PHILOSOPHICAL BLUNDERS WITHIN THE CARICOM AVIATION INDUSTRY

Vaman Bajnath
Former BWIA Airline Pilot

ABSTRACT

The worsening state of affairs in the Caribbean Community (Caricom) aviation industry is undeserved. Philosophical blunders perpetuate the foremost regional state air carriers. The Regulatory Authorities lack the leadership zest to drive change. There is urgent need to revisit the 1996 Multilateral Air Service Agreement (MASA) and re-engage Caricom Governments, State Air Carriers, and Regulatory Aviation Authorities to relight the region’s aviation industry vision. Leaders must focus their collective effort towards a viable and dependable air transport industry infrastructure. The leadership miscalculations are causing weighty financial losses while adding to the air network deterioration.

Keywords: Philosophical Blunders; Leadership miscalculations; Caricom Aviation; Regulatory Frustrations

Dr. Captain Vaman Bajnath is a former BWIA Airline Pilot of 35 years, of which 13 years functioned as Second in Command of Boeing 707 series, DC 9 series, MD 80 series, Lockheed Tristar 500 and 22 years served as Jet Captain on DC9, MD80, L1011-Tristar 500, and A340-300, flying regularly to Europe, N & S America, & the Caribbean. He holds an Executive Masters of Business Administration and a Doctorate of Business Administration from the University of The West Indies (UWI), St. Augustine. He is currently a Part-time University Lecturer and Aviation Industry Consultant. Email: bajair1996@gmail.com
1. INTRODUCTION
The situation within the Caricom regional aviation industry is becoming unwarranted. Caribbean Airlines Ltd (CAL) and Leeward Island Air Transport (LIAT) the key players serving the long-standing Caricom bloc are struggling to stay afloat. The pronounced Caricom regional aviation industry philosophical vision collectively agreed by the Caricom Heads of State in 1996 has not received traction. The leadership within airlines and regulatory authorities are not mindful of the collaborative Caricom ideology which sets the stage for a viable economic space conjointly driving progression for the regional citizenry. Regional commentators believe the leadership failures within state airlines are tied to political mandates.

This paper explores amongst others, the two crucial dynamics, airline philosophy and politics, and how the intermingling is frustrating progress and causing turmoil. State airlines continue with botched decisions, the outcomes annoying the travelling public. Conversely, many infant and emerging economies recognizing the need for growth have engaged into collaboration to open up aviation markets via step by step deregulation while inching towards open skies policies. Why is this pattern of affairs enduring within Caricom? Using regional airline cases supported by secondary sources, this paper attempts to unravel the lead up into the current status. The existing paradigm is contrasted with lessons from successful business models. Following the conclusion are forthright recommendations for the leadership.

2. THEORETICAL UNDERPINNINGS
Philosophy is idiosyncratic to individuals. To explain this phenomenon deeper is beyond the scope of this paper. In essence, a leader’s philosophy, depending on the way that person is mystically (or not) and socially wired, will craft the way such a person adopt a leadership style at conducting the management and business activities. A person copying a philosophical or creative idea and proceed to implement such ideology is taking the organization towards a misfortune. Likewise, when all else fails and leaders are faced with strategic struggles, they have a tendency to mimic their past organizational directives at a previous firm. Firms are
unique, each with their own characteristics. Hence, the importance of the philosophical examination within the due diligence process on prospective top management hires. Even within the firm, this process is vital since persons may advance upward to become the CEO someday (Ivancevich 2004).

How the leader sees the world stems from rooted virtues. That vision may be quite different from the proposed firm’s vision. However, the two can merge to form a hybrid and this may become the CEO’s philosophical posture and that of the firm’s working model. Therefore, knowing the circumstances behind a Leader’s thinking is crucial to organizational outcomes. Furthermore, the Human Resource (HR) Management Philosophy is more about the developed leadership style of the top management, the trickle down corporate culture, and values. The philosophy determines how the mission or a purpose and objectives are to be achieved. The passion for success is what fuels everything. Shared passion, that shared belief, is what motivates employees and other stakeholders, gives them the sense of belonging, and excites them about accomplishing the same mission and being a part of the movement. Ultimately, it is all about the philosophical vision of the leader of the organization (Ivancevich 2004).

3. BACKGROUND IN THE FOREMOST CARICOM STATE CARRIERS

We spend very little time trying to figure out the philosophy of the leaders within the firm. What is their background? What are they thinking about? Where did they get those ideas from on how to run the organization? Did they succeed or became a failure at the previous work place? Do they have any passion for the business success? What are the leader’s vision, mission or purpose, and objectives for the business? In what direction is the leader heading? You need to ask many more questions to get a pattern of their habits and expectations. At British West Indian Airways (BWIA), an airline enduring for more than six decades, a foreign CEO was hired to re-engineer the airline and create a so-called, “new airline.”
BWIA airline had a chequered history inclusive of countless management turnover, multiple visions, missions impossible with a limited aircraft fleet, full government control to a private partnership divestment failure and back to full government control. And not forgetting a hurried Initial Public Offering (IPO) to stave off serious debt, and ultimately removed from the securities market due to a precipitous share value resulting in catastrophic failure (Browne 2003). At no time over the last two decades the airline ever took a clear direction until its demise in 2007. These events had most employees confused, helpless, and unable to contribute to any turnaround. All the healthy recommendations together with countless appeals from stakeholders for re-structuring BWIA went unresponsive. Such was the importance of the airline. After a lifespan of 66 years this major carrier was on its way to becoming extinct. The news shook the Caribbean (ATW 2006).

The process of re-engineering the airline began with the hiring of a foreign CEO in March 2006 (Morris 2006). By September 2006, in collaboration with the CEO, the decision of a full closure was agreed and sanctioned by the Government of Trinidad and Tobago (T&T). The pride of the Caribbean was to be laid to rest and re-incarnate into the new entity called Caribbean Airlines Ltd (CAL) in January 2007 (ATW 2006). After the announcement speculative rumors were flying system-wide in the organization. Feeling insecure, the brain drain of the brightest and best skilled employees began since there was absolute silence on the CEO’s strategic moves. His strategic re-engineering method commenced with the planned closing down of the present operational airline, lay-off the entire thousands of devoted staff, and re-hire bare minimum using an external hiring agency. Some of the new policies and procedures included disbanding seniority, dispersing all the “watchdog” unions, introduction of informal appraisal systems, individual employment contracts maximizing the human resources, disposal of selected airline assets and non-productive routes. A key operational objective was to create an altered culture of maximum productivity (Morris 2006).
The European CEO left Trinidad, the home base of CAL, soon after the new entity was established. His local Trinidad subordinate replacement followed a similar strategic direction. A major decision he undertook was to replace the Bombardier Dash 8 turbo-propeller airplane fleet with the French ATR turbo-propeller airplanes. With the continued losses into millions of dollars, the challenges with the merger of Air Jamaica, employee dissatisfaction, frequent breakdowns of the ATR fleet, and numerous customer complaints, the replacement CEO was forced to exit CAL after serving one year. The signs evolved of unmanageable operational failure (Sheppard 2010).

Surprisingly after his forced exit from CAL, he was now hired again by regional advocates to take charge of Leeward Islands Air Transport (LIAT), a multiple ownership regional state carrier (Trinidad Guardian 2012). This political appointed CEO brought his philosophical practices from CAL. To attempt profitability as a shareholder mandate, he progressed to disconnect some islands from the route grid. Again, to modernize fuel efficient assets and seek profitability, he undertook the major decision to replace LIAT Bombardier Dash 8 turbo-propeller airplane fleet with the French ATR turbo-propeller airplanes. The debate ensued throughout the Eastern Caribbean on the disconnection of islands when in fact the mission of the carrier is to connect islands (Daily Observer 2013).

Adding further agony to residents, the ATR airplanes are plagued with mechanical deficiencies disrupting planned schedules. This is coupled with aircraft performance issues emanating from the shorter flight island hopping schedules, topographical obstacles and airport infrastructure limitations. Again facing piles of complaints from stakeholders, this time from the Eastern Islands of the Caribbean and especially infuriating the shareholder Heads of those Island States; he was forced out from LIAT (Daily Observer 2013). That carrier should have been cognizant of his chequered past. LIAT remains a disorganized operator with dire financial constraints.
3.1 Current Status of CAL

Since 2007 to present, CAL’s new business model and culture has tottered to gain the full acceptance with the employees and travelling diaspora. The new airline is in fact worse off today as declared by the T&T Government. CAL is manifesting into organizational pandemonium. It lacks leadership while highly dependent on the state for yearly subvention of hundreds of millions of T&T hard working taxpayers’ dollars (Chan-Tack 2017). In spite of the yearly capital subvention it receives plus incoming operational revenue, in December 2013 CAL had a close call, as declared by the fired chief financial officer. CAL narrowly averted having 11 of its Boeing 767 - 800 aircraft seized by hurriedly securing a US$50 million (TT$320 million) loan from T&T First Citizens Bank to cover outstanding arrears owed to the International Lease Finance Corporation (Gumbs 2013).

CAL pressed in the T&T Parliament to answer and be accountable to the nation, the Finance Minister declared State-owned Caribbean Airlines is estimated to have lost US$60 million for the year 2014 (Taitt 2014). Again being asked in Parliament to account on the airline’s troubles, this time in 2015, the Trade Minister admitted the losses being suffered by CAL was due to the calamitous merger with Air Jamaica five years earlier. It has been hurting the airline ever since. To make matters worse for the travelling public, the airline announced effective January 2016 it’s discontinuation of the London Gatwick service (Khelawan 2015c). The two used Boeing 767’s cash purchased from LAN Chile specifically for the route could not stand up to the competition of major airlines with brand new technology. Hands tied by the Board of Directors and frustrated with political interference, the current CEO eventually left the airline (Harrinanan 2015).

In November 2017 CAL management faced the wrath of a Government of Trinidad and Tobago Parliamentary Joint Select Committee (JSC) investigation which demanded drastic organizational changes. The JSC stated, “CAL remains a backward public sector outlay, riddled with unprofitability, inefficiency, and a lack of transparency.” Inclusive of route cuts,
recommended for action are management re-structuring, lay-offs, wage-cuts, wage-freeze, and possibly no more taxpayer subvention (Chan-Tack 2017; Newsday. 2017; Kowlessar 2017). The airline history is again repeating itself from BWIA’s last days.

CAL CEO announced in January 2017 of wet leasing (with a full crew compliment) a Swift Air Airline ATR for three months to supplement the shortfall in services due to the on-going maintenance issues (La Rose 2017a). In December 2017 the ATR commotion continued within the airline with the most recent spill over impacting the air-bridge between the islands Trinidad and Tobago, operated solely by CAL. “CAL to use jets today” is headlined as the airline has found itself with thousands of standby passengers wanting to go back and forth between the islands. These consolidated services operated by the airline’s Boeing 737 jet fleet, in consequence, has disrupted the airlines Boeing 737 international services. Since then the situation has worsened (Wayow 2016; Trinidad Express 2017). The air-bridge calamity has encouraged sit-in-protests at the airports as Tobago flights have been cancelled due to continued ATR maintenance issues and the non-availability of the Boeing jets (La Rose 2017b).

3.2 Current Status of LIAT

LIAT on the other hand has its unique leadership miscalculations and political challenges. There are strong links to the activities of the Regulatory Aviation Authorities (RAA) and the underlying frustrations faced by airlines and general aviation operators. In 2003, LIAT, state owned by the majority shareholder Governments of Barbados, Antigua and Barbuda and St. Vincent and the Grenadines, pleaded to heads from the Organization of Eastern Caribbean States (OECS) on the ineffectiveness of the RAA and blame those in the leadership for their woes. LIAT management continues to repeat, the old rules do not work for them and it is too expensive to follow. They demanded for any progress to be made regionally the RAA must transition to new authorities (Bajnath 2016a; Bajnath 2017a).
Struggling to stay afloat, another CEO is hired, this time from the United Kingdom (LIAT.com 2015). In April 2015 he announced his philosophical revelation for LIAT to take a detour in its strategic direction. This change is popularly welcomed by Barbados. The airline’s new market plan is to increase its services in the Southern Caribbean to engage in rivalry with CAL and snatch market share (Khelawan 2015b). Once again, the Caricom 1996 group vision by States is unheeded. This new strategy is accepted by the shareholder governments by majority vote in a Barbados meeting. They also decided to relocate the airline’s fleet base from the VC Bird International Airport in Antigua, where it has been for decades, to the Grantley Adams International in Barbados. The restructuring plan aimed at creating a viable airline also calls for staff reduction across the organization (Trinidad Express 2015). Meantime, it is saddled with the added cost of holding on to the “hard to dispose of” older Bombardier Dash-8 airplanes while the newer ATR are being delivered, the tenth to land in 2016. Conjointly with this dilemma, cash injection is badly needed and the airline approached the Barbados-based Caribbean Development Bank (CDB) for more financial assistance. The airline has already provided a (US) $65 million to finance the new ATR aircraft (Khelawan 2015b).

Soon after in March 2015, the Prime Minister of Antigua and Barbuda as a shareholder representative in LIAT criticizes plans for an alternate airline to LIAT and relocation to Barbados. He believes this is a sinister plot and he needs more information as to the source of its conception. He vehemently said that his administration would resist efforts to shift the base of the financially-strapped regional airline, to Bridgetown. Adding, he would demand the resignation of the airline’s CEO, if the plans about a new carrier prove to be true. The proposal was discussed at a recent meeting of the Board of Directors; however, the proposal was actually turned down because of the strong objection of the government of Antigua and Barbuda on the issue. Furthermore, the Prime Minister of Antigua and Barbuda is not in agreement of one prime minister being in control of the chairmanship of LIAT when it should be rotated to other members. He also believes because Barbados has the majority of shares that does not give them the right to move everything and the base to Barbados (Trinidad
Complaints continue to pour in on the management style and idealistic outcomes of LIAT. In September 2016 the St. Vincent Prime Minister threatened to withdraw funding to LIAT. Again, the Board and Management of LIAT have come under fire for failing to meet their strategic objectives as well as service targets. The St. Vincent and the Grenadines government says it will not inject any more funds into the cash-strapped regional carrier, until the airline improves its services to the island. The travelling public is faced with numerous challenges, including the lack of information on delays and cancellation of flights. The government reminded the leadership of LIAT that the central mandate of LIAT is to provide the best possible service with the equipment available (CMC 2016).

Fed up with the whole scenario, in April 2017 the LIAT Pilots Association (LIALPA) boldly declared they will not stand by and watch the airline’s financial health continue to deteriorate at massive levels, to the point where LIAT can’t even pay salaries on time. Furthermore, LIALPA said in a statement that it has no other choice but to call on the shareholder governments to remove the current LIAT management (Caribbeannewsnow.com 2017).

4. CONTRIBUTING FACTORS TO THE ANGUISHES

Taxes, fees and surcharges imposed by most Caribbean governments are seriously hurting the tourism industry in the region. The plethora of these taxes and fees tacked on to fares and charges for various airport facilities on both intra-island travellers as well as international visitors are taking a heavy toll on the already overburdened travel industry. Because of this, international airlines have become very selective of the destinations they choose to service in the Caribbean and are now more disposed to mounting services to destinations with lower taxes (Khelawan 2015a).
Caricom State Air Carriers have persistently reminded us of the strangling regulations that restrict their free movement to strategically plan their business models. Protectionist governments make the small Caribbean market difficult for any private carrier to operate into. REDjet, the first and only home-grown Caribbean Low Cost Carrier suffered this faith in 2012. The lengthy processes with obtaining permissions with route approvals became challenging, very time-consuming and expensive for this new and exciting start-up. The airline revised their planned launch dates multiple times and eventually the burdening circumstances led to its financial demise in 2012 (CAPA 2012).

4.1 Success Models

Major macro-external forces are constantly driving change. As such, senior management must be ready and capable to adapt and discharge their duties in a dynamic business environment. Business models change as external factors drive new globalization features, which require a new strategic thinking. Therefore, strategic decision making is vital to organizational success. That would mean employing experts with the requisite background who possess the philosophies of adding value towards the airline transformation (Ivancevich 2004). There are examples of airline companies who have made extraordinary reversals in their fortunes and who were at some time in similar dilemmas as our state regional carriers. Singapore Airlines, Cathay Pacific in Hong Kong, Emirates Airlines, Gulf Air and Qatar Airways in the Arabian Gulf, nationally owned or subsidized at some point, have all been the essential platforms on which their parent states have built their strategic and economic importance, even in unlikely destinations. The remarkable success story of Jet Airways of India stressed the strategic importance of selecting the right human resources by recruiting executives from international airlines with years of industry expertise to bring in different perspectives in management from day one of operations.

In the private commercial business sector we have exemplars on creativity and innovation. Their success stories flourished on the belief of cherishing their philosophies and proceed with
confidence on how to make the business an outstanding exploited venture. Modern successful leaders are Steve Jobs of Apple Corporation, Elon Musk of Pay Pal and SpaceX, and Sir Richard Branson of Virgin. These mentors were moulded by an entrepreneurial spirit during their early childhood into adolescence. Research show persons growing up engulfed with that entrepreneurial fire in the belly had a natural passion for success. They were positively influenced by their immediate family supporters although experiencing bouts of business failures. These are some subtle foundation factors we hunt for in the prospective leaders for the renewed Caricom vision.

5. CONCLUSION AND RECOMMENDATIONS

The vision and all good intentions from the Trinidad and Tobago Government were for CAL and LIAT to collaborate in an alliance network. CAL is to serve as the principal regional flag focusing on international routes while LIAT is supposed to be the intra-regional carrier. Such philosophical visions evolved from the Multi-Lateral Air Service Agreement amongst the 14 Caricom Heads signed in 1996. Their goals, “conscious of the need to improve the level, quality and efficiency of air services within and beyond the Caribbean Community; and cognizant of the strategic role that air transport services play in fostering the sustainable development of economies within the Caribbean Community.” However, post CAL implementation, the ideology did not go according to plan. Although the Agreement is filled with good objectives, the application of its idealistic contents seems to be ignored, consequently contributing to the existing regional dysfunctional circumstances.

CAL, similar to its predecessor BWIA, continues with a high turnover of Boards and Management teams. LIAT has a similar history; however, with the diverse shareholders the coordination becomes more complexed to find a philosophical direction. Adding to the regional aviation deterioration is the strong correlation of the high turnover of CEO’s and the change in the political directorate. Until very recent, foreign and regional appointees blamed political interference for their vexed departure. The history of the region is uppermost appointee’s lack the visionary capacity and competence to craft and execute proper strategic plans, and make
major risk evaluations. Without offering any grand conceptual framework, the approach is the regurgitating of failed policies and strategies resulting in the perpetual underperformance of the airline with huge financial losses.

The collaborative efforts in the emerging South East Asia ASEAN-10 States are good lessons for the region to emulate. The Leaders of those nations recognizing the need for growth engaged into collaboration and refrained from political banter. ASEAN-10 leaders found the will to get together or otherwise die as a nation and a community. ASEAN figures on Gross Domestic Product, Trade, Foreign Direct Investments and tourist arrivals began climbing during the easing stages and steepened just short of total air transport liberalization. Caricom has a lot in common with the ASEAN and can replicate their successes. It is essential for the Caricom region to recognize the relevance of the ASEAN struggle. Like the ASEAN, Caricom should continue to embark on a solid program of developing fruitful relations and economic cooperation for the common good. Maybe changing from too nationalistic to a more regional approach may be the answer (Bajnath 2016b, 153-192).

Airline managers must also share in the blame of the regional discontent as the trails of dissatisfaction continue within the Caribbean. We have seen where the wrong leaders can bring disastrous results. Alternatively, carefully picking and planning with the right leadership can contribute positively to the airline’s outcomes and regional economic value. The world is driven on connectivity. Government is the central driver. Institutions such as Caricom, Airlines, Regulatory Aviation Authorities, and Airport Authorities etc. have vital deeper roles to play in implementing changes if the region is to align to the global stage. This requires policy makers and the leadership to re-visit the philosophical vision for Caricom. The Caricom Secretariat must be progressive and push for greater air transport co-operation as professed within the 1996 Multi-Lateral Air Transport Agreement (MASA).
Some suggestions reiterated from the author’s earlier publications:

- Deeper philosophical background checks must accompany due diligence for top posts.
- Boards and Management must face routine performance evaluations. Failure warrants removal.
- Airline Boards comprise members of different Caribbean islands striving for common objectives.
- Caricom Heads must rekindle the MASA with collaboration from Airlines, Regulatory Agencies.
- Establish a Supervisory Aviation Body within Caricom to deal with the inter-connection of burning issues and drive collective decision making.

REFERENCES

20. http://www.newsay.co.tt/businessday/0,207152.html
22. http://www.newsay.co.tt/businessday/0,216500.html