

**Influence of Decision Making in Business Management:
Sky without Glory**

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Abstract

Aviation is a very under-penetrated market in India. Even though the demand to travel with flight is rising, there are still not many aircraft in the country. For the numbers, India has 565 commercial aircraft for a population of 1.3 billion. Whereas the US has 7,309 commercial aircraft and its population is just 328 million. Started in 1993 by Naresh Goyal with 4 leased Boeing 737 aircraft, Jet Airways was a success for many years. However, in August of 2018, the company deferred the second quarter of the year. It was a hint that something was wrong with the company's finance. Recently, Jet Airways shut down its operations temporarily on 17th April of 2019. Their last flight was Amritsar to Mumbai. The shutting down of the company affected their 20,000 employees and more than 60,000 people indirectly. This paper discusses the decisions taken by the company at various situations and its effect on business. Business Strategy, Crisis Management, Corporate social Responsibility were the key issues to discuss in the case.

Key words: decision making, Management, strategy, responsibility.

Introduction:

"Each airline prepares its business plan on the basis of its own market assessment and liabilities. Mobilizing financial resources and ensuring efficient operations as per business plans are the responsibilities of the airline and the government has no role in raising funds for Jet Airways (India) Limited, as it is an internal matter of the airline," **Civil Aviation Minister Hardeep Singh Puri.**

The government temporarily reallocated Jet's slots to keep a check on reducing capacity in the sector due to a significant drop in the carrier's flights. **(Source: Live mint)**

According to some sources, Indigo and Spice Jet have been allocated 130 slots each, Vistara 110, Go Air 52, Air Asia 42 and Air India 24 slots at Indian airports from Jet's quota. **(Source: Live mint)**

Jet Airways founder Naresh Goyal and his wife Anita were stopped from leaving India by immigration authorities at Mumbai airport. They were offloaded from a Dubai-bound Emirates flight, which was called back after it had reached the taxiway in Mumbai airport. **(Source: In Shorts).**

Started in 1993 by Naresh Goyal with 4 leased Boeing 737 aircraft, Jet Airways was a success for many years. However, in August of 2018, the company deferred the second quarter of the year. It was a hint that something was wrong with the company's finance. Hence, in the same month, DJCA (Directorate General of Civil Aviation) conducted a financial audit of Jet Airways. It was due to the reason that deferring the employees' salaries can affect their behavior towards their jobs. In the same month, Jet Airways posted a loss of Rs. 1323 Crores. In September of 2018, the Income Tax department conducted a survey in the Delhi and Mumbai office of Jet Airways. The company was then alleged for financial misappropriation.

Recently, Jet Airways shut down its operations temporarily on 17th April of 2019. Their last flight was Amritsar to Mumbai. The shutting down of the company affected their 20,000 employees and more than 60,000 people indirectly. The company is reportedly in a debt of a billion dollars. The pilot's union NAG (National Aviator's Guide) appealed to PMO (Prime Minister's office) and Civil Aviation Minister Suresh Prabhu to help the company and its employees. The government on the other hand reportedly asked the banks to save the company without pushing it to bankruptcy. It is because bankruptcy will cause the loss of 20,000 jobs which is definitely not good for the current government due to many reasons. Onsequences have gone to such extent that an employee of Jet Airways committed suicide in Mumbai. The man was a cancer patient and was on a break from his job. Shailesh Singh was a Senior Technician in Jet Airways. He jumped from his building due to depression, on 27th April, 2019.

Aviation is a very under-penetrated market in India. Even though the demand to travel with flight is rising, there are still not many aircraft in the country. For the numbers, India has 565 commercial aircraft for a population of 1.3 billion. Whereas the US has 7,309 commercial aircraft and its population is just 328 million. Along with that, the airports of India are underdeveloped compared to those of other countries. For instance, at most of the airports in India, there is only a single operational runway whereas countries like the US have 5 to 6 runways on most of their runways.

Jet Airways has crash-landed in very choppy financial waters. There were lifeboats willing to lend a helping hand, but Goyal was unwilling. He feared, and knew, that accepting help comes with loss of control over his business. In fact, all extended hands have been categorical in their demand that Goyal dilute his own and his family's shareholding and step out of all management matters. The airline was on the way from "total ruin," as some newspaper reports have put it, but the promoter is unwilling give up control of business.

Similar crash-landings

It is not the first time that an Airline company has fallen down. Many companies before Jet Airways have been shut down in a similar manner. Some of them are:

- Kingfisher Airlines
- Air Deccan
- Air India Cargo
- Indian Airlines
- Sahara Airlines

The most common thing noticed in all the above cases is that they all were, at some point, merged with another airline company.

Kingfisher Airlines bought Air Deccan. Kingfisher was a full-service airline whereas Air Deccan was a low-cost airline. When Kingfisher bought Air Deccan, they implemented some changes to Air Deccan's fleet and the result we all know. Both the companies faced a downfall.

When Air India and Indian Airlines merged. Both the companies were doing good in their business. After the merger, they both fall down on their faces.

Jet Airways merged with Sahara Airlines and Jet rebranded Sahara as “Jet Lite”. They both have no existence, as of now.

So, most of the times, when an Airline merged with another airline, both companies faced problems. It is because of the difference in the nature of an Airline company.

Reasons for Jet Airway’s failure

There are many reasons for the failure of Jet Airways. Here are just a few of them:

1. **Merger:** Merging Sahara Airlines with Jet Airways can be called as a mistake of Jet Airways. Sahara was acquired by Jet Airways for \$500 million which was not an appropriate price of the company.
2. **Rebranding Sahara:** This can be called as the biggest reason for the failure of JetLite. Jet Airways rebranded Sahara Airways as JetLite. Due to this, the customers of Sahara were out of Jet’s hands.
3. **Mismanagement:** Of course, management is the backbone of any company. However, the founder of Jet Airways, NareshGoyal decided to lead the company on his own and not to hire any professional for it. Many people say that he took many bad financial decisions. Along with this, he only had one management team for all the operations. Managing an airline company which has acquired another company needs at least 2 management teams.
4. **Full-service airline:** The Company was operating as a full-service airline. Operating in India as a full-service airline is not an easy task. You need very strong financial support and customer relationship. That is why most of the companies focus on the middle-class people and keep the prices as low as possible.
5. **Drowning in Debts:** Jet Airways didn’t care about the money even when they had none of it. They kept on taking debts and spending more than their earnings. The employees get many perks and all of them were happy. But spending more than what you earn is always a bad decision.

Impact of Jet’s disappearance from the Sky

- Jet Airways (India) Ltd’s decision to halt operations for want of funds is set to rattle the world’s fastest-growing aviation market with its adverse impact on other businesses in the value chain as well as thousands of jobs.
- The outcome would also have a ripple effect on competition, fares and customers as rival airlines scramble to fill up the vacancy caused by Jet Airways' grounding.

- The aviation regulator's effort is to put in place a comprehensive plan to bridge the capacity gap and check a spike in ticket prices.
- One of the biggest fallouts of the Jet Airways crisis is the loss of jobs.
- Industry executives said it is not only Jet Airways employees who were hit.
- "The loss of job of every employee on the rolls of Jet Airways also costs five others indirectly involved in the value chain," said a senior industry executive, requesting anonymity. Considering Jet has more than 15,000 employees that would mean loss of work for about 75,000 people. More than 1,300 pilots are now out of job after the airline halted operations.
- Airport operators, fuel suppliers and other vendors have lost a big customer with Jet Airways' fall. Once the biggest private airline outside government control, Jet Airways had a fleet of 119 planes and operated about 600 flights a day—before the liquidity crisis emerged on 31 December when the airline first defaulted on interest payments.
- With Jet Airways halting its flights, Airports Authority of India, GMR Infrastructure Ltd and GVK Group stand to lose airport landing and parking charges and other rental revenue from Jet Airways.
- These charges make up about a tenth of the price of an air ticket.
- A big challenge for the authorities is to ensure that air fares do not surge during the near future amid a shortage in domestic capacity. Spot ticket prices have already risen sharply in recent weeks.
- Although Spice Jet Ltd, Indigo (InterGlobe Aviation Ltd) and others are looking to add capacity, it may be some time before they are able to fully meet demand, especially in the ongoing peak travel season through June.
- Surging fares will also likely impact travel plans. Indian travelers tend to travel to Europe and North America during the holidays. Such long flights require wide-body planes, unlike the narrow-body aircraft used by most of the incumbents.
- "Jet's down from the market set to have a ripple effect on budget carriers, for whom a sudden scale-up of operations was a big challenge. It also added to the working hours of their employees and raise stress levels, affecting the travel experience of customers. This will also have an impact on the image of India's aviation industry to international travelers," said the same executive quoted above.
- For Jet Airways, leaving its existing fleet of a dozen planes grounded is a costly affair while the exodus of highly trained staff, including engineers, poses a stiff challenge in

executing a quick turnaround if the carrier manages to eventually rope in an investor. Industry watchers said reviving a grounded airline is much more difficult than turning around one which is a going concern, even if its operations are minimal.

- Foreign airlines are likely to eye Jet Airways' international routes if India does not quickly bridge the vacuum.
- Jet Airways' failure is also set to reignite the aviation industry's longstanding demand to bring aviation turbine fuel under the goods and services tax (GST). Such a move would help airlines bring down their costs as fuel now makes up about 40% of the cost of running an airline in India.
- Experts said the failure of airlines can be tracked to macro-economic factors. "High jet fuel prices, exclusion of jet fuel from GST and poor airport infrastructure have affected the health of airlines," said Dhiraj Mathur, former leader of Defence and aerospace practice, PwC India.
- Jet Airways is on the Bankruptcy. Many entrepreneurs have come forward to provide jobs to the people who lost their jobs due to Jet Airways crisis. The Central government ruled out raising funds for the beleaguered Jet Airways and asserted that its revival was now possible only under Insolvency & Bankruptcy Code (IBC). Jet Airways has not flown since 18 April due to funding woes. A consortium of 26 bankers led by State Bank had approached the NCLT to recover dues of over Rs.8, 500 crore from Jet Airways. The lenders have been trying to sell the airline as a going concern since the past five months, but failed due to many a reason. Apart from banks, the airline also owes over Rs10, 000 crore to its hundreds of vendors, primarily aircraft lessors and over Rs3, 000 crore to its employees who have not been paid since March.
- The tribunal also ordered the IRP to complete the IBC process in three months, even though the law allows six months, saying "the matter is of national importance".

Conclusion

Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning.