

ПІДПРИЄМНИЦТВО. МЕНЕДЖМЕНТ. МАРКЕТИНГ. ЛОГІСТИКА.

BUSINESS. MANAGEMENT. MARKETING. LOGISTICS.

Mathematical Subject Classification (2010) 91B99

THEORETICAL GROUNDS OF CONSOLIDATION AND INTEGRATION OF SUBJECTS OF THE CIVIL AVIATION MARKET ON THE BASIS OF REGIONAL AIRLINES AND AIRLINES-LEADERS

Ivan I. Sokoly, DEcon, Prof.

Odessa National Polytechnic University, Odessa, Ukraine

Соколи І.І. Теоретичні основи консолідації та інтеграції структур ринку цивільної авіації на базі регіональних авіакомпаній та авіакомпаній-лідерів.

Викладені основні елементи теорії консолідації та інтеграції авіаційних структур в вільних ринкових умовах.

Ключові слова: консолідація, інтеграція, цивільна авіація, авіакомпанія, аеропорт

Соколы И.И. Теоретические основы консолидации и интеграции структур рынка гражданской авиации на базе региональных авиакомпаний и авиакомпаний-лидеров.

Предложены основные элементы теории консолидации и интеграции авиационных структур в условиях свободного рынка.

Ключевые слова: консолидация, интеграция, гражданская авиация, авиакомпания, аэропорт.

Sokoly I.I. Theoretical grounds of consolidation and integration of subjects of the civil aviation market on the basis of regional airlines and airlines-leaders.

Basic elements of the theory of consolidation and integration of aviation structures in the conditions of the free market are offered.

Keywords: consolidation, integration, civil aircraft, airline, airport.

The problem of research of processes of consolidation and integration in the world market of civil aircraft, and all is wider finding the continuation in civil aircraft of the CIS countries is an important and actual scientific problem in modern conditions. Models of consolidation and integration of subjects of the world aviation market have extremely progressive character, therefore application of the given models in realities of Ukraine will allow to create conditions of qualitative growth and strengthening of positions of domestic civil aircraft. The questions of research of theoretical bases of integration and consolidation of aviation subjects were repeatedly investigated in the world economic theory of civil aircraft, in the CIS countries these questions were considered seriously enough in the Russian Federation. In the present work the author offers own system of theoretical bases of consolidation and integration of aviation subjects on the basis of regional airlines and airlines-leaders of Ukraine.

The scope is description and a substantiation of theoretical positions, laws and motives of consolidation and integration on the basis of airlines of small aircraft with the subjects operating in the market of aviation activity.

Sphere of regional transport aviation. On the basis of the regional transport aviation actually represented by the set of regional passenger airlines on airplanes (AP) of 2-3 classes, consolidation and integration may take place both in horizontal, and in vertical interrank direction. Vertical integration represents association of regional transport airline and subjects of small aviation. The factors, which are directing regional aviation (on which base there is an association) are:

- expansion of the business towards the directions similar with basic one (the general commercial interest and expansion);
- creation of network transport structure for assistance in increase of efficiency of the main business components.

Integration by the first principle usually carries multifunctional character – strong regional passenger airlines as a rule can invest into accompanying spheres of aviation business, such as agricultural aviation, air taxi services. As a rule creation of the integrated aviation structures as a part of regional airline and aviation structure of small aircraft can take place in the form of the projects directed on development of the market of local passenger air service on AP of small aviation. Similar experimental decisions have practical reflection in work of regional airlines of the CIS countries only sometimes whereas in world practice similar integration takes very wide place, and motives of the given integration in the developed countries are caused exclusively by a creation principle multirank network avian transport structures of type.

The network system the organization of transportations with a central outcome in the regional center is now a basis and actually the most effective model of the organization of air service in separately taken territorial segment. The given model in the western terminology is known as «hub» which usually is a large central airport. The model of «hub» type is effectively realized in the developed countries at many levels – beginning from a small province or territory and finishing frameworks of groups of the states. In the given model the role of small aircraft function is to transfer of passengers and cargoes from the final local airports to the central center from which their further movement is provided with airline more a high rank is taken away. Therefore, in practice of the developed countries it is very extended integration of aviation structures of different ranks for creation of network aviatransport structure of type «hub», thus degree of this integration of subjects varies largely – from alliances equal in rights to legally uniform regional or national airline. The given model is very useful and effective both for the client, and for airlines: Airlines of different ranks function in the conditions of absence of a competition in system, which in all potential aids to their development. However, in Ukraine, in the conditions of almost full dying off of system of local transport air service «the regional airline – local airlines of small aircraft» type model looks for today improbable. But, the similar model is easily enough realized and extremely perspective as the given segment of the market is almost completely undeveloped, and it is obvious that because of a strong competition in a foreign market one of favorable directions of development of the Ukrainian airlines is home market working out. Both principles have enough wide implementation in world practice, interfunctional integration is realised very often by strong regional airlines for maintenance of functional completeness of aviatransport services in the regional markets. In Ukraine consolidation of

regional aviatransport subjects is really possible only in an one-functional direction as in system of regional air service on AP 2-3 classes in Ukraine really exist only one functional sector: passenger transportations. The potential of internal cargo air service is mainly concentrated in capital, the regional component of specialised cargo air service practically does not exist.

The conditional factor of consolidation of one-functional aviation transport structures at the regional level, maintaining AP of 2-3 classes, under condition of harmonious section the mime of the given regional market consists of following components:

- collective protection against an external competition and expansion on the regional market;
- maintenance of optimum service of a volume of passenger traffic at the expense of attraction corresponding aircraft technicians of participants of association;
- maintenance of an optimality in the organisation of maintenance service aircraft technicians;
- maintenance of an optimality in system of administrative expenses and expenses on the organisation of sales of air service.

The degree of integration at regional level usually has weak character, as a rule, the consolidated regional air carriers represent an alliance of the airlines equal in rights connected among themselves by a number of the general structures. Association of structure of regional airline and the regional airport represents a particular interest.

In practice of the developed countries the formation of this type are absent, the remote analog of similar synthesis is participation of the aviation companies in a share capital of the airports of the basing, however in this case the given synthesis it is possible to name conditional and narrow only consolidation, in sense of presence of certain legal interrelation between these subjects, in economic-organizational sense the grouping of infrastructures of the airport and airline is absent.

In domestic practice there is an extensive experience of existence of incorporated aviagroups, and long enough time – in market conditions. As the given practice has shown, such united creation is very favourable airlines though the airport also had essential benefits from similar integration. Thus degree of advantage of integration for the airport sharply increases with fall of its rank and the importance in aviatransport system.

In modern conditions there are two variants of incorporated structure on the basis of regional airline: with the weak regional airport and with the regional airport-leader. Thus in the first case airline domination will have the expressed character, in the second case it is possible to consider only association on a basis equal in rights.

In case of association of infrastructures of regional airline and the weak regional airport on the basis of airline technological motives of association for airline will be similar to motives of association in sphere of small aircraft: optimization of expenses of airport handlings of own aircraft technicians, a the

configuration of airport structures under the own necessary industrial-political positions. But in this sphere, with increase of a rank of the airport, increases as well its value of its benefit component. Therefore, this factor already plays an appreciable role the given level in strengthening of integration tendencies. Also, thus the airline receives also the essential item of expenses on the maintenance of such enough difficult structure as the airport of regional value which generally will be much more on size than benefit creating one. Consequences of merge of regional transport aviation with the weak regional airport first of all will be had by unprofitable character at least at the first stages of coexistence.

Creation of united structure with the regional airport-leader with an active role of airline it is really possible only on a basis equal in rights. For airline in this case motives to association are following important factors:

- optimization of expenses on airport handlings;
- possibility of influence on competitors through airport component;
- involving in the activity of financial resources of the airport-leader.

For the airport-leader which carries out successful independent activity and possesses good economic stability, practically there are no powerful factors for its consolidation with regional aviation companies. On the contrary, the factors set forth above for the airport-leader carry negative sense: at association the airport loses direct profit on airline service, receives risk of a covering at own expense losses from the aviation activity which percent for the given business category is extremely high, encumbrance by aviation structure limits its commercial maneuvers in mutual relations with other airlines. Therefore association in which the airline plays a role equal in rights, favourable only airlines, and not favourable to the airport-leader, in modern conditions is really impossible.

Integration of aviation structures of transport aircraft of an average link and aviation providing structures is shown, as well as in small aircraft, mainly in aviation-industrial sphere. Almost all the large aviation both engine-producing associations and factories of aviation repair works have the integrated cargo-passenger airlines as structural divisions. Overall objectives under the given integrated transport airlines for aircraft factories first of all are:

- assistance and maintenance of industrial activity of the enterprises;
- maintenance of constant possibility of performance of technical testing (routing flights, flights) transferred in repair or again let out aircraft technicians.

The commercial component from market usage of APs in the given sphere usually is taken away on the minor plan though plays an appreciable role the market of air service, especially cargo. Also as well as in sphere of the small aviation, the given integrated airlines possess powerful technical and economic stability and potential and represent strong

contenders, and often occupying exclusive niches in the markets.

Integration of infrastructures of airlines of an average link and subjects of not aviation spheres in the developed countries is realized on following main motives:

- industrial necessity for maintenance of primary activity of an aviation component;
- functions of business aircraft.

By the first principle are usually integrating the airlines which are engaged in specialized freight traffic which are included in system of the large transport-forwarding companies ("DHL", etc.). Rarely we see integrated transport airlines on AP of the middle rank, performing special aviation works or transportations which are a component of a production cycle of the core business parental structures. Such airlines possess usually good technical and economic potential and financial stability, they are strong against the general commercial risks, but as competitors in the free aviation market they practically don't act, as operate mainly with a view of own parental structures.

In the business aviation maintaining AP of an average link, there are two models of the organization of airline:

- own strongly integrated;
- corporate weakly integrated.

In the first case the airline is usual structural division of parental structure. But in view of very high cost of the maintenance and operation of business AP jets of middle class, the quantity of business jets is very insignificant, and the business structures who really contain own business aircrafts even of an average link even in world scales, is very small. Therefore in world practice the wide implementation has the second model of the organization of airline of business aircrafts - corporate weakly integrated. In this case a number of business structures establish as a rule the separate airline which management is carried out by collective body, and planning of performance of business flights is carried out by means of joint configuration according to the account of interests of all structures-founders. At realization of similar model by its main advantage is the specific economy of means of each founder separately, and theoretically insufficient efficiency is compensated by the effective organization of planning of flights.

Sphere of airlines-leaders. The sphere of leading airlines in the developed countries of the world are been involved into the processes of consolidation and integration most widely. In sphere of such airlines realization of principles of consolidation and integration on the basis of airlines-leaders as a rule occurs in a homogeneous environment of the aviation companies.

Principles of consolidation and integration on the basis of airlines-leaders are realized in a vertical directions (integration of airlines of different ranks), in a horizontal direction (consolidation of the airlines of equal rank), and in transnational scale (creation of alliances of leading airlines of groups of the countries).

Vertical integration with the aviation subjects of lower rank, and also deeper integration with construction of multirank verticals of aviation structures as a rule is initiated from above by airline-leader. Motives of similar integration are the following:

- expansion and coverage of the market in the area of reduction of scale of transportations;
- creation of network avian transport structure of «hub» type.

In the small states which number in the world is great, we see frequent these two principles merge in model of uniform national airline which as a rule, covers a vertical of scale of internal air service on all depth and carries out the international flights from state capital. Integration degree between links of different ranks can be various, it is defined by operating conditions of aviation subjects in the market. Strong integration as a rule takes place in the conditions close to exclusive (national airline) when links of different ranks don't have necessity of maneuvering and transformation under the influence

of a competition, or on the contrary, in the conditions of very rigid competition when it is necessary accurate and operative mutual connections of the divisions for deduction of positions. In the competition conditions the middle degree integration can have weaker interranks communications for giving to the links the certain market manoeuvrability.

Integration of airlines-leaders and the airports of different ranks represents a particular interest. At the level of the airports-leaders integration with airline-leaders looks improbable as they both successfully carry out their activity and don't need encumbrance each other by creation multifunctional and difficult infrastructure, significant benefit from formation which for both these subjects is absent.

In a variant of formation on the basis of the Ukrainian airlines-leaders of vertically integrated structure, including the weak regional airports and the local airports, motives and models of integration of aviation structures of the given ranks will be identical to the above-stated motives and models.

References:

1. Сливицкий В.С. Эволюция организационных структур авиакомпаний. // Современные условия на мировом воздушном транспорте и гражданская авиация стран Восточной Европы. Материалы Симпозиума ISO в АГА 29-31.10 1991 г.
2. Солосина Е.М. Ситуация на мировом рынке авиаперевозок и тенденции его развития // Бюллетень транспортной информации. – 2002. – № 4. – С. 34-40.
3. Транспорт в России, 2002: Стат. сборник / Госкомстат России. М., 2002.
4. Могилевкин И. Мировой транспорт: Новые горизонты и новые проблемы // Мировая экономика и международные отношения. – 2000. – № 9. – С. 29-36.
5. Кучевский Н. Тенденции развития рынка транспортных услуг // Белорусский журнал международного права и международных отношений. – 2003. – № 2. – С. 75-84.

Надано до редакції 15.09.2011

Соколи Иван Иванович / Ivan I. Sokoly
iisokoly@rambler.ru