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**Way forward for Pakistan International Airlines (PIA)
in Covid-19 Era.**



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Abstract

The objective of the study is to analyze the most viable methods for finding the way forward for Pakistan International Airlines (PIA). The aviation industry is a bustling business with airlines exploring new horizons now and then. It demands innovation and clockwork perfection.

However, it is the opposite in the case of Pakistan International Airlines. PIA which stands quiescently due to countless reasons needs a revamp. It is important to ascertain the root causes of this airline's issues and identifying ways that provide a way out for the organization. In this research, we will attempt to target both these factors, ascertain the issues, and identify the most viable ways of improving the Pakistani carrier. We will attempt to identify the major flaws existing in PIA's practices. These could range from the lack of a dedicated cargo fleet, online hiring to digressive policies and implementations. The research was conducted via interviews with the industry experts to find out the most cost-effective solutions to these problems. The paper concludes with recommendations for the national carrier.

Keywords: Pakistan International Airlines (PIA), Cargo Fleet, Online Hiring, Way Forward, Recommendations.

Introduction

Background of Pakistan International Airlines

Pakistan International Airlines (PIA) is the national carrier of Pakistan. It currently has 29 aircraft in its fleet with some aircraft being non-operational and flies to numerous destinations locally and internationally. The airline has been operating for several decades and has seen highs and lows throughout this time.

The fleet of PIA has 3 types of planes, ATR42/72, Airbus A320 and Boeing 777-200ER, LR/300ER. The airline used to have nearly 50 planes at a time of the PPP (2008-13) era which was immensely reduced to almost 1/3rd years ago until it went up to 33 again in the PML-N era. Currently, PIA has 30 aircraft out of which some are active, and some are not, due to COVID-19. PIA uses ATR 42/72 mostly on socio-economic routes and as well as short-haul routes whereas Airbus A320 aircraft is used on medium-haul routes such as domestic and as well as regional routes of nearby countries. Lastly, PIA operates Boeing 777 aircraft on Long Haul routes due to its greater payload capacity. The aircraft mainly visit destinations such as Europe, Canada etc.

Performance of PIA

Indicators	Unit	2017	2018	2019	2020
PIAC Fleet	No. of Planes	36	32	32	30
Route	Km	360,937	332,303	389,725	778,609
Available Seat	Million Km	19,108	18,081	18,372	8902
Passenger Load Factor	Percent	73.2	77.3	81.3	74.5
Revenue Flown	000 Km	75,207	70,089	70,515	38,114
Revenue Hours Flown	Hours	122,081	110,050	110,640	58,519
Revenue Passengers Carried	000 nos.	5342	5203	5290	2541
Revenue Passengers	Million Km	13,988	13975	14938	6629
Revenue Load Factor	Percent	55.2	58.4	58.6	51.3
Operating Revenue**	Rs million	-	100,051	146,097	94,583

*Figure 1: Performance of PIA**Source: Pakistan Economic Survey 2020-21*

The table above (Figure 1) shows PIA's performance in the years 2017 till 2020 published in Pakistan Economic Survey of 2020-21. In the first table, there are six performance indicators, i.e., PIA fleet, route, available seats, passenger load factor, revenue flown and lastly revenue hours flown. The report shows that PIA had a significant reduction of the fleet, falling from 36 aircraft to 30 aircraft. In the current situation, some of the PIA fleets remain inactive as passenger load is significantly low due to COVID-19 and PIA ban on various international routes.

In the second aspect of routes, the trend is however positive, which has increased by more than half from 360,937 to 778,609. The main reason for this trend is the increase of cargo flights, hence km increased significantly. However, the available seats for PIA decreased by more than half because COVID-19 created a significant amount of damage to aviation globally and PIA was also a part of it.

Coming to passenger load factor, it increased to 81.3% from 73.2% from 2017 to 2019. However, it again decreased to 74.5% showing a negative trend. Revenue flown of PIA paints quite a bad picture. From 2017, with 7520,7000 kms, it was reduced ahead till 2019 and eventually was almost halved to 3811,4000 km due to COVID-19 effect. The last aspect of this table is revenue hours flown which again show a negative trend from 122,081 hours to 110,640 hours, and in last year, it was halved as well due to COVID-19.

Moreover, the table also displays the revenue passenger carried, revenue passengers, revenue load factor, operating revenue, and operating expenses. Firstly, revenue passenger carried by PIA has decreased to half whereas revenue passengers got a boost in 2019 but again decreased in 2020 significantly. The revenue-passengers saw a boost till 2019 but due to COVID-19 restrictions, the passenger's revenue took a steep down effect and decreased from 14,938 to 6629 million km.

Revenue load factor plays a significant role in any airline's success. Its trends show that PIA has been performing poorly on it, not even crossing the 60% mark in the last 4 years. This is alarming and shows that airline needs reforms to tackle this. Lastly, the financial aspect of PIA is

also not at all good showing a decrease in last years. This is also alarming and shows that the airline is a white elephant for the government of Pakistan.

Literature Review

Studies have focused on measuring the provided airline service quality and compared it with the quality that the passengers had anticipated. (Farooq et al ,2019) carried out a quantitative cross-sectional study that adapted the questionnaire from Parasuraman service quality model “SERVQUAL”. After validating the relationship and model designed for the study, the scholars compared the desired and realistic quality of the services provided by the airline. The comparison goal is intended to aid managers in finding the potential enhancements. They discovered that reliability and empathy are constitutive elements in satisfying the customers. In addition, they found no proximity between the desired and actual elements of service quality and suggested that PIA must provide dedicated services for its passengers and improve inflight meal quality. This research, however, is based on the impact of tangibles (desired and actual) quality on customer satisfaction, which can vary by social class, travel frequency, gender etc.

Airline’s fleet planning is a critical aspect in its profitability or loss. Airline fleet planning directly affects an airline’s financial performance. Research has been carried out aiming to develop a robust model for fleet planning (Dožić and Kalić ,2015). The three-stage model for deciding the type of airline involves the mix of the fleet, its size, and aircraft type selection. The researchers have derived the model based on Fuzzy logic, heuristic and analytic approaches, and multi-criteria decision making, respectively. However, the research is not applicable for long-haul markets, and hence, is not ideal for legacy carriers like PIA.

Similarly, research is carried out on how airlines approach their decisions regarding fleet structure (Caicedo, 2009); and how these decisions affect the financial performance of the airline. The research concluded that in short-term results, replacing the ageing airline fleet with the newer ones is not profitable, however, the airline reaps the fruits in the longer run. Regardless of how efficient the airline fleet is, the financial performance is also dependent on external factors such as oil prices and passenger demand, and hence, it is safe to say that the research lacks sufficient data.

The use of modern analytical tools provides a breakthrough in understanding passenger preferences. (Ayhan et al. 2013) proposed a novel analytics system that can process queries and predictive analytics on streams of big aviation data. It presents a scalable service architecture, implementation, and its worth for the aviation industry. With the aviation data correlated and stored in a structured fashion, decision-makers can extract meaningful data. The extracted data will be useful for input as analytics tools. In addition, a single database would store an enormous volume of data and will update the data automatically. Although the research was carried out as an internal research and development project conducted by Boeing Research and Technology

(BRandT) Advanced Air Traffic Management (AATM), this research does not apply to an airline.

In addition, when it comes to airline decision-making, one of the most critical aspects is implementing new routes and optimizing aircraft utilization. While performing a data-driven analysis, a considerable number of key factors are taken into account, including the distance of the aircraft route, the availability of seats/freight/mails, fuel etc. (Kasturi et al., 2016) proposed a method to optimize airline routes earnings based on big data analytics from large aviation data sets under heuristic methods, based on which practical problems are analyzed. A simple and convenient analysis is required based on the key criteria of operational needs and load revenues such as passengers, cargo, freight, airports, countries, aircraft, seat classes, etc. The result shows the analysis is simple and convenient with a concrete decision.

The use of updated in-flight entertainment technologies is increasingly becoming common, as airlines are working hard to adapt to passengers' requirements individually. (Liu, 2007) explores how the current airplane onboard entertainment systems enhance passengers' travelling experience. It also investigates the latest systems and newly introduced technologies that could provide entertainment services according to passengers' preferences. The paper concluded that music and games are suggested to be a relaxing component to reduce passenger stress. The writers suggested providing users' preferred music type. The entertainment system must adapt to the users with the help of user profile models and algorithms.

Further research into this subject, (Liu et al., 2009) examined how airlines cope with onboard stress, and physical and psychological discomfort by providing in-flight entertainment systems. Despite being there, the desired entertainment type might be difficult to find in the system, and not everyone might know how to operate it either. Moreover, the exercises taught to reduce stress are usually ignored and overlooked by the passengers, which demands the inclusion of a more engaging way.

An airline faces several major challenges, such as fluctuating fuel costs, passenger demands and restrictions. A good human resource department ensures that the airline can improve its productivity at an individuals' level and its service quality (Roy, 2013). An effective HR procedure including recruitment, job description, training, performance appraisal and promotion helps the airline to achieve its competitive advantage. Keeping the human resource clean of political interferences and nepotism is extremely important. (Nawaz et al., 2012) discusses various aspects which PIA faced in past years.

The global village of networks needs to be very robust and effective against any potential delays. This puts managers and policymakers into thinking about planning these networks in such a way that remains unhampered and always connected (Lordan et al., 2014). This research further studies the robustness of three major airline alliances: SkyTeam, Star Alliance and One World to conclude that the star alliance's resilience stands out amongst the three alliances, and One World was the least (Lordan et al., 2015).

Business models are essentially the organizational strategies that they undertake for various business paradigms. For the aviation industry, and especially the airlines, enhanced business help in achieving advantages that help airline stand out amongst the competitors. Pereira and Caetano (2015) developed four business models because of four strategies for airlines. It also demonstrates the need for the airlines to follow new models in this sector as their business environment.

Similarly, (Teoh and Khoo ,2015) studied to develop an Analytic Hierarchy Process (AHP)-based framework to determine major factors that affect airline fleet planning decisions. The research identified operation, economy, and environment as highly critical aspects. The research studies two major airlines of Malaysia: Malaysia Airlines and AirAsia as a realistic case study. It was found out that the framework developed is useful in many ways including, but not limited to optimizing the airline revenues and providing a higher degree of flexibility for the airline to obtain and/or lease aircraft in the long-term plans.

Moreover, the unprecedented growth of e-commerce businesses and their electronic marketing has demanded them to manage customer-attracting websites to attract and retain customers. Over the years, tourism and hospitality companies have researched website evaluation extensively, but as of now a comprehensive and globally accepted model has not yet been developed. (Chong and Law ,2019) reveals an undesirable situation: Despite the high reliance of this industry on web-based sales, there is inadequate literature, especially on the low-cost carrier (LCC) sector and demands a comprehensive website evaluation model be developed and incorporated.

(Arif ,2021) discusses the PPRA rules and how badly they affect the airlines and PIA should be exempted from it. (Aamir, 2021) talks about PIA restructuring in his news article and highlights that PIAs non-core functions will be discarded such as catering and ground services and employees will also be reduced significantly. (Zafar,2021) writes about routes rationalization for PIA. He states that PIA will analyze the routes-by-routes diagnostic lab to rationalize and explore new routes for the airline. (Sana,2022) narrates that PIA plans to reduce workforce which will enable PIA to save Rs 8 billion annually.

Discussion

Global Perspective

Global air travel has seen unprecedented growth over the years, thanks to the constant evolution in technology and improved safety standards. It has enabled quick transportation between large distances, something that could only be imagined once.

Flying in an aeroplane, which was once seen as a privilege, is now at easy access for a huge chunk of the common population. Millions of people across the world have experienced the

charm of flying at least once in their lives. Airline deregulation played an important part in making air travel accessible for a vast majority of people across the globe.

The broader aviation industry was one of the few industries that operated even when the coronavirus pandemic devastated the planet. Flights across the World carried vital medical supplies, vaccines and lifesaving equipment from one corner of the World to the other.

Today, the air travelling industry is booming once again as major airports are operating close to their capacities. From Heathrow to Tokyo, from Dubai to Doha, and from Atlanta to Beijing, passengers are returning to airports to go to their beloved destinations.

In some regions, the aviation industry has developed so much, that it is often considered as the preferred mode of transportation between the cities, beating road and rail transport. On the other hand, it is the only means of transportation in some regions, which are remote and cannot be accessed by other transportation means.

The growth of this industry also introduced new Business models, and new marketing strategies, whereby the airlines explored new ways of earning revenues and being competitive in the market. Expert term this is cut-throat competition, and one wrong decision can have a domino effect on flight operations, ultimately affecting the life of the airline.

Pakistani Perspective

The aviation industry in Pakistan never really took off. It has never really tapped the potential that it could have. Despite being among the top ten most populous countries in the world, only a fraction of its population can afford to buy an aeroplane ticket. Multiple factors can be attributed to the poor performance of Pakistan's aviation industry. From lower per capita income to political interference and deteriorating safety standards have all contributed to the downfall of Pakistan's aviation sector.

If this was not enough, things were made worse by the emergence of money-rich gulf carriers who captured the market of Pakistan's national flag carrier, Pakistan International Airlines. Those airlines were facilitated over Pakistani airlines, by the domestic civil aviation regulator, who opened the doors of Pakistani airports to foreign carriers. These steps suffocated the Pakistani airlines and deprived them of business, making it difficult for them to survive. Those airlines had no option but to cease their operations.

Even when PIA was at its peak, most of its revenues came from its international flight operations, where it was heading in the right direction, by staying ahead of marketing and technological trends. However, most of the time, a common Pakistani did not get the chance to fly.

The situation got from bad to worse when the PIA flights were hijacked time and again. Moreover, the airline was banned from flying into various destinations, citing safety concerns,

and not meeting certain criteria. Whether political pressurisation or global conspiracy, the Pakistani aviation industry will only find itself to blame.

General Discussion

The qualitative research done for this purpose enabled us to discuss the topic with various aviation personnel regarding Pakistan International Airlines. A lot of issues were identified, and recommendations were given for the national carrier. PIA must evaluate the next generation of aircraft available. Many airlines have acquired new aircraft but do not have the money to operate them, mainly due to the losses incurred with the COVID-19 pandemic. PIA can take this opportunity to acquire those aircraft and have its personnel trained as well. The airline must consider aircraft like the Airbus A220, Embraer and Bombardier regional aircraft. Acquiring a next-generation fleet for socio-economic routes will boost the country's policy of supporting the tourism industry, especially towards the northern areas. These aircraft would not only carry a greater number of passengers, but will incur lesser fuel costs, and will not be dangerous for the environment in the northern areas. Moreover, the airline must enhance its Human Resource practices and encourage the culture of the Right Person for the Right Job. There should be strict performance measuring metrics and rewards should be based on those metrics. All hirings must be on merit. This is vital to ensure that the resources are neither underutilized nor over-utilized. Every day foreign airlines uplift tons of cargo from Pakistan and carry it all around the World. Acquiring a fleet also includes considering the addition of a dedicated Cargo fleet. Cargo is a sector that PIA can certainly tap for profits. Pakistan's geostrategic location makes it an ideal hub for cargo operations, so much, that if planned correctly, it can surpass the Gulf states. Finally, as everything is going digital, PIA must do so too. It must implement the modern techniques of hiring. By opening the doors for the online applications portal, PIA can open doors for digitally literate candidates. In this way, they could avoid political hiring to a certain extent. PIA should upgrade its narrow and widebody fleet and retire old aircraft. Furthermore, PIA should consider opening routes in the far east including Australasia which can help PIA gain good passenger loads. Branding plays an important role, and it should be enhanced by PIA.

Conclusion

The research done in this paper can help Pakistan International Airline to grow significantly which help Aviation in Pakistan to boom. Aviation plays a vital role in a country economic development. Right steps at right time can bring fruitful results in it. National carrier plays an important role for any country, if PIA focuses on the abovementioned discussions and way forward, there is no doubt that airlines can grow again and can earn a good amount of revenue for the country. PIA used to be 2nd in the world in the 1960s era, if the airline work on the above-mentioned issues, there is no doubt that PIA can be transformed as a world-class airline again via its good restructuring.

Recommendation

1. PIA's website must be improved to streamline the online booking process and focus on relevant factors. innovated according to international benchmarks.
2. Open and transparent hiring process on merit basis. Jobs should be posted online on the website as per local and international airlines websites
3. PIA Cargo can be a lucrative opportunity for the airline and restarting should be considered. An alternative option is to codeshare cargo with other carriers (domestic and international).
4. Older 777-200ERs can be converted to freighters and this option should be exercised if sourcing cargo aircraft is difficult now. Narrowbody freight aircraft may be useful as package freighters and can help the e-commerce industry in the country which is growing rapidly.
5. Many routes in the PIA network can be serviced more efficiently by regional jets and it may be more economically sound to induct such aircraft. Would also allow for lower capacity and higher frequencies allowing passengers more flexibility.
6. Shorter regional routes should be considered in conjunction with government support to provide access to remote areas. These can be serviced by the existing turboprop fleet or by acquiring regional jets.
7. Political/government influence on day-to-day operations hinders the merit-based and economically viable operation of the airline
8. Newer generation widebody aircraft should be part of the long-term growth plan. Widebody aircraft ageing and need replacement with newer, more fuel-efficient aircraft.
9. Older aircraft should be sold or retired with a proper phase-out plan at the right time so there is still value in their parts.
10. Narrowbody leasing should continue, and advantages should be taken off lower lease rents that are currently available in the open market due to Covid-19 related market slowdowns.
11. Australasia routes should be considered as there is a lot of potential for demand from those countries. Catchment areas are major cities in each of these regions. Most of the travelers from those countries are currently using the middle eastern carriers to travel, therefore adding extra travel time and stops to their journey. PIA can capitalize on this with the right aircraft type and the right kind of product that is appealing to customers.
12. Branding and marketing strategies need to work in cohesion to correct the public image of PIA and restore it to its glory days in the 80s and 90s.
13. Offering good and dependable Inflight Wi-Fi is a great way to provide "bring your own device" entertainment on all types across the fleet at a relatively cheaper cost compared to investing in expensive IFE on all aircraft. Can also charge for this service. Inflight Entertainment systems may still be needed on larger widebody aircraft on longer routes where Wi-Fi service may be spotty and not dependable for the duration of the flight.

14. Many airlines across the world engage in codeshare agreements for network expansion. This will allow for more customers and profit-sharing with other carriers.
15. Network planning and revenue management strategies need a complete overhaul. Rather than competing on just price, service reliability and offering should be improved. Karachi should be used as a gateway city and not ignored in terms of route planning as it hosts one of the largest passenger bases in the country.
16. Airline businesses are notorious for their low profitability; besides the high investments, they incur. According to our framework, for PIA to increase its profitability and be mundane as it used to be, it must (Placeholder1) adopt the best practices in three particular domains.
17. On the managerial level, the airline must invest to introduce the usage of Big Data technology. This will help the managers to understand various patterns, purchase behaviors and preferences of the customers. With that, they can provide customers with a dedicated travelling experience. Returning customers bring revenues.
18. Also, they should be prudent with fleet planning. It is a complicated process, considering destinations, serviceability, and operational costs. In addition, they could consider investing in cargo aircraft for dedicated operations. A fuel-Efficient fleet helps airlines save immense sums of money, and cargo has a better return on investment.
19. Finally, PIA must get rid of an enigmatically large workforce. They have to implement correct Human Resource Hiring techniques. The airline should foster an ascetic culture within the organization. This would slash multiple unnecessary expenses.

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Figure 1: Performance of PIA, Pakistan Economic Survey, 2020-21.

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