The two Malaysia Airlines disasters in 2014: Lessons for airline management in a global context

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This paper outlines some lessons for airline management from the two unrelated Malaysia Airlines (MA) tragedies that happened within 131 days. These shocking events resulted in MA management’s perhaps ineffective efforts to deal with the emotional impact on the passengers’ family members. This reaction has prompted researchers to review the tragic incidents and suggested ways for the airline management to be proactively prepared to globally deal with such extraordinary occurrences in the future. Suggestions are: Sensitivity training for managers to better manage the human (emotional issues surrounding customers and stakeholder) aspects; a transformation management training programme, including suitable action planning, to effectively deal with future crisis situations; public trust-building activities and brand image preservation programmes for management; regular management “fire drill” type training focusing on unexpected crisis processes so it can be instantly used as a fluid “blue print” action plan in future.

Field: Management

1. Introduction

Over the last 25 years, nearly 20 percent of the countries in the world have experienced substantial increases in disruptive activities of varying magnitude. Maplecroft (2014) reported that from their Civil Unrest Index (CUI) conducted in September 2014, 197 organisations in different countries showed a sudden and significant increase in disruptions and potential complications. The CUI identified the political unrest in Hong Kong as high risk and it is now the highest on the current published index. Other potential disruptions globally are the Ukraine civil war and the Middle East war waged by the Islamic State of Iraq and Syria (ISIS).

In the case of Malaysian Airlines (MA), two flights of the same airline met with different disasters within 131 days of each other. One vanished (MH370) on 8 March 2014 and the other (MH17) was shot down in the Ukraine conflict zone on 17 July 2014.

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Flight MH370 from Kuala Lumpur to Beijing, China with a total 239 passengers and crew members, disappeared without a trace. The other shocking incident was Flight MH17 flying from Amsterdam to Kuala Lumpur, which was shot down in the Ukraine with the loss of 298 passengers and crew (Chossudovsky, 2014).

Malaysian Airlines' leadership has faced more criticism and challenges after the twin catastrophes than in their entire history. The aftermath of the tragedies has crippled MA financially. Share prices are at an all-time low; flights are virtually flying empty and the recent jobs cuts of 6,000 employees is leading to heavy speculation in the market that the company is perhaps moving towards bankruptcy (NZ Herald, July 19, 2014; NZ Herald, August 30, 2014 and NZ Herald, August 11, 2014).

These uncertainties and crises pose severe problems for MA, as they are virtually fatal for any airline business. This situation leads to significant risk to the normal operations of the organisation and creates a threat to their very existence. The handling of the incidents by MA management was also judged by public opinion as “poor”.

This paper focuses on the need to build a contingency plan from the lessons learned to mitigate the risk and threats posed by these disruptive events by focusing on crisis management and a disaster recovery plan that will hopefully make the organisations resilient again and help them preserve their business operations (Lisa, 2014).

**Background to the two MA disasters:** There has been severe criticism of the way the disappearance of Flight MH370 was handled by Malaysian Air and the Malaysian Government. Relatives were kept poorly informed in terms of the media, although limited care and support was provided, e.g. Malaysian Air informed relatives by text that the plane was missing (Withnall, 2014; Levy, 2014). This was regarded as insensitive and unacceptable by the relatives of the 239 passengers (Global Research, 2014).

Only 131 days later, a second disaster struck Malaysian Airlines. On Thursday 17 July 2014, Flight MH17 took off from Amsterdam en route to Kahlua Lumpur and was presumed shot down by a surface-to-air missile over South East Ukraine. The Black Boxes with flight data as well as the voice recorder have already been recovered from MH17 (The Rakvat Post, 2014). Also, in early November 2014, the remains of the MH17 wreckage was collected and taken to Holland for a reconstruction in an attempt to identify the exact cause of the disaster.

**Lost in Time:** With regard to Malaysian Airlines' media statement system, it can be assumed that eventually the MH17 episode will be forgotten over time. Since 23 August 2014, no media release has been made by MA. There has been no progress on the investigations and black box analysis of the audio records, and international
investigations have not yet been made public. It appears that the loss of MH17 is currently in limbo as far as answers are concerned.

2. Literature: Mismanagement by Malaysian Airlines Management

Global airline management was shaken up by the terrible events experienced by MA. MA’s reaction to the tragedy has fuelled speculation and has made the situation more disturbing for the grieving families of the deceased and missing passengers. Families have thrown water bottles at management officials and protested against the Malaysian embassy to demand answers (Raven, 2014). These events led to the assumption that MA and the Malaysian government has perhaps used very ineffective crisis management practices to deal with the two aircraft disasters. Furthermore, a recovery plan was only published in August 2014. (MAS Recovery Plan, 2014).

Making comments about the assumed signals from MH370 and then backtracking from them, shows a lack of conviction and coordination between Malaysian Airlines, the Air Force and the government. It is quite apparent that the response to the crisis has the potential of becoming a crisis in itself, or damaging the situation further.

Mismanagement consisted of providing conflicting reports, misleading information and backtracking from statements. The numerous media releases further created confusion and is an example of how MA and its officials made the crisis even more damaging. Due to their lack of co-ordination, they have lost their most important strength in the public eye, namely credibility, which is fatal for an airline (Hilderbrandt, 2014).

Furthermore, the inexcusable insensitivity of informing the families by text of the loss of the plane, and the institution of a so-called “bucket list” to generate business for MA are further gross errors (Withnall, 2014; NZ Herald, 4 September, 2014; Lisa, 2014).

3. FINDINGS/ DISCUSSION: LESSONS FOR MANAGEMENT

Various lessons can be learned from these disasters and they are discussed below.

**Dealing with crisis:** Crises are inevitable for organisations regardless of their size, reputation or the industry they operate in. Any crisis situation, whether it is accidental, legal, financial or otherwise, forces organisations to have a successful management response and a timely and careful method of relaying information to the key stakeholders.

The inevitability and untimeliness of a crisis forces the organisation to have suitable structures and processes in place to mitigate the risk created by the incident. This
includes constructing a crisis management team, drafting a recovery plan, assigning responsibilities, training all employees and establishing an effective communication protocol to face the extreme challenges. If these systems are put in place, they will not only reduce the damage potential of a crisis, but will also help the company to find a way out of the crisis, according to Waddell et al. (2014).

Each of the MA disasters was a crisis event and had to be managed immediately. One of the most crucial steps in crisis management is to provide all the stakeholders of the organisation (in this case MA) with timely information. The first data should, if at all possible, be provided within 1 hour after the event happened. According to Coombs (2011) the initial crisis response should include the following actions:

- Be quick and try to have the initial response within the first hour
- Be accurate by carefully checking all facts
- Be consistent by keeping spokespeople informed of crisis events and key message points
- Make public safety the number one priority
- Use all of the available communication channels including the Internet, Intranet and mass notification systems
- Provide some expression of concern/sympathy for victims
- Remember to include employees (and other stakeholders) in the initial response
- Be ready to provide stress and trauma counseling to victims of the crisis and their families, including employees.

Use of a model: In the unpredicted crisis experienced by MA, an important question is: What should MA officials have done or done better to ease the pain of family members? In this regard the emotions experienced by the families could have been addressed by using the Integrated Crisis Mapping (ICM) model developed by Jin, Pang, and Cameron (2012). The model addresses the fact that in a crisis, emotions is one of the anchors of the publics (in this paper called the family members of the deceased passengers) interpretation of the unfolding and evolving events.

The Integrated Crisis Mapping (ICM) model shown in Figure 1, developed by Jin, Pang and Cameron (2012), provides a very appropriate way for MA to deal with the distraught families of the deceased passengers and crew.

As shown in Figure 1, the model identifies four negative emotions as the dominant emotions that the publics are most likely to experience in the face of different types of crises. The ICM model is based on two axes. On the X-axis is the publics’ coping strategy, which refers to their choices in dealing with the situation. On the Y-axis is the level of organisational engagement, which indicates the relevance between the crisis and the organisation’s goal and responsibility, as well as the organisation’s priority when allocating resources to deal with the crisis. Anxiety is the default emotion that the public
(family members) feel in most crises, which stems from an uncertain and ambiguous situation. Sadness is the emotion of suffering from an irrevocable loss and it is regarded as the primary emotion in the face of a situation beyond their control. Fright results from an imminent or future specific threat. Anger is an urgent plea for justice and action. In a crisis, angry members of the public are likely to blame the organisation for not controlling the crisis or preventing it from happening.

According to the ICM model, the disappearance of MH370 can be mapped into Quadrant 4, where the public (family members) tend to experience anxiety as the default emotion, sadness as the primary level emotion, and anger as the secondary emotion (Lin, 2014). The mixture of sadness, anger and fright is the next-level of emotions as shown in Quadrant 2. It is clear that Quadrant 2 is applicable to the MH17 situation as it shows the most complex emotions the families can go through, thereby
requiring various coping strategies and high organisational engagement, according to (Jin et al., 2012).

To address the publics (family members’) emotional issues, it is strongly advocated that the organisation (MA) should identify their emotional needs and coping preference, so as to apply effective coping strategies using the model. Therefore, MA should have played a proactive role as the relatives’ crisis coping facilitator with compassion, which means to understand the predicament and feeling with them, and provide support, both informatively and emotionally, to help them. MA could, therefore, have used the ICM model to understand the underlying emotions of the relatives like Anxiety, Sadness, Fright and Anger in particular to deal with the highly charged emotional fallout from the two disasters.

Crisis management team: Creating a highly functional crisis management team and immediately drafting disaster recovery plans from an existing template to address a crisis is an important lesson for any organisation. This will help management to simplify the responses to any crisis and could drastically reduce last minute chaotic responses and decisions (Crisis management lessons learned, 2014). Emergency preparedness is a very effective way of dealing with crises before they strike. They enable organisations to quickly assess risk and navigate through rough situations smoothly and effectively, according to Tafoya (2013). The roles and responsibilities of the crisis management team are to draft a recovery plan, formulate strategies and then execute the strategy in the potentially risky incidents. Throughout the crisis management can coordinate operations between all stakeholders and the organisation. Readiness to deal with any unforeseen situation will lead management in the desired direction and improve the decision making process in a volatile situation, which will enable the organisation to make high effectively responses to a crisis and safeguard and enhance its reputation (Nel, Nel and du Plessis, 2009; Nel et al., 2014).

Decision making in a crisis: Reactive or knee-jerk decision making in a crisis is a totally wrong approach. Learning techniques to make better decisions helps to manage crises in a better way and the benefits could well be integrated into recovery plans. The three stages of decision-making are to identify the risk, stop, decide what to do and then do something (Nelson and Quick, 2014). If managers are trained to get through these stages in a defined way then they can make better decisions. These techniques integrated into plans can help create effective contingency plans. Managers often make decisions in a panic state, but if they understand how to better manage their emotions in a crisis situation they will develop better decision-making skills. Practice and role-play will help develop a physical memory of what needs to be done in emergency situations. According to Swainston (2013), clouded thinking can be replaced by clear thinking; stress-fuelling and vision-impairing adrenaline can be controlled by learning certain meditation techniques. Rather than making decisions on gut feeling, the decisions are then based on thinking, facts and figures.
Drafting a Crisis recovery plan or Contingency Plan: The objective of a recovery plan is to create a step-by-step process (therefore, a strategy) of incident prevention, identification, response, and recovery for an organisation. Before creating the plan, organisations should formulate crisis recovery strategies that will provide a plan of action to handle an incident. The organisation should also consider important factors while developing the strategies, such as resources at their disposal, management’s role, costs and benefits, human limitations, technological capabilities and limitations, and regulatory guidelines. Finally, it needs to ensure that the strategies and planning are aligned with the overall business vision and mission. Once the strategy is developed, an organisation should transform it into a new recovery action plan.

The MA recovery plan (2014), an overall organisation plan, contained 12 points and covered the essentials under 4 categories. Yet apparently it does not seem to have been effective, as can be seen from the media criticism all along, especially after the second disaster. This is because it perhaps does not contain sufficient disaster prevention activities that relate to the MH370 and MH17 disasters. MA management is still trying to recover from the disaster, but it seems to be having difficulty in this regard due to the foregoing reasons. The 12 points were as follows in terms of the 4 categories:

Governance and financial framework
- Creation of a new legal entity to house new MAS
- Funding of up to RM6 billion on a strict conditional basis and induction of net gearing to approximately 120%

Regulatory and enabling environment
- Continuous communication and stakeholder engagement
- Appropriate government support on key initiations

Leadership and human capital:
- Re-skilling, job creation and re-deployment
- Right size the world force to an estimate 14,000 employees at new company
- Strengthen industrial relations and internal alignment
- Strengthen leadership

Operational business model
- Review operating business model through a more significant focused network, lower cost structure and greater focus on revenue yield management
- Strengthen assurance integrate and safety functions
- Review law and where appropriate manage supply contracts
- Consolidate core operations and the corporate headquarters in Kuala Lumpur
These MA recovery plan details must be contextualized in view of the available literature to assess its practical value.

A disaster recovery plan defines the process of response to a crisis event. It should cover the entire crisis situation right from the stage of incident occurrence to business continuity. Recovery plans should start with describing the purpose and scope of the plan. It should define the roles and responsibilities of the crisis management team. Next the communication protocol should be defined, which needs to be followed in the event of the incident. In times of disruptive events, actions plans should be defined and procedures should be written on how the plan will be executed, as suggested by Kirvan, 2014) and presented in Figure 2.

**Figure 2 Crisis Time Line**

![Crisis Time Line](image)

Source: Kirvan (2011)

**Communication with stakeholders:** Any crisis demands a robust mass communication platform, which can help to centralize the relay of information to both internal and external stakeholders. Organisations should create a customized approach to communicate with the stakeholders in the crisis. They also should effectively communicate the direction of the management’s position concerning the crisis to all employees. This can only be done if management has systematically planned the organisation’s internal and external communication strategy. Once implemented, it must be constantly monitored and evaluated to reduce bottlenecks and enable management to rely on these systems in a crisis (Coombs, 2011). A crisis brings immense pressure and challenges for both the organisation and employees. Just like investors and customers, employees are also key stakeholders and their morale and productivity is greatly affected by a crisis. (As an example, MA has decreased employees by 6,000 since the first disaster occurred, NZ Herald, August 11, 2014). To stop any rumours and misinformation spreading and to avoid blame and allegations, all employees should be continuously addressed and communicated with by the organisation’s top management crisis team. Managers at all levels, therefore, have to play a leading role in ensuring effective communication with the key stakeholders inside and outside the organisation in times of crisis. This enables them to enhance their reputation and brand image, which leads to maintaining competitive advantage. Conducting timely, truthful and open communication with internal employees will help to gain their support for the company goals in tough times. “Two way communication” will help to get constructive feedback
and understand stakeholders’ perspectives, resulting in a more constructive and engaging dialogue. This will communicate to the external stakeholders the efforts the organisation are making and create a positive approach towards the whole crisis situation.

From the lessons learned, the following important questions ought to be answered by management, while drafting effective communication strategies to optimize crisis communication (Schmidt, n.d):

- What are the objectives and outcomes of the communication?
- What messages will be communicated?
- Who will manage the frequency and sending of the communication?
- Who will be the recipients of the communication?
- What will be the channel or the venue of the communication?
- When is the right time to communicate (timeline)?
- Who will evaluate the communications?
- How can the entire exercise be done better?

Brand image and reputation recovery should be addressed as follows:

- All victims or potential victims should receive instructing information, including crucial information. This is one-half of the base response to a crisis.
- All victims should be provided with an expression of sympathy, as well as any information about corrective actions and trauma counseling when needed. This can be called the care response, and is the second-half of the base response to a crisis.
- For crises with strong attributions of crisis responsibility, compensation and/or apology strategies should be added to the instructing information and care response.
- The compensation strategy should be used when victims suffer serious harm.
- Reminder and ingratiating strategies can be used to supplement any response.

**Support via contemporary technology:** Nel et al. (2014) suggest that many organisations rely heavily on day-to-day use of tools such as emails, voicemails, MsOffice and general social media to communicate and manage disruptive events. These systems are, however, not appropriate to handle critical incidents like an airplane crash. Organisations need to consider replacing these tools with business continuity management and disaster management and recovery systems. Deploying new age systems will provide organisations with fast communication, help to keep records of events and track progress of any incident handling procedures. Applying selective, but well controlled social media like Twitter and Blogs, could perhaps also be effective in crisis situations. This, however, was not the case in the communications of the Malaysian Government to the family members of MH17 passengers, since they chose
the unfortunate social media approach of texts to communicate with family members (Levy, 2014).

**Sensitivity Training.** Employees at all levels at MA should undergo training with regard to procedures and protocols in order to quickly deal with all eventualities, with effective responses and in a coordinated way, including an unexpected crisis. Along with this they should undergo sensitivity training. Sensitivity training aims at helping managers build and improve better relationships with internal and external stakeholders. This helps them to have a better awareness of group and social dynamics and the individual’s role in the group. Employees should be more sensitive, understanding, and adaptive to the needs, concerns and characteristics of other people (Erasmus et al, 2013; Grimsley, n.d). The prime objective of sensitivity training is to educate employees about constructive behaviours that are beneficial for all in every situation like the MA disasters. It provides insight into one’s own and other people’s emotional behaviours and builds corrective behavioural and emotional actions. Constructive feedback from other members is an important part of this exercise, as it shows whether the behaviour exhibited is meaningful and effective. It is possible that the goal of sensitivity training and those of the organisation may not align, as it aims to produce more openness and generate sensitivity. Hence, training is required to align sensitivity training with the goals of the organisation and its staff to increase profitability and competitive edge.

4. **CONCLUSION AND IMPLICATIONS**

It is not clear why MA did not effectively use the crisis training models that are available. It is also surprising that the MA recovery plan, published in August 2014, was not available prior to the two disasters. It is perhaps appropriate to conclude that the two crises within such a short space of time led to the unexplained inability of MA to effectively deal with a wide range of stakeholders. This inability was extensively documented in both newspapers and television coverage globally in the period after MH370 and up to and beyond the MH17 disasters. (Hilderbrandt, 2014; Kirvan, 2011; NZ Herald August 11, 2014; NZ Herald, August 27, 2014).

The suggested lessons outlined in this paper and the possible courses of action which could be followed would perhaps be helpful in future unexpected crisis situations, particularly the ICM Model. This is not only true for MA, but also any organisation anywhere in the world that needs to deal with an unexpected crisis of the magnitude that was thrust upon MA in a cruel twist of recent global history.

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