

Aviation Management: Navigating Through Turbulent Times

Professor Andreas Wald
Editor-in-Chief, International Journal of Aviation Management
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The aviation industry is one of the most fascinating but also one of the most contradictory industries. On the one hand, there is continuing long-term growth. Over the past 50 years the average annual growth rate of the airline business was 5%. Although the industry was severely hit by the recent economic crisis, this trend is predicted to continue over the next decades. On the other hand, cut-throat competition, tiny profit margins, soaring fuel prices, a high share of fixed costs, and pressure from environmental groups and regulative authorities pose serious challenges to aviation managers. In fact, many airlines are not even earning their cost of capital. The aviation industry is a highly cyclical one which is particularly prone to external shocks and crises.

The specific traits of the aviation industry result in a high degree of dynamism and complexity which makes it an interesting field of study. A current example of its dynamism is the recent development of the aviation industry in the Gulf States, i.e. Dubai and Abu Dhabi. Oil-rich countries try to diversify their economies by strategically investing in air transport infrastructure on the ground and in the air. These investments lead to a tremendous growth of carriers such as Emirates or Etihad. But the increasing capacity in the air and on the ground cannot be filled with passengers flying to and from this region alone. However, the favourable geographic position of the Gulf States helps to redirect traffic flow between Europe and Asia as well as between North America and Asia via the hubs in Dubai or other airports of this region. These changes will have a direct (and negative) impact on major European and Asian airlines. Finally, this development may lead to a significant restructuring of global flight patterns and of competition structures.

The complexity of the aviation industry is evident in the various interdependencies of its various actors. Airlines, airports, aircraft manufactures, ground handling agencies, air traffic control and other organisations have to co-ordinate their activities for enabling further growth of the industry. As an example, many major airports operate at their capacity limits and further growth can only be realised by infrastructure expansion or by more efficient use of the existing infrastructure. At the same time, these airports face congestion problems on the ground as many airports strongly depend on cars as the main access mode. A better intermodal integration of airports may solve parts of this problem. Airports around the world work on improving the connectivity between air, rail, road and water. For instance, the integration of air and rail bears not only the potential for improving ground access to the airport, but may also increase airside capacity. High-speed trains linked directly to the airport replace short-haul feeder flights. The freed runway capacity can then be used for high-volume long-haul flights. Co-ordinated schedules between airlines and railway companies and direct baggage check-through opportunities at intermodal terminals will also enhance customer comfort.

To offer academics and practitioners a forum for analysis and discussion in the field of aviation management, the International Journal of Aviation Management (IJAM) addresses major management issues facing the aviation industry today. Published papers cover all of the industry's major actors: airlines, airports, air traffic control and related organisations. IJAM is edited by Professor Andreas Wald, Dean of Faculty and Research and Professor of Management and Strategy at the European Business School in Paris (France). His research centres on strategic aspects of the aviation industry. In particular, he is interested in the evolution of business models of airlines, the environmental impact of aviation, and mergers and acquisitions. Professor Jaideep Motwani, Chair and Professor of Management at the Seidman School of Business, Grand Valley State University in Grand Rapids (USA), is Co-Editor-in-Chief of IJAM. His research in aviation focuses on supply chain management

and operations. Both editors co-operate with Professor Gleich from the Aviation Management Institute of the EBS Business School (Germany), who is also a member of IJAM's editorial board.