of conducting the present study is to identify various issues faced by the airline industry. It can be expressed that issues such as changing economic conditions, intense competition, rising fuel prices, etc. have created obstacles for the businesses in the airline industry (Top 10 Airline industry challenges, 2017). To sustain in the long run, it is required by airline companies to develop and implement effective strategies that can support in overcoming the critical issues. Issues such as increasing prices of fuel have adversely affected the profitability of businesses operating in the airline industry. It can be expressed that developing effective strategies and action plans to deal with these issues is now vital for companies in the airline industry. It will become highly difficult for organizations to carry out smooth flow of their operations and achieve

the desired volume of sales and profitability in situations where effective strategies are not developed to deal with the highlighted issues and challenges in the study.

Nowadays, the customers are equipped with a wide range of options and alternatives to choose from and the rationale behind this is considered as intense competition among businesses. The companies in the aviation industry need to focus on developing strategies to lower operational cost so that they can offer airline services at low or competitive prices (Belobaba, Odoni and Barnhart, 2015). Another reason behind conducting the present research is to identify different ways through which businesses can overcome these issues and ensure long-term sustainability. With the ever increasing pace of industry, challenges due to globalization have adversely affected the companies that are operating in the market. Every company has started to take corrective actions for dealing with the issues faced as challenges such as competition, legal barriers, etc. affect the profitability and sales volume of the companies.

### **1.3 AIM AND OBJECTIVES**

#### **Aim**

“To identify the key challenges faced by the airline industry”

#### **Objectives**

- To determine the present scenario of the airline industry
- To identify the key factors that have introduced challenges in the airline industry
- To determine the current issues faced by the airline industry

- To recommended ways through which the airline industry can overcome challenges and attain better growth

#### **1.4 RESEARCH QUESTIONS**

- Explain the present scenario of the airline industry.
- What are the key factors which have introduced challenges in the airline industry?
- What are the current issues faced by the airline industry?
- What are the ways through which the airline industry can overcome challenges and attain better growth?

#### **1.5 SIGNIFICANCE**

The present research is essential because it will help in identifying and understanding the current issues faced by the airline industry. The increasing air traffic and competition have resulted in affecting areas such as sales and profitability of the businesses. The emergence of low-cost airlines such as Southwest Airlines, JetBlue Airways, Spirit Airlines, and United Airlines has resulted in making the entire industry highly competitive. The pressure on existing market players has increased to a great extent, and the competition has emerged as a threat to the entire industry. The cost of operating in the industry is very high, and thus, companies can sustain only when they are able to attract the desired number of customers and profitability. The present study is significant because it will help in understanding the key issues that are being faced by the companies operating in the airline industry. This research will support in carrying out in-

depth analysis of the entire industry to understand different types of issues and challenges the airline industry is going through.

This study will play a critical role in determining effective strategies that can help organizations in the airline industry deal with the current issues. For example, problems such as low margins and fares can be overcome by introducing a product, service, or facility that no other player in the market is offering. The business will be able to gain a competitive advantage over other companies by introducing unique services and attracting customers. The study will be very helpful for the companies operating in the airline industry and other related businesses. The reason behind this is that the study will provide companies with reliable and valid information about different types of strategies and techniques that can be used to deal with the existing challenges and issues. Businesses will be able to carry out smooth flow of all their operations and activities by using the recommendations provided in the current study. Long-term growth and sustainability can be accomplished by working upon or implementing the strategies that will be provided in the present research.

## **1.6 FRAMEWORK AND ANALYSIS**

To carry out the present research in an efficient and satisfactory manner, both primary and secondary sources of data collection will be taken into consideration. The primary data will be collected through 101 respondents from different airline companies at the Dallas-Fort Worth Airport. The reason behind selecting these current employees is that these individuals will be able to provide more accurate and reliable information

about the current issues their company is facing. In addition to this, data from different airline companies will support in enhancing the overall quality of information.

At the same time, the researcher will be available with adequate and more diverse data that will further assist in carrying out an in-depth analysis of the topic under investigation. In terms of secondary sources of data collection, different journals, books, and online sources linked with the aviation industry will be taken into consideration to acquire quality and reliable data. The researcher is going to have a limited amount of resources like money and time, and therefore using both sources will help in conducting the entire study in the best possible manner.

The data analysis in the present study will be carried out with the help of a qualitative technique of data analysis. Here, the collected information will be presented by using different charts and diagrams. However, the analysis of data gathered from various sources will be carried out using the thematic method of qualitative data analysis. All the aspects linked with ethics will be accomplished in the study.

## **1.7 STRUCTURE OF THE THESIS**

The structure of study reflects the entire way or process in which the study will be completed. Every researcher needs to develop an appropriate and suitable structure for carrying out the whole research. The benefit of the structure is that it provides guidelines and directions to the researcher in terms of how the study can be conducted efficiently to attain the aim and objectives. The structure of the current study is provided below as:

Chapter I: Introduction. It is considered as a significant chapter of the study as it reflects an overview of the entire study carried out. This section includes essential elements such as aim, objectives, rationale, and significance of the research. This section is considered as critical because it supports the readers in getting an overview about the entire study being carried out. Brief information about the research can be obtained by the researcher as well as the readers with the help of this chapter.

Chapter II: Literature Review. It is the second chapter of the study that reflects the work and studies carried out by other researchers with respect to the topic undertaken for investigation. This section is crucial as it helps the reader get insight into the topic and become aware of the concepts associated with the same. Here, critical analysis of the work carried out by other researchers and authors is presented to develop in-depth knowledge about the topic selected for investigation.

Chapter III: Research Methodology. The tools and techniques linked with the entire study are mentioned in this section. Tools such as research design, philosophy, and approaches to data collection, data analysis, and sampling are reflected in this section. This section is critical because the process of data collection and interpretation are affected by the same. It can be expressed that the selection of right tools and techniques is vital in terms of accomplishing the objectives and aim of the study. At the same time, the overall findings of the study are affected by the kind of tools and techniques selected by the researcher to carry out the entire research. It is also suggested that the selection of research methodology should be carried out based on the aim, objectives, and nature of the study.

Chapter IV: Data Analysis. In this section, different tools and techniques are used by the researcher to carry out the evaluation of information collected from the primary and secondary sources. It can be stated that at the time of selecting the technique for data analysis, a researcher is required to be very careful as the entire findings of the study are affected by the chosen technique. It is very important for a researcher to make sure that the appropriate technique of data analysis is selected while carrying out the study.

Chapter V: Conclusions and Recommendations. In this section, the findings of the study are reflected in the form of the conclusion. In addition to this, recommendations and suggestions are provided for further improvements.



## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

It is one of the most important parts of the thesis that undertakes critical review of various authors and through this research is carried out in proper manner. In every type of research, it is quite necessary to undertake reliable sources so that expected findings can be easily obtained with the help of this. The present study carried out is based on identifying the different types of challenges faced by the airline industry in the modern era. Further, there is no doubt that the airline industry is facing severe challenges and this is adversely affecting the operations carried out by the businesses operating in this sector. So, in this regard views of different authors and experts have been undertaken in order to better explore the key challenges in the aviation industry.

#### **2.2 DIFFERENT TYPE OF CHALLENGES FACED**

According to Belobaba, Odoni and Barnhart (2015), the global airline industry is full of challenges and the range of issues present directly affects the operations of the companies operating in the airline industry. In the modern era, competition is one of the main barriers faced where a large number of airline companies are operating at a global level and this has somehow harmed the operations carried out by every company in the market. Every company operating in the market is offering the same type of services. Especially in the case of small companies, they are not able to survive in the market due

to the presence of tough competition and, in turn, survival of the companies has become a little bit difficult. In order to deal with the issue of high competition, airline companies are focusing on developing corporate strategies so that their long-term survival can take place easily through this (Borenstein and Rose, 2014).

Rising competition in the airline industry is directly preventing small and medium sized companies to carry out their operations and sometimes many companies have to shut down their operations due to the presence of high competition in the market. According to Misopoulos, Mitic, Kapoulas and Karapiperis (2014), no doubt investment in the aviation sector is quite high but by seeing different types of opportunities, companies are operating in this sector and they are rendering airline services to the customers in the market. The challenge associated with competition is quite high in the modern era as compared with the past and it has acted as one of the main hurdles for the businesses that are operating in the market.

Apart from this, to deal with the issue of rising competition in the market it has become necessary for the company to highlight some unique features in its service range so that long-term performance of the companies can be well maintained with the help of this. In short, competition as one of the barriers can only be tackled if businesses are offering some unique service and this sometimes becomes one of the main reasons behind the success of aviation companies in the market (Choi, Lee and Olson, 2015). To deal with the high level of competition is not at all a challenging task and it can only be

tackled if proper strategies are present with the companies that lead to long-term survival in the market.

The low cost carriers operating in the market are adversely affected due to competition prevailing in the market. The direct impact of competition is on market share and revenue level where companies are not able to operate as per their real need. Sometimes, the challenge associated with high competition is unmanageable by the companies and due to this reason, they have to shut down their operations. Like in the case of Air India, it is ranked as the third worst performing airline in the world where its service quality is below the expectation level of the consumers (Eaton, 2017). Apart from this, some other companies such as Frontier Airlines and US Airways are also considered one of the worst airline companies in the world. The main issue is that these companies are not able to meet the expectations of the target market. In the airline industry, meeting the expectation of the customer in service quality and price is an important role to identify the success of the airline companies.

According to Abdelghany A. and Abdelghany K. (2016), customer expectation is one of the challenge faced by the airline companies, where expectations of the customers are rising at a faster pace. Every company has to adopt some effective strategy to comply with the expectation of the target market and this allows them to operate for longer periods of time in the market.

However, Shaw (2016) argued that the entire airline industry is a high priced market, where a majority of the large sized organizations is offering services at a higher

price. This is also one of the challenges where airline companies are not able to recover the main costs by offering services at a lower price and this is one of the challenges faced by them. Pricing in the airline industry is considered highly complex. One of the ultimate outcomes of the complexity is substantial price dispersion (David, 2013). Overall, the cost of carrying out operations in the airline industry is high and this enhances overall cost in this type of market. Prices are not at all under the control of the companies, as they have to bear large numbers of costs such as fuel prices, etc.

As stated in Lee, Seo and Sharma (2013), different ways are present through which airline companies practice price discrimination. Paying extra for seats with more leg room is one of the ways in which airline companies charge a high price from the customers and it is also one of the main sources of income for a majority of the companies. Like in the case of Ryanair, the company is most famous for charging extra, such as for check-in luggage. This illustrates that the consumers that are less sensitive to price may prefer to enter into the flight early and be ready to pay (Bazargan, 2016). Further, the majority of the costs in the airline are fixed costs that take into consideration landing, fuel, wages, etc. With the motive to enhance the sales volume, the airline companies mainly focus on selling more and more tickets with the help of attractive offers and this contributes a lot in enhancing the overall performance in the market.

However, Bilotkach, Gaggero and Piga (2015) argued that fluctuations in the fuel price is also one of the challenges faced by the airline industry where sometimes the overall rise in the prices of the fuel adversely affects the situation of airline companies

operating in the market. Sometimes the drop down in the fuel prices allows companies to earn high revenue and the organizations are able to earn income as per their actual need in the market (Kleymann and Seristö, 2017). Further, it is a well-known fact that fuel related cost is a major one for the airline companies and to manage this type of cost the companies have to apply large amounts of effort so that it is possible for them to maintain their revenue level for longer periods of time. If the price of fuel rises too high, sometimes companies are not able to recover major costs and it directly leads to decline in the actual level of performance. However, Gegg, Budd and Ison (2014) argued that rising fuel price, as one of the challenges is not under control of the airline companies. One of the main possible solutions to deal with this type of challenge is to enhance the revenue level where airline companies have to adopt different strategies through which it is possible for them to bear the rising cost of fuel price.

The challenge linked with the changing need and requirement of the target market is another challenge for the airline industry at the global level. In accordance with Ford and Despeisse (2016), the expectations of the target market changes at a faster pace. It has been witnessed with the rise in the level of modernization, customers expect services that are most convenient for them and match with their actual expectations in the market. This has directly acted as a hurdle in front of the airline companies. Presently, it has been witnessed that customers perceive airline companies in a negative manner as the aviation sector has a high impact on the environment. The airline companies are responsible for air pollution, and, due to this reason, they are perceived adversely by society (Taneja, 2017). Therefore, it is also one of the challenges faced by the airline companies operating

in the market where they are not able to change the perception of the customers. Apart from this, regarding security, safety, comfort, etc. the expectations of the target market are also high where it has been witnessed that customers prefer to purchase services of the company that can provide high quality service. In case of low cost airlines, it is quite difficult for them to satisfy the requirement of the target market linked with convenience, comfort, etc. as they have limited funds to invest in different types of activities. So, this directly acts as a hurdle for the companies in the market. As reported by Eaton (2017), the range of challenges faced by the airline companies directly influences its operations and they have to modify services accordingly so that long-term market performance can be maintained with the help of this.

At the global level, some companies are operating on a smaller basis and some are operating on a wider basis. So, airline companies have to carry out operations on their size (Lim and Hong, 2014). The small and medium sized airline companies are not able to deal with the competition challenge in the market and sometimes, due to this issue, they have to shut down operations. Further, it has been identified that large sized firms have the capability to deal with the issue of competition in the market and their strategies are considered to be quite effective which contributes a lot in managing their market performance for longer period of time. According to Lawton (2017), updated technology is also one of the challenges that are faced by the airline industry where it has been identified that technology keeps on changing where new and advanced tools are introduced that airline companies have to adopt for carrying out overall operations. In the modern era, it is necessary that every airline company must have its own application

through which customer booking can be done easily. If any organization does not operate with the market trends in terms of technology, then it has a direct impact on the overall performance of the airline company and sometimes it leads to the decline in the overall performance.

With the rising globalization the overall challenges in the airline industry is rising at a faster pace where every airline company operating in the market has to search for the best alternatives through which it is possible to deal with the challenges that affects its overall operations. The ability to deal with the different challenges has a positive impact on the overall performance of the businesses and acts as a development tool, also. According to Oster, Strong and Zorn (2013), air traffic is also one of the challenges faced by the airline industry. With the rising level of competition in the market, air traffic is rising at a faster pace where airplanes of different companies are present in the market. So, this is also one of the challenges that prevents airline companies from carrying out overall operations in the market. There is a lack of airplanes to handle the increase in the demand from customer's side and due to this reason, new airplanes are needed and this leads to a rise in air traffic level. For meeting the overall demand of the target market, every company has to operate through different airplanes.

In line with Fraher and Gabriel (2014), the airline industry is highly regulated where large numbers of legal laws and regulations have been developed by the government and it is necessary for every airline company to follow such laws to operate

smoothly in the market. Complying with the legal laws and requirements directly act as a hurdle for the airline companies where they are not able to focus on their real operations.

With the rise in the level of challenges in the entire airline industry, the direct impact has been seen on the airline companies that are operating in the market. For small companies, competition is one of the barriers they face. Further, more companies are entering into this market that are offering almost the same type of service (Button, 2017). The main difference lies in the quality of the services for the established players in the airline industry. Due to high levels of competition prevailing in the market, it has become quite difficult for the businesses to focus on their main objectives associated with enhancing sales volume, profitability, etc. The main features of the airline industry involve low profit margin and the high fixed cost. In order to recover the main costs, a majority of the businesses are focusing on offering discounts on the fares so that the overall sales volume can be enhanced.

Considering the example of different nations, like India, where the airline industry is facing a large number of challenges. High aviation turbine fuel price is the challenge. At present, the cost of fuel for the Indian companies account for 45% of the total operating cost. High tax is being applied on aviation turbine fuel by the state government and this directly proves to be costly for the businesses operating in the market (Mallikarjun, 2015). This situation is not at all under the control of the airline companies in the market, as taxes and other forms of duties are imposed by the government, and the entire industry has to comply with such practices in order to operate smoothly. Apart



from this, in the Indian market airport charges are also quite high compared with the other nations. High service tax is another issue where, at present, 12.36% of ticket fares are for service tax. The range of aviation companies operating in the market mainly takes assistance of third party for different types of operations such as catering, aircraft maintenance, etc. (Grant, 2016). Therefore, the service tax on the air ticket and the services purchased by the operators in the airline industry adds to the operating cost.

Further, it is a well-known fact that technological advancement in the aviation industry is quite high and this has acted as one of the challenges where a majority of the companies has to adopt the latest tools for operating in the market. Generally, technology adoption is considered significantly costly for the businesses operating in the market. Some airline companies that are operating on a smaller basis are sometimes not able to adopt the latest technology for conducting operations and this leads to a decline in the overall level of the performance in the market. If any company is not able to adopt the latest tools for conducting overall operations, then it has an adverse impact on the overall performance (Wittman, 2014). Adoption of the latest tools has significantly become necessary for the airline company and this is the main significant challenge in the airline industry. Businesses in the airline industry have to invest a large amount of funds in adopting advanced technology to deal with the changing market trend.

Emergence of substitutes in the airline industry is also one of the challenges where in countries, like India, the substitute for air travel is railways, where many new trains have been introduced with high quality services and the majority of the passengers

consider this as a good option as compared to the air travel (Robinson, Fallon, Cameron and Crotts, 2016). Therefore, this challenge is also major for the Indian airline industry where the presence of a large amount of substitutes is directly preventing different companies from conducting overall operations in the market. For dealing with this issue, every company is indulged into the practice of offering differentiated service so that it is possible to attract customers in large amounts and this contributes a lot in satisfying the need of the target market in a proper manner.

At the global level, the security and safety related challenges in the airline industry is quite high. Further, terrorist related activities are mainly targeting the aviation industry and this is one of the security concerns (Daft and Albers, 2013). The challenge is to keep a balance between comforting security and the invisible security. Despite the presence of attacks, it is necessarily required to consider that industry is ultra-safe and safety can be one of the main pressures in the near future.

Delivering remarkable experience to the target market as per their real expectation is also one of the challenges where it has been identified that passenger experience is the main issue for the airport operators and the owners. Further, it is a well-known fact that customers spend a majority of the time in an airport and it is necessary for the airline industry to ensure that airports are designed properly, keeping in view the convenience of the customers (Iatrou and Oretti, 2016). This involves delivering them proper food service, luxury brands, etc. that can satisfy the need of the customers in a proper manner. Development of airports as per the expectations of the customers is necessary and then,

only they can be easily influenced to purchase the services of the airline companies. If the airports are not effective enough in providing a proper experience to the target market, then the demand for airline services will significantly decline and it will affect the entire airline industry.

Sustainability related challenge is adversely affecting the entire aviation industry. Further, it is a well-known fact that the impact of the airline industry on the environment is very high as air pollution is rising at a faster pace. Carbon emissions are one of the issues that have become one of the biggest challenges for the airline industry (Harvey, Williams and Probert, 2013). Due to a rise in the level of air pollution, issues are rising at a faster pace, such as global warming. With this issue, society has started to perceive the airline industry negatively. Further, there is no such option present with the airline companies to deal with the issue of rising air pollution and they have to only adopt the latest tools like advanced aircraft engines that produce less pollution.

Rising air traffic is linked with flight delay, where it has been identified that the delay results in time cost, money cost and it discourages a large number of passengers (Wheeler and Bozhko, 2014). Many companies are trying their best to deal with the issue of flight delays but no such significant solution has been identified. With the rising issue of flight delays, customers do not prefer to travel through this source.

The global airline industry will face tough competition in the coming year, mainly due to expansion of low cost carriers and the overall growth of the airlines that are operating in the Middle East. The companies that are operating in the Middle East have a

competitive edge on international routes as they are properly funded and fuel cost is lower (Pearson and Merkert, 2014). Rising competition levels have significantly affected market share and profitability of the airline companies operating in the market.

In a country like India, poor infrastructure is one of the challenges faced by the airline industry. Only some of the airports in India are developed like those of Delhi, Hyderabad, Mumbai, etc. and in other areas, the facilities are not at all appropriate as per the customers' expectations in the market (O'Connor, Flin, Fletcher and Hemsley, 2017). This is one of the challenges for the Indian airline sector that sometimes prevents customers from accessing the airline sector, which has led to downturn of the entire sector. No doubt, the government of India is looking into initiatives for developing infrastructure of different areas but it will take lots of time.

In short, the overall presence of challenges in the airline industry is the main downturn of the entire industry and it is the moral responsibility of every company to take corrective actions so that the overall impact of challenges can be reduced and, in turn, the growth of the industry can take place easily. Challenges present in the sector are affecting every company whether it may be big or small. Generally, low cost carriers are highly affected due to the presence of challenges as compared with the businesses that are operating on a very large scale. The rising customers' expectations are also not under control of the airline companies and they have to work on different plans so that customer's requirement can be met easily and in a proper manner (Boyd, 2016).

Customers are interested in purchasing high-class services that provides them a luxurious experience. So, it is not at all possible for the low cost airline to develop a high-class service, but the challenge is finance related. An adequate amount of funds is needed for developing high-class services and this level of customer satisfaction is maintained by every company in the market.

Fuel price, government regulations, and airport security are the main cost drivers in the airline. It has been witnessed that high instability is present in the fuel prices and airline companies are adversely affected. Sometimes many of the companies are not able to bear the cost associated with rising fuel prices and they have to bear high losses instead. A majority of the companies are searching for different ways where they can easily save cost and in turn, their profit margin can be enhanced.

Many of the airline companies view customer retention and loyalty as one of the biggest challenges at the time of conducting their major operations (Hu, Caldentey and Vulcano, 2013). Due to the presence of tough competition, businesses are not at all able to retain customers for longer periods of time. Some promotional methods and other schemes have been introduced by the companies so that it may be possible for them to attract customers. For example, in the Indian market, Indigo mainly focuses on offering low fares to the customers and this is the main reason in which the revenue of the company is a little bit stable. Apart from this, airlines operating in areas such as Europe, the Middle East, and Africa, etc. perceives government regulations as one of the challenges they face (Pearson and Merkert, 2014). It has been identified that the global

airline industry is highly regulated such that safety challenges are present in high amounts and this, in turn, has acted as a main issue for every company operating in the market. Complying with the government laws has acted as a main issue for the companies in the market.

In the modern era, there are several issues and challenges that the airline industry is facing. These challenges are creating various obstacles for the businesses in terms of accomplishing their goals and objectives. The organizations in the industry are facing issues linked with labor unrest, which adversely affects the business operations and activities to a great extent. The walkout of pilots and other crew members has resulted in creating different types of restrictions for the airline industry in terms of delivering fast, accurate, and satisfactory services to customers (Boyd, 2016).

Increasing the rate of employee turnover is another major HR-related issue that has been faced by the companies operating in the airline industry. These organizations invest a massive amount of financial and other related resources for hiring staff members and offering training to them. However, it can be critically argued that these businesses start suffering from heavy losses due to the increasing rate of turnover after investing a massive amount of resources. Managing diversity in the workplace is another important issue that companies operating in the airline industry are facing. It can be expressed that managing workplace diversity is very important for the long-term development and success of companies. At present, businesses are not able to achieve success in managing diversity and this situation is creating several complexities for the brands.

## **2.3 STRATEGIES TO CARRY OUT SMOOTH FUNCTIONING OF OPERATIONS WITHIN THE AIRLINE INDUSTRY**

It can be stated that the development of effective strategies has now become vital for carrying out smooth functioning of the businesses operating in the industry. Increasing competition can be termed as the key challenge that companies are facing. To deal with this issue, the organizations can emphasize developing and offering innovative services and products to customers (Daft and Albers, 2013). The strategy is useful, as it will help in attracting more and more customers as the company is offering something unique which no other player in the market is offering. However, it can be critically argued that developing innovative services is not an easy task for companies, as intense amounts of resources are required to be invested during that time. It can be expressed that innovation has become very important for organizations to gain competitive advantage over other players operating in the industry (Choi, Lee and Olson, 2015). Here, in-depth market research can be carried out to understand the gap in the market and carry out the development of innovative services or products to fill those gaps. To deal with the issue linked with increasing air traffic and pollution, sustainable practices can be adopted by organizations. It has been observed that changing technology has emerged as a major issue for companies in the airline industry.

To deal with this issue, companies can adopt different types of tools and techniques linked with change management. The benefit of using change management tools is that these tools will provide organizations with an opportunity to implement and

manage changes in the desired manner (Lee, Seo and Sharma, 2013). At the same time, businesses will be able to encourage adequate corporation and support from the staff members, which is critical in terms of managing changes. Decreasing the rate of staff turnover can be accomplished by restructuring the human resource policies and plans. The airline companies can focus on areas such as training and development of employees so that their skill set and knowledge base can be enhanced.

The benefit of using this strategy is that it will assist the workers in acquiring better opportunities for growth and development in the long run. Monetary and non-monetary rewards can be offered to staff members against the performance delivered by them. This will develop a strong sense of satisfaction among employees and will encourage them to give their best towards delivering satisfactory services to all the customers (Eaton, 2017). To meet the customer expectations, market research can be conducted at regular intervals. Market research will assist in awareness about the changing demand and need of customers. Based on the data collected, the airline businesses can carry out changes in their products, services, and overall strategy to develop a high degree of satisfaction among its customers. The strategy will also play a vital role in enhancing the degree of customer loyalty and retention to a great extent.

Nowadays, the companies operating in the airline industry are forced to offer products and services at prices that are low (David Mc A, 2013). The increasing competition and entry of low cost airline can be termed as the two major factors, which have resulted in this kind of situation. To overcome this issue, companies can focus more



on areas such as technology. Modern marketing tools and techniques can be implemented to create more and more awareness about products and services among people in the marketplace (Boyd, 2016). The rationale behind suggesting modern marketing tools is that these tools are considered as very cost effective. The businesses are required to understand the facts that upgrading technology will increase cost in the short run but it will provide several benefits to companies in the long run. The speed of delivering quality and satisfactory service will enhance by upgrading technology. At the same time, automatic process linked with service delivery will result in lowering down the cost of operations in the long run.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 RESEARCH APPROACH**

Research approach is denoted as the plan and actions for study that extend the steps from comprehensive assumptions to the detailed methods that would be used for the analysis, collection of data, and their interpretation. It also takes into consideration taking several decisions so that research can be carried out in an appropriate method (Banister and Booth, 2005). Research approach provides the base to the study and assists in attaining accurate findings as expected by the researcher. Basically, there are two different types of research approaches that have been used by the researcher for conducting the study namely inductive and deductive approach.

For the present study, the researcher has adopted the inductive approach in which they focus on general assumptions then come to the specific as it applies to the industry. The present topic focuses on assessing the key challenges faced by the airline industry. In order to assess the challenges, the researcher uses the help of the inductive approach, which the researcher has framed around the aims and objectives. With the selected research approach, the researcher explores new phenomenon related to the topic so that they can easily attain the objective of the study. It has been stated that this research approach is connected with the qualitative research that depends on the findings that is derived from the conducted literature review.

### **3.2 RESEARCH PHILOSOPHY**

Another specification within the research methodology is the philosophy that mainly acts as the key beliefs and assumption of the researcher related to the study. However, it also focuses on the phenomenon related with gathering and analysing the data and information (Novikov and Novikov, 2013). Research philosophy directly progresses the relationship between data collection and the knowledge process in research so that they can easily attain the desired aims and objective of the study. There are a range of philosophical approaches that are linked with the research, which mainly includes interpretivist and positivism philosophy.

For carrying out the present study in a proper manner, the researcher focuses on interpretivist philosophy in which the researcher interprets the gathered information and data from primary and secondary sources (Munkejord, 2009). Interpretivist philosophy helps the researchers to infer elements of the research by counting human interest so that they can easily attain the objectives. Under this, the researcher assumes that access of original information can only be found via social construction like shared meanings, languages, etc. Therefore, with the help of this research philosophy, the investigator can easily determine the different social construction regarding challenges and issues faced by the airline industry.

### **3.3 RESEARCH DESIGN**

Research design is defined as a plan or blueprint of the entire research that help the researcher to direct their actions accordant with the path so that they can attain

desired result and objectives. Along with this, proper research design would help them in obtaining proper responses to the devised research questions (Hansen, 2011). In short, it can be stated that it provides direction to the researcher for their entire study. There are different forms of research design that must be used by the researcher for carrying out the study, which mainly includes descriptive, exploratory, experimental, and correlation research design techniques.

Through considering the present investigation, the researcher put an emphasis on selecting the exploratory research design technique. This technique is based on examining the data by the formulation of a hypothesis and finds the relation between variables (Dey, 2002). Along with this, the selected research design technique has also assisted the researcher in exploring the facts associated with the selected topics that are key challenges faced by the airline industry. The research purpose of this design is that it provides insights to information related with the situation. Therefore, the key benefit of implementing exploratory research design techniques is that it helps the researchers in exploring and discovering new information because of less restrictions in the methodology.

### **3.4 DATA COLLECTION**

Data collection plays a pivotal role in the study as it assists the researcher in collecting and gathering information from the various sources that directly help them in gaining accurate findings. However, prior to collecting the data, the researcher focuses on determining what kind of data or information is required to attain the objectives and

research questions. There are two sources through which the researcher can easily collect the data and information and that is through primary and secondary sources (Banister and Booth, 2005). The key source of data collection is the primary source in which the researcher accumulates the raw data from the original source that increases the reliability and accuracy of the information. The key advantage of expending the primary source in the study is that this researcher helps accumulate the precise information that links with the title of this study. On the other hand, another source of data collection includes the secondary source that focuses on gathering information from the published journals and books. This form of data collection method is already published by the other authors and researcher.

For carrying out the present study, the researcher focuses on both of these sources. For the primary information, the researcher engaged in devising the questionnaire so that they can easily accumulate the data and information (Amaratunga and et.al, 2002). On the other hand, the secondary source is also used within the study; in which the researcher reviews the articles and journals published by other authors. Therefore, with the help of using both the sources, the researcher would easily acquire the information regarding the key challenges and issues that are faced by airlines in the industry.

### **3.5 SAMPLING TECHNIQUE**

The sampling is defined as an effective process through which the researcher easily selects the unit or sample from the entire population from whom they may easily

acquire the data and information regarding key challenges that are faced by the airline industry (Scruggs and Mastropieri, 2006). However, the selected sample acts as the representative of the whole population from which they can easily draw the required information so that overall aims and objectives of the research can be easily attained. There are different types of sampling techniques that have been used by the researcher, which includes simple random sampling, stratified sampling, cluster sampling, etc. All these sampling techniques play a significant role within the study as it assists the researcher in selecting the proper sample for the study. The most commonly used sampling technique is simple random sampling in which the researcher randomly selects the sample from the overall population so that each and every participant has a fair chance of being selected into the sample. On the other hand, cluster sampling is also being used within the study as it is considered as a cost effective technique for selecting the respondents for the study.

For the present study, the researcher has adopted a sampled same employees from all airlines from the Dallas-Fort Worth airports. Under this sampling technique, the researcher divides the whole population into groups known as strata. Each of the groups mainly relies on similar attributes and characteristics of the individual members (Novikov and Novikov, 2013). With the help of the stratified sampling technique, the researcher engaged in grouping the sample by employees of different airline companies from whom they would accumulate relevant information regarding the key issues and challenges faced by airlines in the industry.

### **3.6 SAMPLE SIZE**

The selected sample size for the present study is 101 respondents from more than 10 different airline companies from whom they accumulate the data and information regarding the airline industry. The selected samples are the current employees of airline companies that engage in performing day-to-day activities within the airline. However, airline operational managers are the ones that manage the external and internal environment so that they may easily assess the associated factors that drive challenges within the airline industry.

### **3.7 DATA ANALYSIS**

Data analysis focuses on presenting the findings of primary and secondary research that encompasses the analysis of both data that is qualitative and quantitative in nature. It also is regarded as the systematic process that focuses on relating different techniques as well as statistical tools to attain desired outcomes (Kumar, 2010). There are two different techniques of data analysis that have been used by the researcher, namely qualitative and quantitative techniques.

For the present study, the researcher focuses on adopting mixed techniques (i.e. qualitative and quantitative) for analyzing the gathered data and information. Under the qualitative technique, the researcher put emphasis on formulating themes of the objectives or questionnaire and interpreting them based on acquired data from the respondents. However, under this technique, the researcher commonly adopts thematic analysis that mainly supports in conducting in-depth examination, therefore, the

researcher obtains accurate findings. Along with this, the researcher, with the help of this technique, interprets the findings based on responses that are provided by operational managers of different airline companies.

On the other hand, a quantitative technique is also being adopted by the researcher for analysing the findings. Under this technique, the investigator focuses on using statistical tools SPSS and principle component analysis (PCA) method for analysing the information provided by the respondents (Hussain, 2011). Therefore, adopting mixed techniques for data analysis plays a significant role in attaining the desired aims and objectives of the study.

### **3.8 ETHICAL ISSUES**

For carrying out the study, it is essential to focus on ethical principle as it governs the proper behaviour and attitude of the researcher towards conducting the study. Research ethics implies that the implemented design and research techniques are defensible and reliable which results in attaining the overall aims and objectives of study. The key ethical issue in the research is related with data collection, that is, the researcher needs permission from the respondent to utilise their responses in the research so that it may easily attain the desired outcome.

Along with this, there are many other ethical issues that need to be taken into consideration at the time of carrying out the study, such as, the researcher must be aware of having the duty to secure the actual permission and interest of all the respondents that are involved in the study (Kothari, 2004). They must not use any type of information



obtained and it is necessarily required to maintain moral responsibility in favour of the respondents. In addition to this, confidentiality must be also taken into consideration so that information of respondents has not been disclosed with any other participants. Furthermore, data is being gathered from the employees of airline companies, and therefore, information provided by them should not be disclosed to any other employees as disclosing information might lead to bias and wrong information.

### **3.9 RESEARCH LIMITATION**

The main limitation associated with the present study is that it is only restricted to the airline industry where other types of industries, for instance, the aerospace industry, agricultures industry, or construction industry, etc. were not taken into consideration. Further, the key challenges faced within the airline industry have been covered in the present research. Only challenges have been discussed in the study and other factors, such as, opportunities have not been taken into consideration (Dawson, 2002). Further, the entire airline industry has been undertaken but a sample size of 101 respondents has been collected. So, this is also another limitation linked with the present study.

### **3.10 AREAS FOR FUTURE STUDY**

In the near future, various areas are present where research can be conducted. One of the main areas that can be undertaken is the opportunities present in the airline industry for the companies operating in the market. This will assist in knowing what benefits are obtained by the businesses in the airline industry. Moreover, research can also be carried out on other industries such as retail, automotive, etc.

## CHAPTER IV

### DATA ANALYSIS

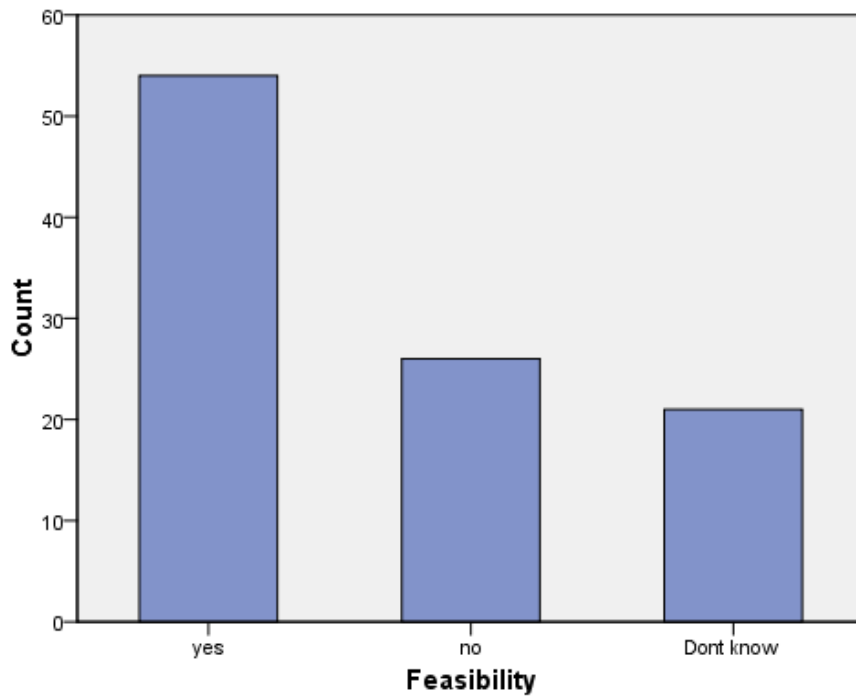
#### 4.1 ANALYZE THE QUESTIONNAIRE

After collecting data, the researcher has analysed the data by using SPSS tool. For every closed ended question, the researcher has prepared a table by using that SPSS tool on the other side, responses are graphically represented by using charts. Each table provides information related to frequency, percentage, and cumulative percentage. The researcher has used bar charts and pie charts in order to present responses of each question graphically. A total of 101 respondents are being questioned via a questionnaire, each question is formed to fulfil each research question.

Question 1: Do you think the present environment of the airline industry is feasible?

Feasibility					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	54	53.5	53.5	53.5
	No	26	25.7	25.7	79.2
	Don't know	21	20.8	20.8	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	3
Median	1	Mode	1
Average	1.6733	Std Dev	0.7974



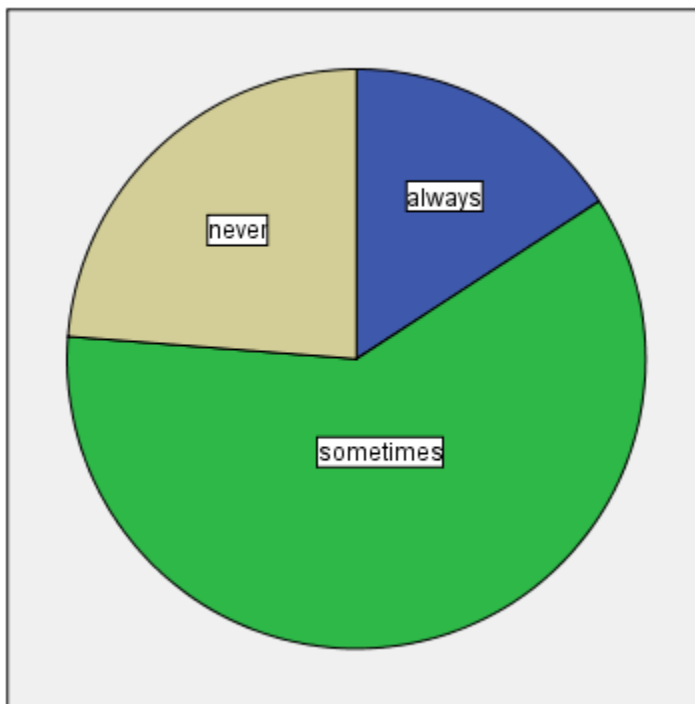
For the first question, the researcher asked respondents about their opinion on the airline industry's present environment. Out of 101 respondents, 53.5% believed the present condition of the airline industry is feasible enough and this allows the industry to add and introduce new services in the airline amenities. The present environment of the

airline industry is regarded as feasible because there are many changes happening in the organizations that help in improving the performance aspects. However, 25.7% do not think that the present condition of the aviation industry is feasible. In the 21st century, aviation industries are not convenient enough in some areas across the globe because of the occurrence of different challenges and risks. They also added that they are experiencing innumerable issues and risks that impede their interest in working in the airline industry. Thus, through majority of responses, it is evident that though there are many challenges in the industry; still it has many dimensions based on which environment is being called as feasible. The remaining 20.8 % of respondents kept quite in that context.

Question 2: Do you experience any issues in operational management?

Operational Issues					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	16	15.8	15.8	15.8
	Sometimes	61	60.4	60.4	76.2
	Never	24	23.8	23.8	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	3
Median	2	Mode	2
Average	2.0792	Std Dev	0.6243



Respondents are being asked about their experience while working for their organization regarding operational issues. In that scenario, 15.8 % of respondents from more than 10 airline organizations have always faced issues relating to the company's operation. The challenges range from different aspects that affect the overall business performance. Moreover, 60.4 % of respondents sometimes face issues relating to business

operations that affect the way of working. Issues in operational management changes the way of practices and this creates disturbance in organizational productivity. However, the remaining 24 out of 101 respondents have never gone through any issue relating to business operations.

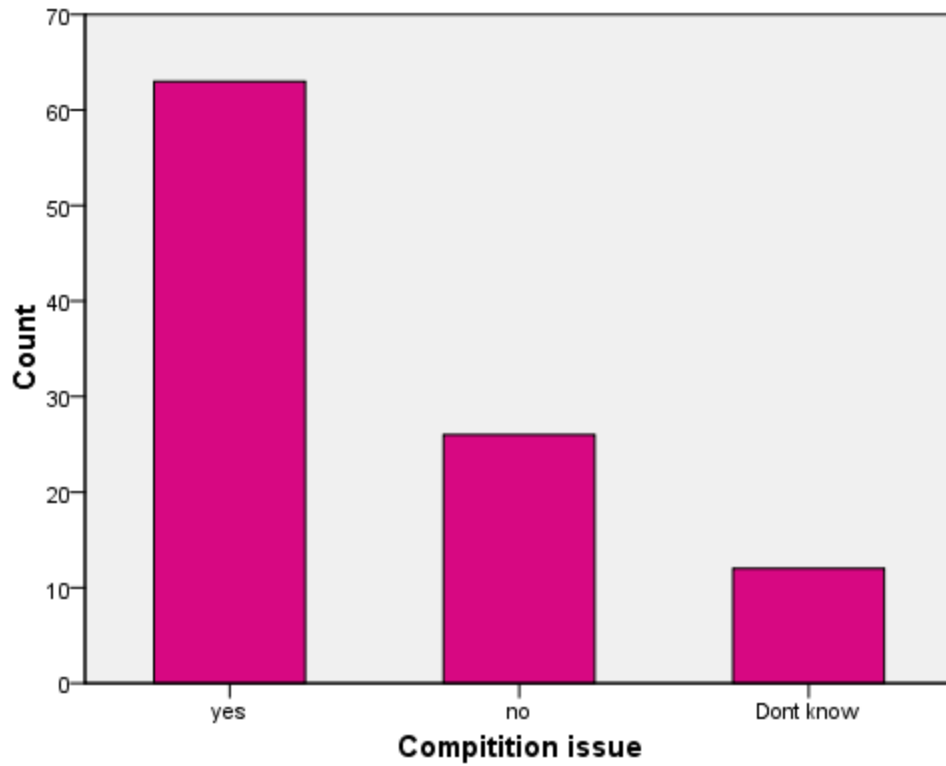
Nonetheless, it is clear that because of issues in operational management, people are unable to perform their activities and tasks. Along with this, they also added that the operations department is the major area of the airline industry because that defines the ways through which all the aspects should be carried out. The participants also said that due to operational issues organizational values are reducing; hence, it generates the need of new transformation in the business services. Thus, it can be articulated that issues prevailing in the airline industry should be resolved in the most effective way. This could have the impact on other business dimensions; hence, business situations should be improved.

Question 3: Do you think increasing competition is a challenge for the airline industry?

Competition issue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	63	62.4	62.4	62.4
	No	26	25.7	25.7	88.1

	Don't know	12	11.9	11.9	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	3
Median	1	Mode	1
Average	1.4950	Std Dev	0.6983



In this question, 62.4 % believed that currently their organization is going through issues relating to competition from other players. They also contended that because of increased competition, many entities have to downsize their operations, which also affect business positioning. Further, due to the need of heavy investment in the aviation sector, opportunities are decreasing. The service categories range from different dimensions and it is similar in all the airline companies. Thus, due to lack of innovation and creativity, the airline industry is suffering the most. Moreover, 25.7 % of respondents have not faced any competition related issues in their organization. The remaining 11.9 % of respondents do not have any knowledge about current competition that their company is facing. Thus, on the basis of above responses it can be said that due to competitive aspects the airline industry has to make a few changes in organizational dimensions. The airline industry needs to focus more on competitive pricing and strategies to create a competitive edge over the rivalries.

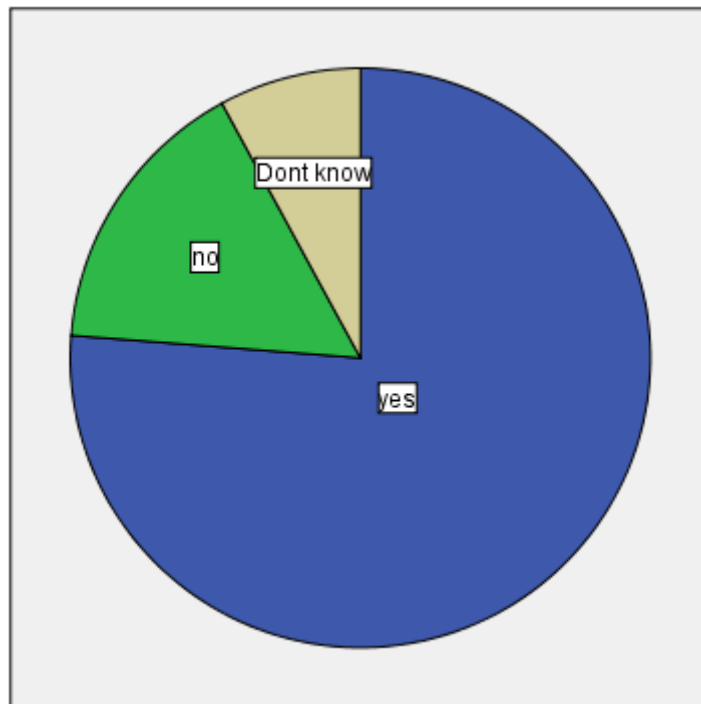
Question 4: Do you think customer expectation is one of the major challenges faced by the airline industry?

Customer expectation issue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	77	76.2	76.2	76.2



	No	16	15.8	15.8	92.1
	Don't Know	8	7.9	7.9	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	3
Median	1	Mode	1
Average	1.3168	Std Dev	0.6123



Apparently, needs and demands of customers have been changing and this leads the business entity to develop the provision of new services. Thus, while asking this question, out of all of the respondents, 76.2% have revealed that customers of their organization expect more than the actual service. However, 15.8% of respondents marked “no” and they said that it helps the industry to add new things in service provision, which also ensures better performance of the airline. The remaining 7.9% do not have any opinion relating to that particular issue.

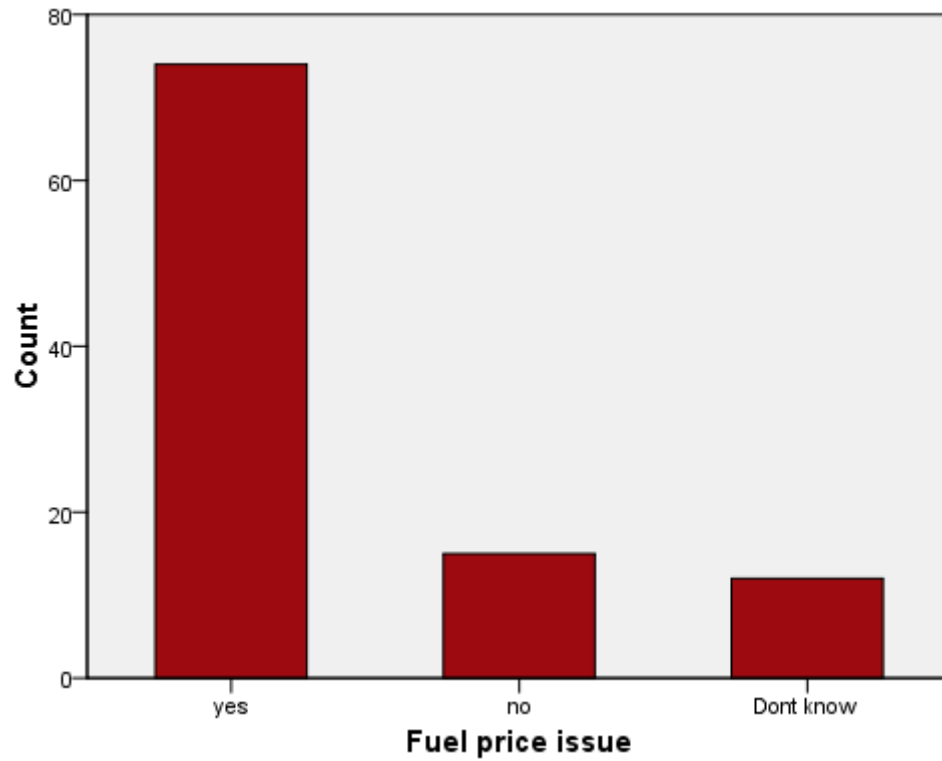
Thus, articulating the responses it can be said that when needs and demands of customers’ changes it drives the business to add new things in the service provision so that competition can be enhanced accordingly. They also added that if business fails to meet the needs and demands of customers, it again generates different issues and as a result, it leads customers to switch over to other companies. Thus, every other business airline industry should also give chief importance to preferences of customers.

Question 5: Do you think that changes in fuel prices affects the airline industry on greater extent?

Fuel price issue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	74	73.3	73.3	73.3
	No	15	14.9	14.9	88.1

	Don't know	12	11.9	11.9	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	3
Median	1	Mode	1
Average	1.3861	Std Dev	0.6890



Increasing the fuel price is one of the major problems that are faced by each organization that are involved with delivering transportation related services. 73.3 % of respondents agreed that their organization is facing issues due to increasing fuel prices. On the other hand, 14.9% of respondents did not agree with that fact, and the remaining 11.9% have no idea about that issue.

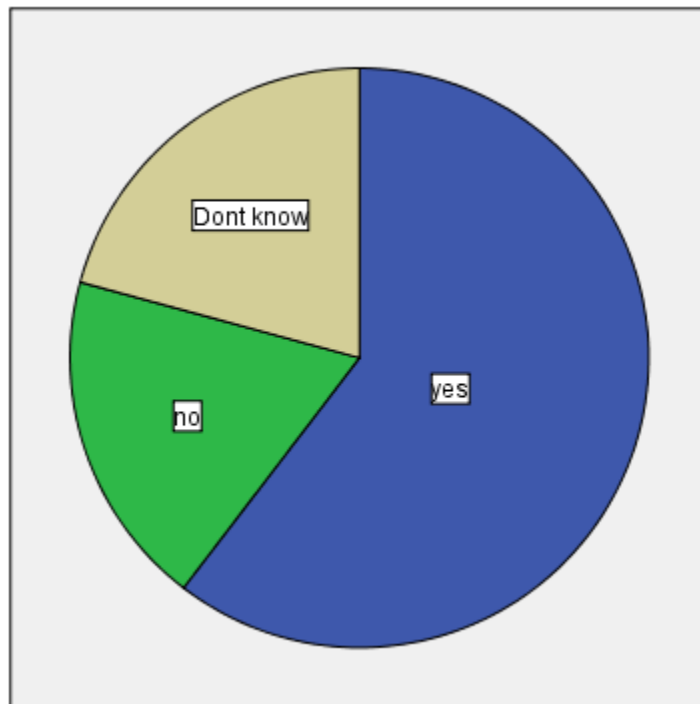
Thus, from majority of responses it can be said that when prices of fuel changes, it greatly affects the operational values. Moreover, in this domain it is also crucial for the airline industry to focus on the fuel prices.

Changes should also be made in business prospects after ascertaining the value of fuel prices. This has also become an obstacle for the business in managing all its practices. The respondents also added that changes in fuel prices enhance production cost of the business. This is an uncontrollable force; therefore, the airline industry has no control over the same. Companies have to operate business in an effective manner so that instead of having changes in prices of fuel, all the activities can be managed effectively. This most often affects business performance and productivity aspects.

Question 6: Do you think that because of legal framework, a challenge in the airline industry is increasing?

Legal framework issue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	61	60.4	60.4	60.4
	No	19	18.8	18.8	79.2
	Don't know	21	20.8	20.8	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	3
Median	1	Mode	1
Average	1.5941	Std Dev	0.8106



An aviation industry needs to go through numerous numbers of legal frameworks in order to sustain their business. In this question the researcher asked about influence of country's legal framework into their business. A majority of the respondents (60.4%) agreed that their organization is facing issues due to legal framework, however, 18.8% stated that legal framework is not an issue for their organization, and the remaining 20.8% said that they do not know anything about this; hence, they did not give proper response.

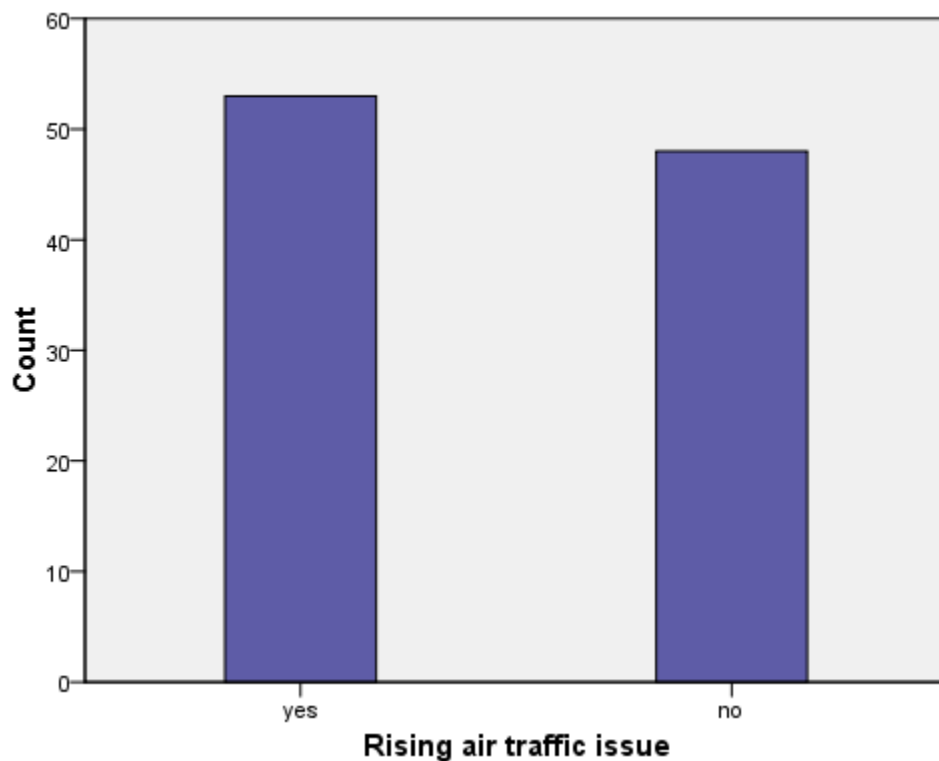
Therefore, based on the majority of responses it is clear that legal framework creates more issues in the airline industry. The rules and regulations developed by the government are mandatory to follow; thus, it creates more burdens for the business entities.

However, legal rules are developed so that business can function in a smooth manner. With the help of legal framework, hurdles and challenges in the business can be reduced. Therefore, it is clear that through legal aspects airline businesses can protect its functioning such as flight safety, passenger service, maintenance, or flight operations, etc.; but at the same time, it requires heavy investment in maintaining all legal dimensions. This way all the business dimensions of the airline industry can be handled effectively. Henceforth, instead of challenges, legal dimensions should be followed while managing different operations in the airline industry.

Question 7: Do you perceive rising air traffic is one of the challenges in the airline industry?

Rising air traffic issue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	53	52.5	52.5	52.5
	No	48	47.5	47.5	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	2
Median	1	Mode	1
Average	1.4752	Std Dev	0.4994



Based on information obtained from the 101 employees working in different airline companies, it has been found that a rise in the level of air traffic is one of the challenges faced by the airline industry. Further, it is a well-known fact that a large number of companies are operating in the airline sector and they are offering almost the same type of services in the market. So, in this case, the rising air traffic is acting as a



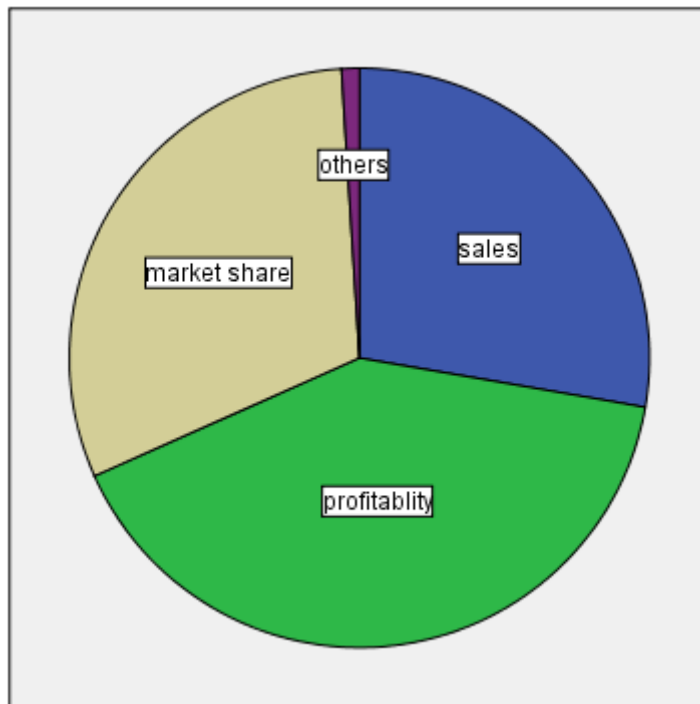
major issue of the airline companies operating in the market. Generally, an increase in air traffic acts as the challenge while expanding the major operations and in turn acts as the main hurdle for the companies. 52.5% of respondents replied that they are unable to deal with the issue of rising air traffic and it is not at all under control. On the other side, 47.5% of respondents said that an increase in air traffic is not an issue for them and some other challenges are present that are adversely affecting business productivity. Due to an increase in the level of challenge, not every organization able to focus on their goals and objectives such as expanding operations, enhancing profitability level, sales volume, etc. Therefore, with the help of this information it is quite clear that air traffic issues are a major factor in the airline industry.

Question 8: Which is the main area affected due to presence of challenges in the airline industry?

Most affected area					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sales	28	27.7	27.7	27.7
	Profitability	41	40.6	40.6	68.3
	Market share	31	30.7	30.7	99.0

	Others	1	1.0	1.0	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	4
Median	1	Mode	2
Average	2.0495	Std Dev	0.7882



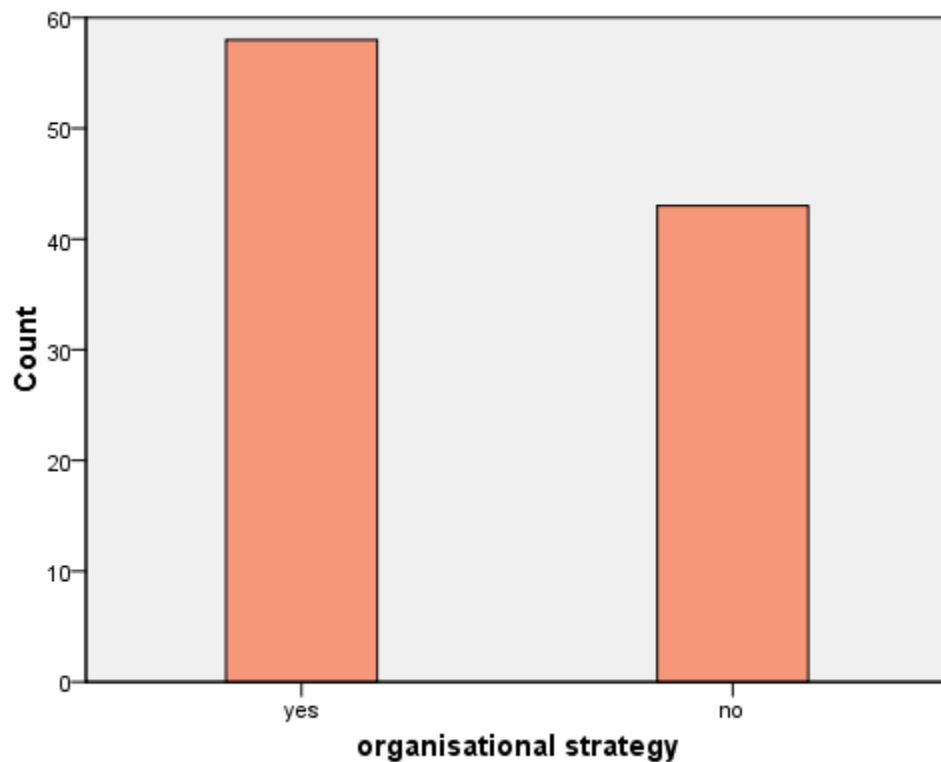
In this question, the researcher asked about major factors that have been affected due to the above mentioned issues. 27.7% of respondents stated that the sales department of the organization has been affected due to these issues. While 40.6 % of respondents believed that profitability of the firm has been affected due to these issues and, in turn, the cost of operations is not at all recovered. The issues, as per 30.7% of respondents, also have affected market share of the firm. The remaining 1 respondent out of 101 has stated apart from sales, profitability and market share, other departments also have a negative impact due to the issues. This question is also fulfilling the first research question of the current study.

Information obtained from the 101 respondents have confirmed that the range of challenges present in the airline industry affects profitability level, market share and sales volume of the companies operating in the market. As per the current situation, it has been observed that profitability in the aviation industry is mostly affected by various issues. No doubt, every airline company is operating in the market with the motive to earn adequate amount of profits. So, in this case, challenges, such as competition, have somehow reduced the market share of the businesses where they are not able to focus on their desired objectives. Apart from this, services rendered by every airline company in the market are almost the same. Therefore, a focus on enhancement of sales and profitability level has become necessary for every airline company, as through this, they can survive easily in the market for longer periods of time.

Question 9: Does your organizational strategy contribute in reducing the impact of challenges?

Organizational strategy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	58	57.4	57.4	57.4
	No	43	42.6	42.6	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	2
Median	1	Mode	1
Average	1.4257	Std Dev	0.4945



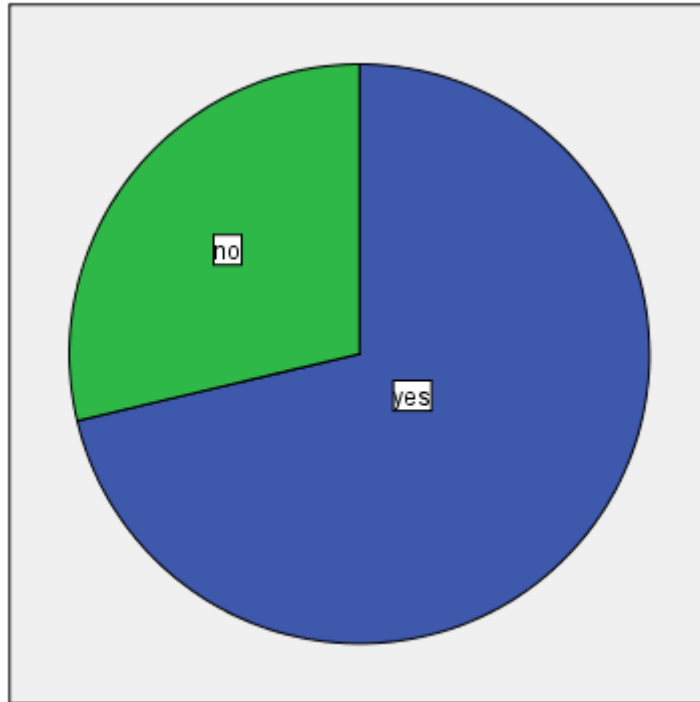
From the information gathered, it has been found that organizational strategy developed by the airline companies have reduced the impact of challenges such that 57.4% of the employees working in the airline companies are in favour of this. Further, every company has developed some strategies so that it is possible to deal with the different challenges that are faced at the time of conducting operations. For instance, to deal with the challenge of high competition in the market, companies have started to focus on their marketing and promotional strategies. Social media marketing has been mainly undertaken by the organizations through which they are able to promote their services to the target market. Through this, airline companies are somehow able to deal with the challenge of competition in the market. Moreover, some challenges are not

under the control of the airline companies such as political, technological, etc. Other forms of challenge, such as human resource, are tackled properly by the company internally. On the other hand, 42.6 % of respondents have stated that their organization does not have a proper organizational strategy in order to tackle any uncertain situations.

Question 10: Do you perceive marketing as one of the best option to deal with the challenge of competition?

Perceive marketing					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	72	71.3	71.3	71.3
	No	29	28.7	28.7	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	2
Median	1	Mode	1
Average	1.2871	Std Dev	0.4524



Perceived marketing is one of the most effective and important strategies a company chooses in order to handle any situations related to managing competition and maintaining its business flow. Further, a majority of the businesses are indulged into the practice of promoting their services through the sources available such as social media, advertisement, and other mediums. So, this has acted as the most beneficial tool for the companies operating in the market and has positively influenced the long-term performance. 71.3 % of respondents agreed that their organization has taken a perceived marketing strategy in order to handle situations. On the other side, 28.7% of managers involved with an organization do not perceive marketing as the best option.

From the information gathered, it has been found that one of the best options to deal with the challenge of competition in the market is marketing and promotional

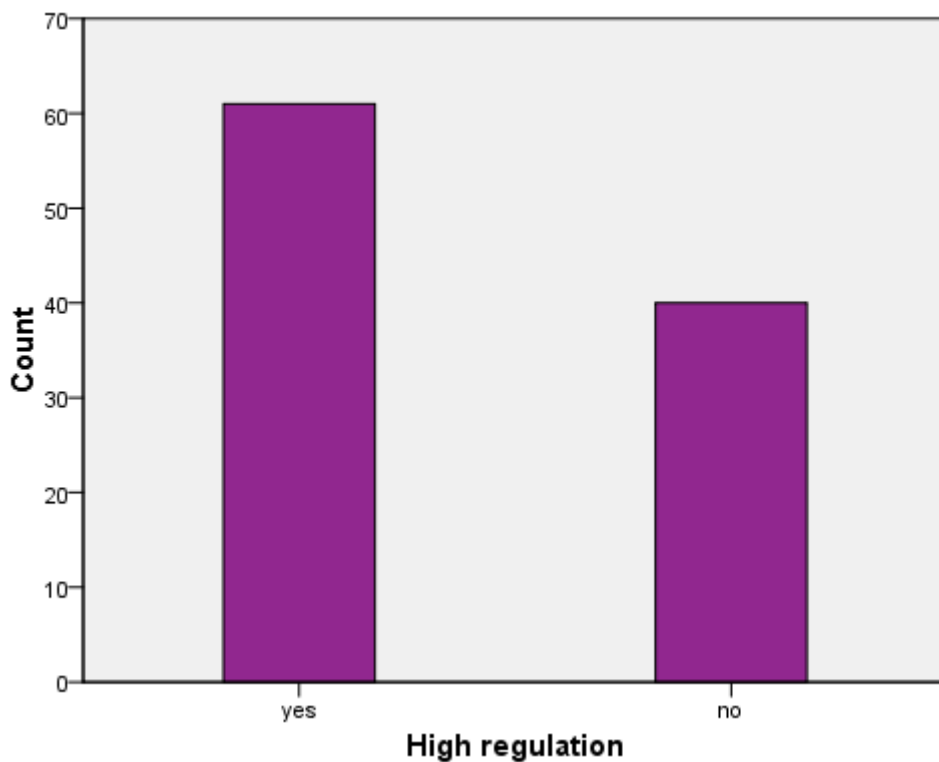
strategies, as through this it is possible for the companies to highlight unique attributes in the product and service range. Moreover, it is a well-known fact that substitute of services in the market is easily available and due to this reason, every company has to highlight positive attributes in the service range. This is significant for every airline company operating in the market.

Question 11: In your view, does high regulation in the airline industry acts as a barrier in conducting operations?

High regulation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	61	60.4	60.4	60.4
	No	40	39.6	39.6	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	2
Median	1	Mode	1
Average	1.3960	Std Dev	0.4891





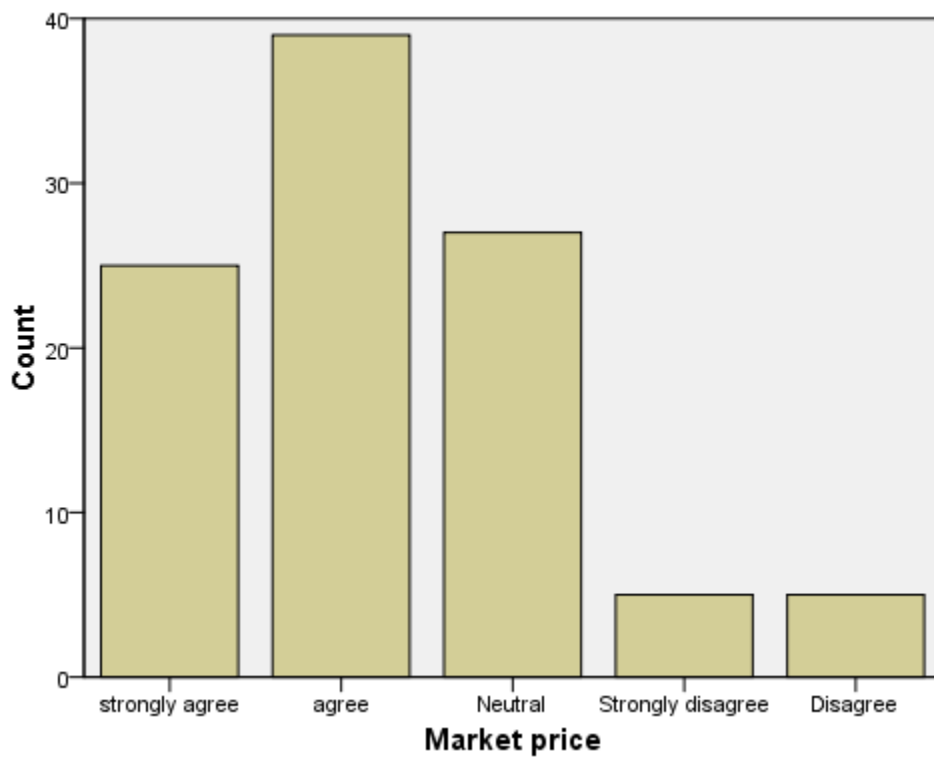
Every business must go through a certain number of legal aspects. As the airline industry is a public transportation service, which includes carrying risks. Therefore, this industry is involved with high regulations in the country's law. 60.4% of respondents believed that complex and highly strict regulations are one of the key components that initiate issues in the airline industry. A majority of the regulations are linked with safety, payment of taxes and other form of duties. If any company does not comply with the government practices, then it directly acts as a hurdle while carrying out the major operations. Complying with each law is necessary in the airline industry and, through this, companies are able to manage their overall performance in the market. The impact of safety regulations is very high on the airline companies where they have to ensure that their fleet is quite safe so that customers can travel easily. In short, the burden of

government barriers is high on the airline companies and they have to plan their activities as per the government norms and regulations. On the contrary, 39.6% of respondents have not accepted this fact; moreover, they believe government regulations do not affect the industry.

Question 12: Do you agree that increase in market price leads to more challenges in the airline industry?

Market price					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	25	24.8	24.8	24.8
	Agree	39	38.6	38.6	63.4
	Neutral	27	26.7	26.7	90.1
	Strongly disagree	5	5.0	5.0	95.0
	Disagree	5	5.0	5.0	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	5
Median	2	Mode	2
Average	2.2673	Std Dev	1.0426



From the survey, 63.4% of respondents have agreed that rapid increases in the market price leads to more challenges in the airline industry. However, 10% of respondents believe that market price is not an issue for their organization. 26.7% of respondents remained quiet to that context. Increase in market price highly affects the airline industry, as incomes of each individual remain the same at the time of market

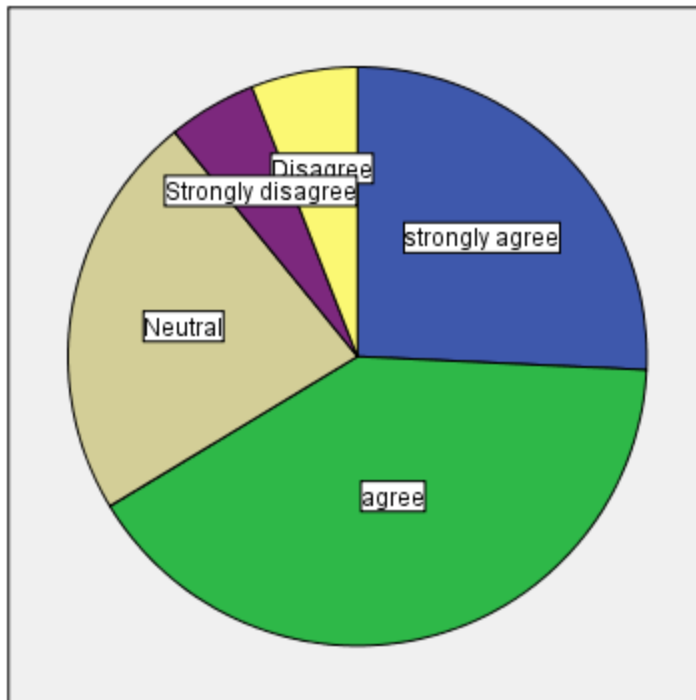
price increment. Level of affordability is not influenced by an increase in market price. The respondents also argued that there are varied airline companies that are rendering services on high prices; hence, this raises demand and customers switch to other brands. Production cost is also increasing; therefore, this not only enhances the company's investment in other areas but also it becomes a complex issue in airline management. Contrary to this, due to price dispersion, business complexities have been increasing. Thus, the overall cost of managing all the operations in airline industry is high; therefore, this brings other challenges for the airline industry. Overall, it brings varied changes in organizational aspects which changes business performance.

Question 13: Do you agree that customers are developing negative perception about airline services because of the rising challenges?

Developing negative perception					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	26	25.7	25.7	25.7
	Agree	41	40.6	40.6	66.3
	Neutral	23	22.8	22.8	89.1
	Strongly disagree	5	5.0	5.0	94.1

	Disagree	6	5.9	5.9	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	5
Median	2	Mode	2
Average	2.2475	Std Dev	1.0754



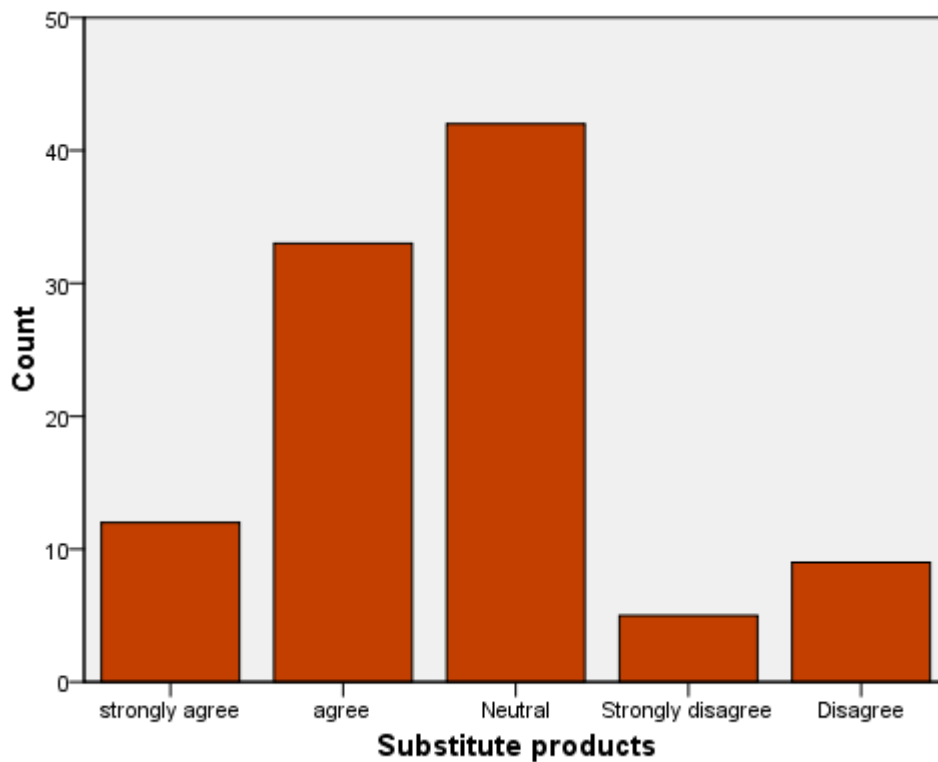
When challenges appear in the business, it affects the mindset of customers and it changes the way customers perceive the service domains. Out of the total respondents, 66.3% strongly agreed and agreed that customers are currently developing negative perceptions about the aviation industry. There are 10.9% of respondents disagreed; moreover, they feel customers have a positive perception about the aviation industry. The remaining 22.8% of respondents kept neutral while they were asked that question. They also added that customers who perceive negative aspects about the airline industry have a high impact on the environment of the airline industry. People perceive it negatively because the airline industry is highly responsible for air pollution.

In a modern scenario, people put a huge emphasis on environmental balance; therefore, it adversely affects the society. The concern towards the environment leads businesses to adopt all sorts of practices, which are eco-friendly. Thus, here it can be said that because of pollution and other aspects, customers are perceiving services of the airline industry in a negative manner. Therefore, it is evident that because of such facets, the value of the airline industry has been decreasing which affects the interest of end users.

Question 14: Do you agree that substitute products are increasing competition for the airline industry?

Substitute products					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	11.9	11.9	11.9
	Agree	33	32.7	32.7	44.6
	Neutral	42	41.6	41.6	86.1
	Strongly disagree	5	5.0	5.0	91.1
	Disagree	9	8.9	8.9	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	5
Median	3	Mode	3
Average	2.6535	Std Dev	1.0477



During this question, 12 respondents marked “strongly agree” and 33 respondents marked “agree”. From the responses, it became clear that when substitute products enter in the market place, it creates more challenges for the business. On the other hand, 9 respondents marked “disagree”, 42 marked “neutral” and the remaining 5 marked “strongly disagree”. It is an apparent aspect that when substitute products come in the market place, businesses have to experience various issues and challenges. This also affects customer base; moreover, customers also switch to different companies.

The level of competition has been increasing in the airline industry because all the companies are coming up with the same products and services that affect the customer’s



mindset. Along with this, it can also be said that competition changes the demand of products and services and it affects customer's preferences. There are varied substitute companies in the market place that have the same products and services which not only affect existing demand for services, but also it brings several transformations in the companies. Along with this, it is also identified that because of substitute products, companies invest more in innovative and creative services.

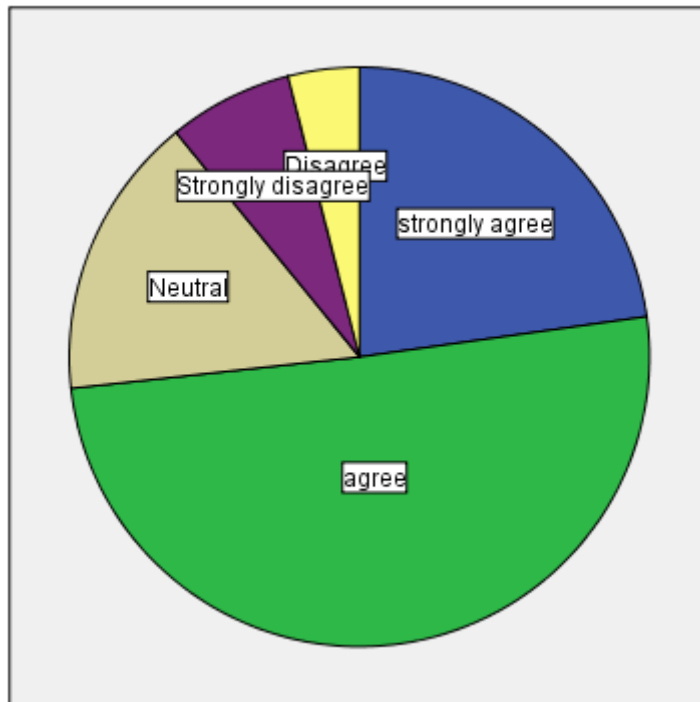
However, there is less presence of proper substitute products and services in the airline industry. Still, transportation mediums, like trains and buses, are considered as substitute to that industry.

Question 15: Do you agree that challenges in airline industry have a direct impact on performance of the business?

Airline business					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	23	22.8	22.8	22.8
	Agree	51	50.5	50.5	73.3
	Neutral	16	15.8	15.8	89.1

	Strongly disagree	7	6.9	6.9	96.0
	Disagree	4	4.0	4.0	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	5
Median	2	Mode	2
Average	2.1881	Std Dev	0.9922



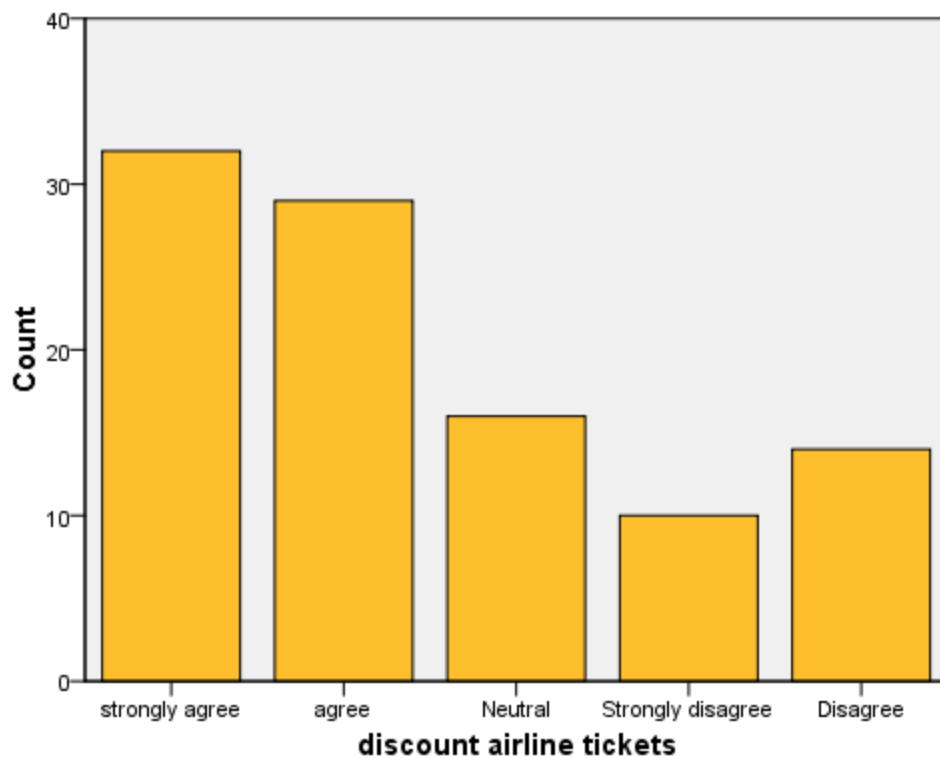
It is quite usual that challenges of any business negatively affect its financial business. During the study, the researcher asked about respondents' opinions regarding the same matter. Through the survey, it has been noticed that, 73.3% of respondents agreed that airline business is highly affected due to various business challenges. On the other side, 10.9% of respondents out of 101 have not agreed with the fact. Moreover, they feel that their organization has not faced any issues, which can affect their business. The remaining 15.8% of respondents kept neutral during that scenario.

Along with this, the respondents added that when challenges and risks are not resolved in a stipulated time period, then it creates further risks for the airline companies. There are several dimensions based on which challenges appear in the business and which also impedes the performance facets. This includes business profitability, customer base, sales, and profitability. Henceforth, it is clear that there are varied dimensions that affect the overall performance of airline companies. Thus, business challenges should be resolved during the time it appears.

Question 16: Do you agree that discount airline tickets have a direct impact on performance of the business?

Discount airline tickets					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	32	31.7	31.7	31.7
	Agree	29	28.7	28.7	60.4
	Neutral	16	15.8	15.8	76.2
	Strongly disagree	10	9.9	9.9	86.1
	Disagree	14	13.9	13.9	100.0
	Total	101	100.0	100.0	

Minimum	1	Maximum	5
Median	2	Mode	1
Average	2.4554	Std Dev	1.3825



Airline organizations periodically provide discounts offered to their customers in order to retain their old customers along with generating new customers. Other research has not given any clear picture about the impact on the organization while issuing these discounts. The researcher of the current study asked respondents about performance on the business while issuing discounted tickets. 60.4% of respondents have agreed that business performance is highly geared up whenever they issue discounted tickets. However, 23.8% of respondents have observed, due to issuing discounts in the ticket price, performance of the business does not get affected. 15.8% of respondents remained neutral to that context.

## 4.2 PRINCIPAL COMPONENT ANALYSIS (PCA) FOR EACH RESEARCH

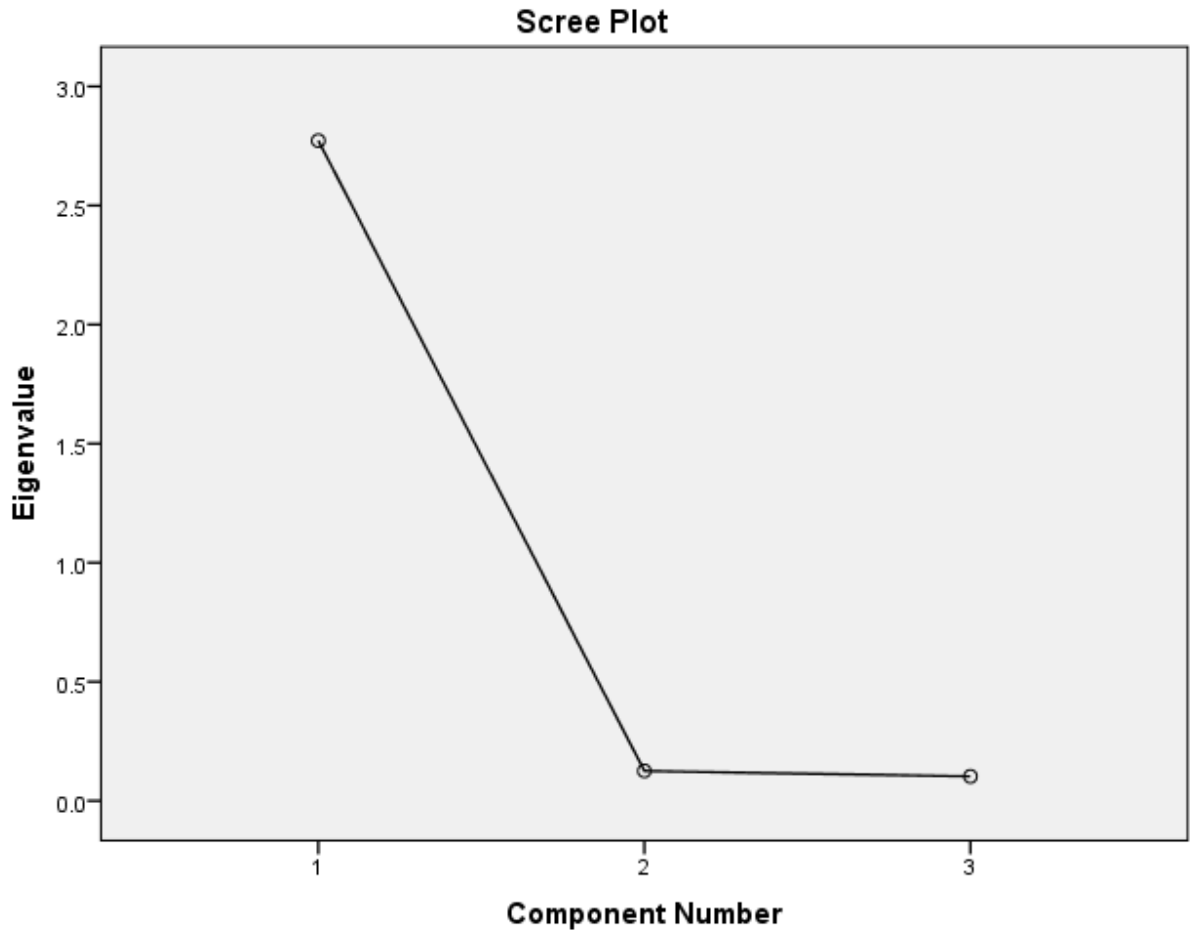
### QUESTION

The researcher applied the principal component analysis (PCA) method by using the SPSS tool to reduce a large set of variables to a small set that still contains most of the information in the large set.

#### Research Question 1

Anti-image Matrices				
		Substitute products	Airline business	Discount airline tickets
Anti-image Covariance	Substitute products	.183	-.074	-.073
	Airline business	-.074	.157	-.086
	Discount airline tickets	-.073	-.086	.159
Anti-image Correlation	Substitute products	.806 <sup>a</sup>	-.438	-.425
	Airline business	-.438	.764 <sup>a</sup>	-.544
	Discount airline tickets	-.425	-.544	.768 <sup>a</sup>
a. Measures of Sampling Adequacy(MSA)				

Total Variance Explained						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.772	92.408	92.408	2.772	92.408	92.408
2	.125	4.178	96.586			
3	.102	3.414	100.000			
Extraction Method: Principal Component Analysis						



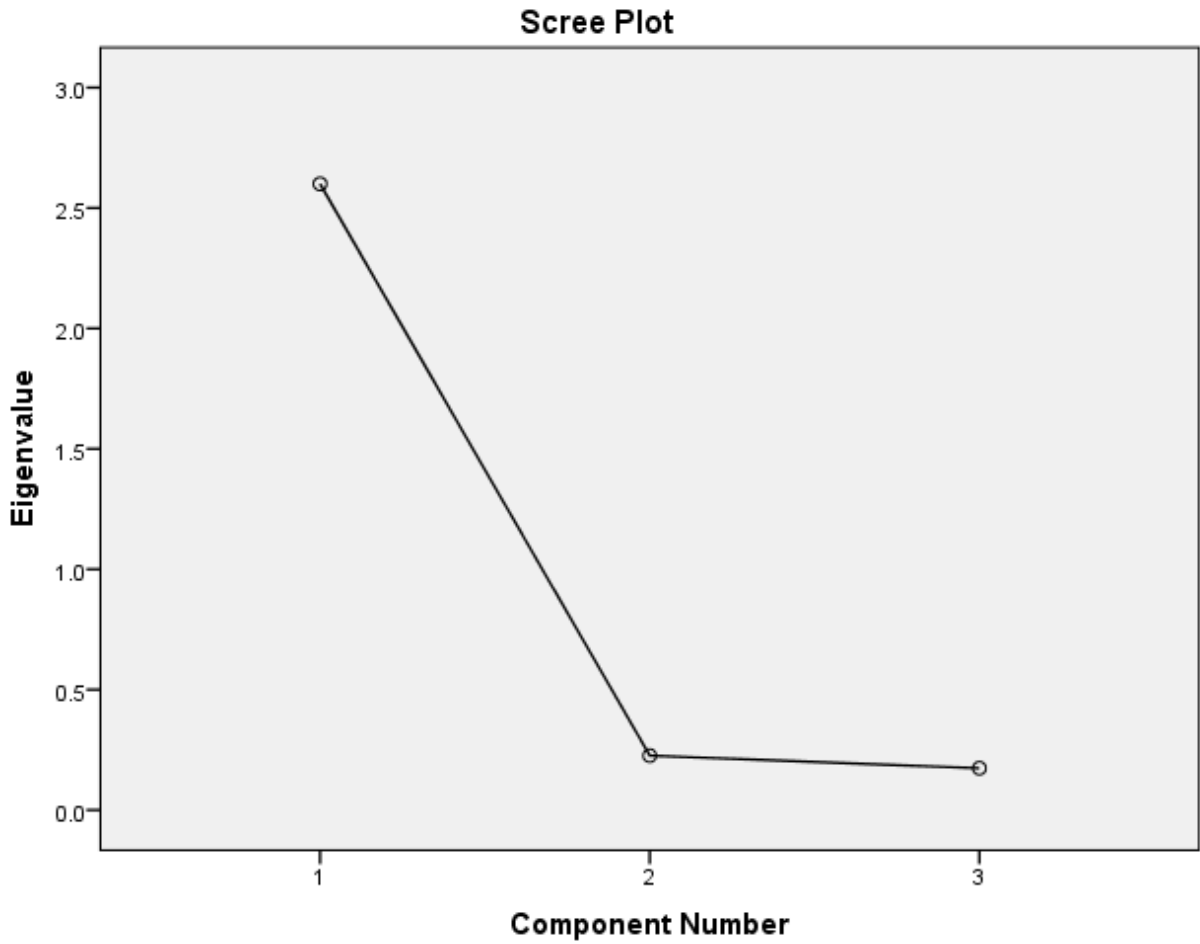
There are three components involved with measuring the present scenario of airline industry, which are substitute products, airline business, and discount airline tickets. Out of the three components, principle component analysis (PCA) has revealed that the total value of Initial Eigen-values for substitute product is 2.772, on the other side Initial Eigen-values for business challenges and ticket prices are .125 and .102, respectively. Therefore, it can be considered that, for the present scenario of airline industry, the most significant aspect is due to substitute products.



Research Question 2

Anti-image Matrices				
		High regulation	frequent changes of price	Market price
Anti-image Covariance	High regulation	.257	-.143	-.130
	Frequent changes of price	-.143	.286	-.103
	Market price	-.130	-.103	.314
Anti-image Correlation	High regulation	.730 <sup>a</sup>	-.529	-.457
	Frequent changes of price	-.529	.762 <sup>a</sup>	-.345
	Market price	-.457	-.345	.792 <sup>a</sup>
a. Measures of Sampling Adequacy(MSA)				

Total Variance Explained						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.600	86.681	86.681	2.600	86.681	86.681
2	.226	7.534	94.215			
3	.174	5.785	100.000			
Extraction Method: Principal Component Analysis						



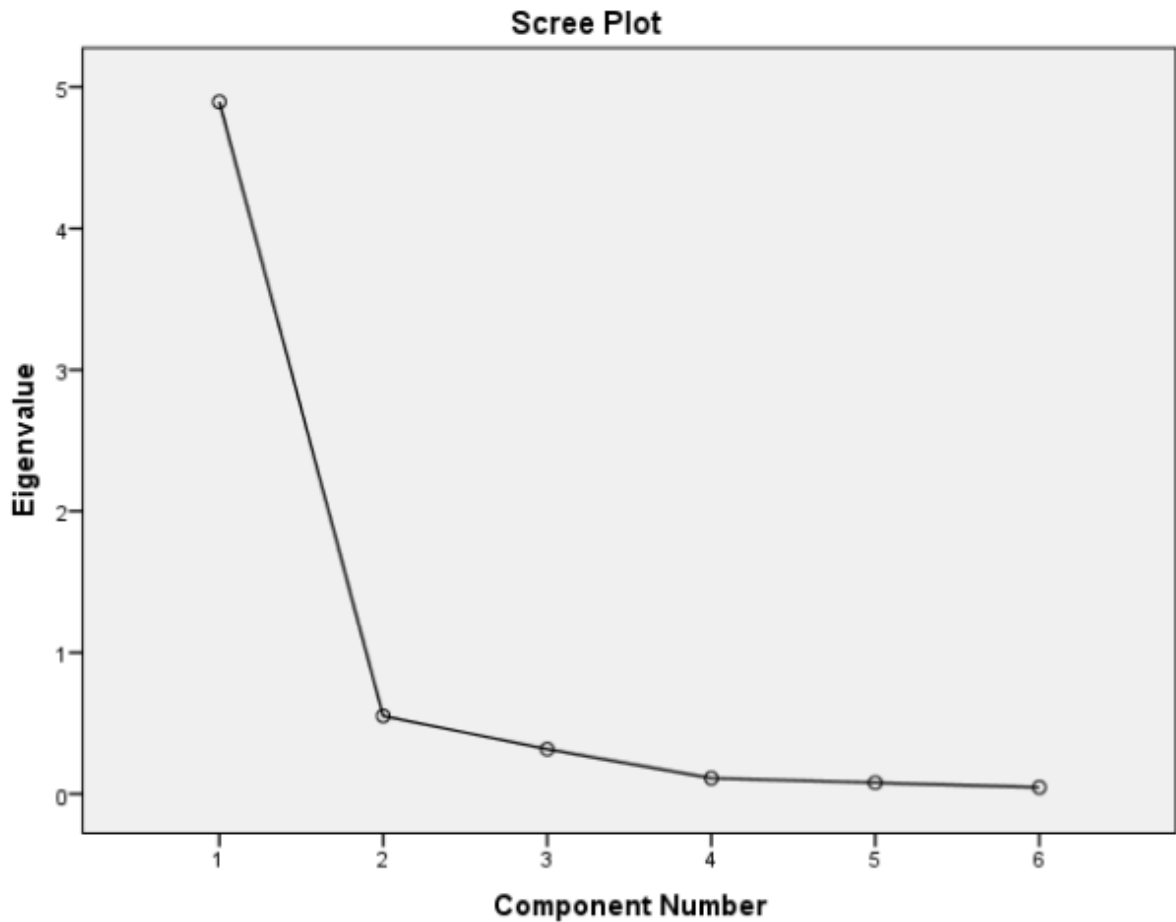
The second research question also includes three components, which are high regulation, frequent fuel price changes, and market price. Total initial eigen-values for government regulation is 2.600, while Initial Eigen-values for fuel price changes and market price is .226 and .174. Therefore, it can be considered that high regulation can be considered as the most influential factor, which introduces challenges in the airline industry.

Research Question 3

Anti-image Matrices							
		Operati onal Issues	Compe tition issue	Custo mer expect ation issue	Fuel price issue	Legal frame work issue	Rising air traffic issue
Anti-image Covariance	Operational Issues	.317	.034	-.040	-.021	-.044	-.072
	Competition issue	.034	.090	.007	-.043	-.046	-.049
	Customer expectation issue	-.040	.007	.119	-.064	-.022	.035
	Fuel price issue	-.021	-.043	-.064	.082	.001	.030
	Legal framework	-.044	-.046	-.022	.001	.098	-.066

	issue						
	Rising air traffic issue	-.072	-.049	.035	.030	-.066	.305
Anti-image Correlation	Operational Issues	.926 <sup>a</sup>	.201	-.206	-.132	-.249	-.231
	Competition issue	.201	.845 <sup>a</sup>	.067	-.506	-.495	-.293
	Customer expectation issue	-.206	.067	.854 <sup>a</sup>	-.644	-.204	.184
	Fuel price issue	-.132	-.506	-.644	.821 <sup>a</sup>	.006	.193
	Legal framework issue	-.249	-.495	-.204	.006	.877 <sup>a</sup>	-.380
	Rising air traffic issue	-.231	-.293	.184	.193	-.380	.863 <sup>a</sup>

Total Variance Explained							
Component	Initial Eigen values			Extraction Sums of Squared Loadings			
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	4.895	81.586	81.586	4.895	81.586	81.586	
2	.551	9.190	90.776				
3	.317	5.281	96.058				
4	.111	1.854	97.912				
5	.079	1.316	99.228				
6	.046	.772	100.000				
Extraction Method: Principal Component Analysis							



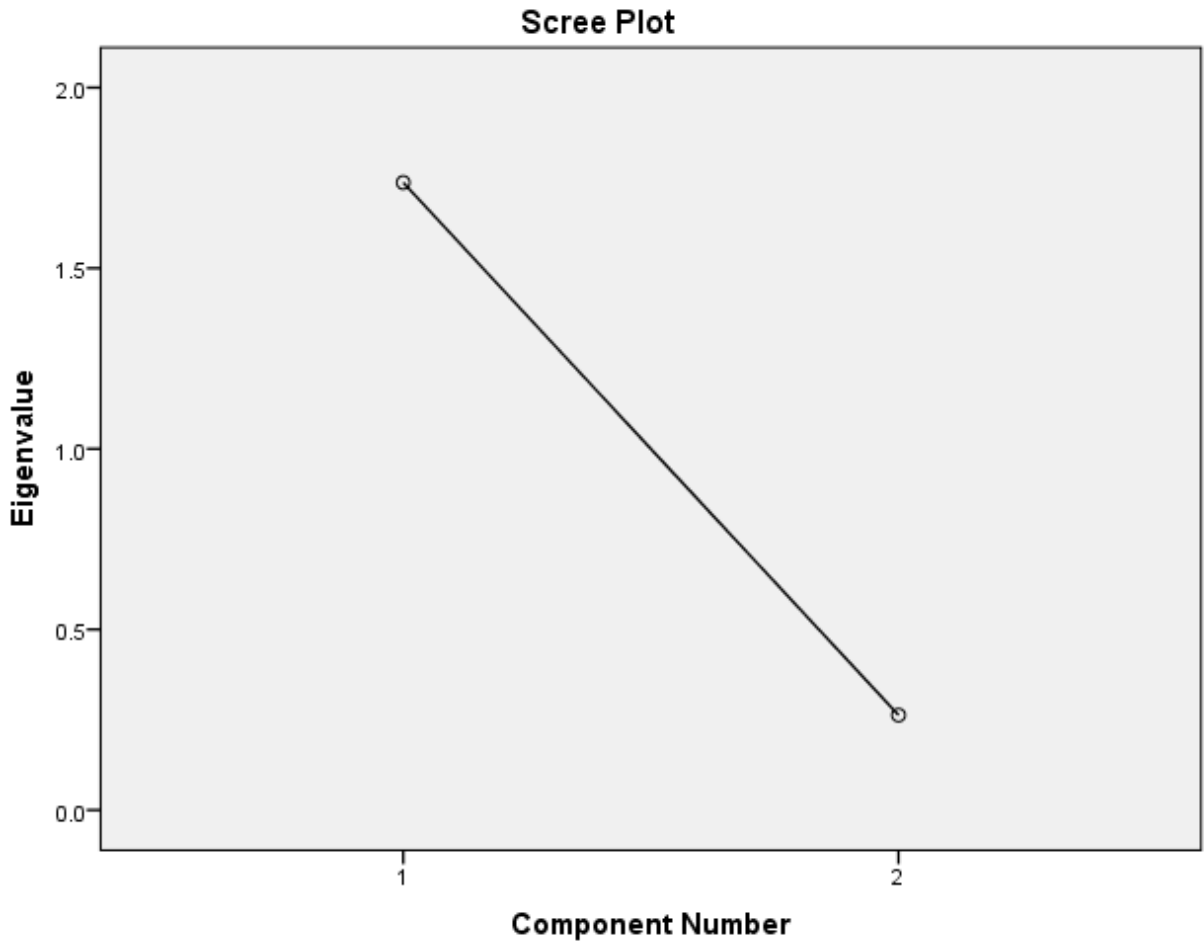
The study has found six different issues that impact the business of the airline industry. The six issues are operational issue, competition issue, customer expectation issue, fuel price issue, legal framework issue, and rising air traffic issue. PCA analysis has observed the total initial eigen-values of operational issue is 4.895, which is comparatively higher than any other issue. Therefore, it can be considered that operational issues have a significantly higher negative impact in the business of the airline industry.

Research Question 4

Anti-image Matrices			
		organizational strategy	perceive marketing
Anti-image Covariance	Organizational strategy	.457	-.337
	Perceive marketing	-.337	.457
Anti-image Correlation	Organizational strategy	.500 <sup>a</sup>	-.737
	Perceive marketing	-.737	.500 <sup>a</sup>
a. Measures of Sampling Adequacy(MSA)			



Total Variance Explained						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.737	86.854	86.854	1.737	86.854	86.854
2	.263	13.146	100.000			
Extraction Method: Principal Component Analysis						



Two initiatives have been taken by the airline industries in order to manage unwanted situations into their businesses. These initiatives are organizational strategy and perceived marketing. According to principal component analysis, it has been observed that the total value of initial eigen-values for organizational strategy is 1.737 and the initial eigen-values for perceived marketing is .263. Therefore, it can be considered that organizational strategies are the most effective initiative taken by airline organizations in order to overcome various challenges.

### **4.3 SUMMARY**

The first seven questions of the questionnaire have determined six different issues that are faced by various aviation industries. These questions also fulfil the third research question of the study. Moreover, it has been found that operation management, competition from competitors, not meeting customer expectation, fuel price hike, strict legal framework and rinsing of air traffic are some common issues faced by airline industries.

The study has observed that airline companies handle various issues in two different ways. Organizational strategy and perceived marketing are two approaches that an organization has considered in order to overcome existing issues and sustain the business growth.

Market price, fuel price and high legal restriction are some common key factors that introduce challenges in the airline industry. Questions number 11, 12, and 13 of the questionnaire fulfil the second research question of the study.

Questions 14, 15, and 16 have observed current conditions of the airline industry. It has been observed that due to increasing of substitute products, the airline industry is highly impacted. Moreover, it has been observed that due to providing discounts in the ticket price, performance in the business is getting significantly higher.

## **CHAPTER V**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 CONCLUSIONS**

From the study carried out, it can be concluded that there are large number of issues and challenges that are being faced by the companies operating in the airline industry. At present, conducting a smooth flow of all operations and activities is no longer an easy task for companies. The issues and challenges resulted in creating different types of obstacles for businesses in terms of achieving desired objectives and aims. Companies are required to make changes in their strategies and overall action plans at regular intervals due to the present working environment of the airline industry. Here, adequate cooperation and efforts from the staff members is essential to cope with the business environment, which is changing at a rapid pace.

From the information collected through primary and secondary data, it can be inferred that the businesses in the airline industry have also started facing issues linked with operations management. The rising competition, prices of fuel and rate of staff turnover can be termed as the main operational issues, which companies operating in the airline industry are presently facing. Due to the high demand of airline services, the consumption of fuel has increased to a great extent. At the same time, rising prices of oil have resulted in developing different kinds of obstacles for the organizations that are operating in the selected industry. The pressure of operating with low price strategy is constantly increasing due to new entry of different low cost airlines in the sector.

Companies are not able to determine suitable strategies to attract new customers and retain the old ones in every possible manner. The data collected from different sources also reflects the fact that a majority of the companies is facing issues linked with declining sales, profitability and customer base because they are not able to meet the expectations of the customers. It is suggested that the business should conduct market research at regular intervals to identify the changing need and demand of people or potential customers in the target market. However, organizations do not emphasise on carrying out market research because it consumes lots of time, resources, and efforts. Market research is now essential because it can provide businesses with information about changing customer demand and market trends. Based on the information or data collected, companies can carry out adequate changes in their business strategies and services to meet the customer demand in the best possible manner.

From the study conducted above, it can be inferred that businesses operating in the airline industry are losing their market share and customer base due to their failure of meeting customer expectations. Furthermore, the cost of carrying out business operations is very high and at the same time, these organizations are required to offer products and services at prices that are low. This creates complications for companies in terms of managing their overall operations and business activities in the long run. The data collected from secondary sources reflects the fact that the airline companies have carried out price discrimination which is ultimately affecting the customers present in the industry. For instance, brands such as Spirit are charging extra money from customers for check-in luggage whereas airlines such as Southwest are offering these kinds of services

at prices that are conveniently very low as compared to other brands operating in the marketplace.

The information collected using different sources also highlights that the businesses in the airline industry are facing challenges linked with fierce competition. Nowadays, people or customers in the target market have a large number of options and alternatives to choose from. Here, attaining a high degree of satisfaction among customer has become a very complicated and a challenging task for organizations. In situations where customers are not satisfied with the services offered by a particular airline then they will prefer to use the services offered by other brands in the market. The adverse impact of this situation can be observed on areas such as sales, profitability, and existing customer base of a business enterprise.

On the other side of this, the fluctuations in prices of oil have also emerged as a big challenge for all the companies operating in the sector. Fuel is considered as one of the most important elements required for smooth functioning of the airline business. However, the drop down in prices provide companies with an opportunity to enhance their volume of profit, whereas, an increase in the price of fuel directly results in lowering the profit volume of these businesses. Now, the most important challenge is linked with maintaining the desired volume of sales, revenue, and profitability. Here, the airline brands are required to develop effective strategies and action plans to attain desired objectives of sales and profitability. At the same time, adequate monitoring of

those strategies and plans is required to make sure that the company is heading towards the right direction.

Another issue identified by the researcher is associated with the increase in market price, which makes the overall industry more competitive. The figure of sales and profitability tend to fall when companies start offering the airline related products and services at high prices. It becomes very complicated for businesses that are operating at the small scale to manage their operational cost and attract the desired number of customers in the long run. It can be also expressed that big business may not face many complications in dealing with issues such as rising cost but for a small enterprise, it is very difficult to deal with challenges linked with intense competition.

The companies are also required to carry out changes in their existing technology to stay competitive in the marketplace. It can be stated that it is not an easy task for businesses, as they are required to invest a large number of resources during that time. Sometimes, these companies face issues such as employees' resistance to change where the staff members are not ready to cope with changes that are being carried out at regular intervals. An adequate amount of financial resources is required by organizations to implement new technology or up-grade the existing ones. However, it can be inferred that it becomes very complicated for companies to arrange financial resources in situations where profit margins are very low due to intense competition. The challenges faced by the airline industry are very high and businesses are required to develop effective strategies to deal with these issues and challenges. To attract adequate customers and

carry out smooth flow of operations, effective strategies are now essential for brands operating in the airline industry.

It can be concluded that a negative perception has been developed among customers because of the challenges and issues faced by companies. The overall brand image of airline businesses has been adversely affected by these issues. This can be considered as a major threat for all the small and large scale companies that are operating in the marketplace. An adequate support and assistance from all the external and internal stakeholders is now vital in terms of achieving the desired growth and success within the entire industry. Customers are considered as a king of every industry and thus, all the strategies should be developed by keeping the changing need and demand of customers in mind. However, sustainability is another major challenge all the businesses in the airline industry are facing. The pressure to adopt more sustainable practices within operations and activities is constantly increasing and this has emerged as a big problem for the entire industry.

The carbon emission and pollution emerged due to airline operations and is considered a major threat for the overall environment. It can be stated that increasing pollution has also resulted in enhancing the degree of global warming. A negative perception about the entire airline industry has been developed due to the harm that airlines have caused to the overall living environment. The air traffic has increased to a great extent and this has resulted in causing delays in flights. The ultimate impact of this can be seen overall in the degree of customer satisfaction. Flight delays also encourage



customers to switch to the services offered by other companies in the marketplace. Different types of strategic plans are developed by businesses but, still, today companies are not able to attain desired results. Small airlines are expanding at a rapid pace and it is expected that in the future, the competition will become more intense within the industry.

The rate of staff turnover is also increasing and nowadays, it has become very complicated for airline organizations to develop effective strategies that can reduce the rate of employee turnover. The causes of employee turnover include lack of growth opportunities, inadequate pay, and frequent changes and growing practices of discrimination within the entire industry. Most of the time, the staff members are being discriminated on the basis of different demographic variables such as age, gender, cultural and educational background. These kinds of situations develop a high degree of dissatisfaction among workers and also results in hampering their productivity to a great extent. To deal with the issue of discrimination, effective plans and policies can be developed and implemented by companies.

Strict regulations and anti-discrimination practices can play a very critical role in dealing with issues linked to discrimination. To overcome these challenges linked to increasing staff turnover, the companies operating in the airline industry are required to focus on offering satisfactory pay and better working conditions. At the same time, companies can put more emphasis on conducting training and development sessions for the staff members. The advantage of such sessions is that they will provide workers with adequate opportunities for personal growth and development. In addition to this, the

employees will be able to learn about different tools and techniques of change management, which can be taken into consideration to cope with the technological changes businesses carry out at frequent intervals.

## **5.2 RECOMMENDATIONS**

It is recommended to the airline companies to carry out external analysis on a continuous basis through PESTLE (Political environment, Economic factors, Socio-cultural factors, Technological changes, Legal issues, Environmental Aspects) as through this it is possible for them to know the external challenges that affect business operations. Through this, it is possible for the companies to take corrective actions well in advance to reduce the level of challenges and create favourable results for the business.

Every airline company must try to develop some unique service that is highly differentiated as through this it is possible to highlight some unique attributes in the service range and, in turn, will act as a development tool for the entire company. The reason behind recommending this strategy is that the airline industry is highly competitive and at the global level, a large number of companies are operating in the market. Therefore, introduction of some advanced services can surely assist in attracting large numbers of customers towards the service range and this can be advantageous for the long term.

Financial related challenges are also mainly faced by the airline companies and to reduce the level of financial issues, it is necessary for the firms to indulge into the practice of financial planning. Through this technique, it will be possible for the

companies to satisfy financial needs of the business in the best possible manner. Apart from this, budgeting techniques can also be undertaken such that airline companies can satisfy their future financial need and forecasting of future expense can take place easily.

Government laws and regulations play a significant role in the airline industry and it is necessary for the companies to ensure well in advance that its practices are in accordance with the government regulations. It is recommended to comply with the government guidelines so that long-term performance of the company can be well maintained.

Marketing and promotion of services must be mainly carried out with the help of social media, as the effectiveness of this source is quite high as compared with others. Through social media, every company can highlight unique attributes in its service and it will have a positive impact on the long-term performance of the businesses operating in the market.

It is recommended to focus more on marketing activities as in the competitive market it is one of the most effective modes through which airline companies can maintain their market share and they can easily operate for longer period of time.

Competitor analysis must be carried out on a continuous basis so the airline companies can plan the strategies to deal with the different challenges involving technology, competition, political, etc.

For airline companies that are offering services at a very high price, it is recommended to offer some additional benefits to the customers such as discounts, and other forms of offers can be introduced through which monetary benefits can be delivered to the target market. This will support the company in retaining customers for longer periods of time and this can act as a development tool for the businesses.

Human resource related challenges are also critical and affects the efficiency of the airline company. So, in order to manage human resource related issues, it is recommended the companies adopt some motivational tools, like reward strategies, which can be introduced for managing workforce in a proper manner.

A democratic leadership style must be adopted such that the employees can be easily involved in the major operations of the business that will create favourable outcomes for the companies in the best possible manner.

Substitute of every airline service is easily present at the international level and this is one of the main reasons every company is required to introduce some unique service for attracting customers and satisfying their need in the best possible manner.

The challenge faced by the airline company is rising cost of operations and in order to tackle this issue, it is necessary for all the companies to identify the main areas where it is possible for them to reduce the overall cost associated with carrying out the major operations. This will have a positive impact on the profits of the company, as adequate amounts of funds will be left with the company for carrying out the main operations.

Proper maintenance of aircraft and fleet must be carried out on a continuous basis so that safety related challenges might not arise. Government pressure regarding adoption of safety practices is high and due to this reason every airline company has to take corrective action for ensuring that its fleets are safe to travel. This will also somehow assist in managing the overall performance of airline companies in the market.

Rise in fuel price is also one of the challenges in the airline industry. Therefore, to tackle this issue it is recommended to the airline companies to allocate large funds in fuel and other operations that are significant and they can focus on reduction of other expenses. So, in this case, if fuel prices rise at a faster pace than companies can handle, such situations will affect the profitability level less.

For dealing with the challenges in a better manner, it is required for the top management to take advice of the operation staff and other employees that are working in the company. Obtaining more and more suggestions from the employees working in the company will surely bring positive results for the firm. Every staff member will give new ideas for the betterment of the company and it will easily allow the company to tackle different issues present in the business environment.

Proper market analysis must be carried out on a continuous basis to know customer preferences and changing trends for understanding customer needs. In the competitive market, it is necessary for the airline companies to know the need and requirement of the customers as it changes rapidly.

Further, loyalty programs and customer engagement practices must be developed on continuous basis so the customer can be easily encouraged to purchase services of any specific airline industry and it will bring different types of benefits for the airline company such as a strong customer base, positive brand image, etc.

It is recommended for the airline companies to introduce some form of customer feedback system like obtaining feedback from customers through their personal email or within flights, etc. This will assist a lot in understanding whether customers are satisfied with the services rendered to them or if any type of modification is needed. Apart from this, feedback of the customers will also assist companies in dealing with the issue of competition prevailing in the market and it will act as a development tool for the businesses.

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## **APPENDIX**

“The return of your completed questionnaire constitutes your informed consent to act as a participant in this research”

## QUESTIONNAIRE

Q1. Do you think the present environment of the airline industry is feasible?

- Yes
- No
- Do not know

Q2. Do you experience any issues in operational management?

- Always
- Sometimes
- Never

Q3. Do you think increasing competition is a challenge for the airline industry?

- Yes
- No
- Do not know

Q4. Do you think customer expectation is one of the major challenges faced by the airline industry?

- Yes

- No
- Do not know

Q5. Do you think that changes in fuel prices affects the airline industry on greater extent?

- Yes
- No
- Do not know

Q6. Do you think that because of legal framework challenges in the airline industry is increasing?

- Yes
- No
- Do not know

Q7. Do you perceive rising air traffic is one of the challenges in the airline industry?

- Yes
- No

Q8. Which is the main area affected due to presence of challenges in the airline industry?

- Sales
- Profitability
- Market share
- Other

Q9. Does your organizational strategy contribute in reducing the impact of challenges?

- Yes
- No

Q10. Do you perceive marketing as one of the best option to deal with the challenge of competition?

- Yes
- No

Q11. In your view, does high regulation in the airline industry acts as a barrier in conducting operations?

- Yes
- No

Q12. Do you agree that increase in market price leads to more challenges in the airline industry?

- Strongly agree
- Agree
- Neutral
- Strongly disagree
- Disagree



Q13. Do you agree that customers are developing negative perception about airline services because of the rising challenges?

- Strongly agree
- Agree
- Neutral
- Strongly disagree
- Disagree

Q14. Do you agree that substitute products are increasing competition for the airline industry?

- Strongly agree
- Agree
- Neutral
- Strongly disagree
- Disagree

Q15. Do you agree that challenges in the airline industry have a direct impact on performance of the business?

- Strongly agree
- Agree
- Neutral
- Strongly disagree

- Disagree

Q16. Do you agree that discount airline tickets have a direct impact on performance of the business?

- Strongly agree
- Agree
- Neutral
- Strongly disagree
- Disagree