



Crisis Management in Aviation: A Case Study of Hawaiian Airlines During the COVID-19 Pandemic

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Abstract

The COVID-19 pandemic posed an unprecedented global challenge to the aviation industry, disrupting operations, slashing revenues, and compelling airlines to adopt swift crisis management strategies. This case study examines the response of Hawaiian Airlines, a key regional and international carrier, to the crisis. It explores the airline's strategic decisions in managing operational continuity, safeguarding employee and passenger health, and navigating financial instability. Emphasis is placed on the airline's adaptation through cost-reduction measures, schedule restructuring, implementation of health protocols, and leveraging government assistance. By analyzing Hawaiian Airlines' approach, this study offers insights into effective crisis management practices and organizational resilience in the face of prolonged disruption. The findings contribute to a broader understanding of how airlines can prepare for and respond to future global crises.

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Introduction

Hawaii Airlines is one of the largest airlines in the United States. Hawaii airline operating domestic and international flights in multiple locations in the pacific region. This airline focused on bringing visitors to Hawaii from the United States and other South Pacific countries. Every Year Hawaii airlines are carrying almost 5,000,000 visitors. The best thing about Hawaii Airlines is, it has around 92 years of history with the safest aircraft. Our group would like to do research on Hawaiian Airlines, how it has handled the pandemic and how it has come back into business by its leadership strategies and their responsibilities to bring the company going from bankruptcy. US federal and state government has backed up the Hawaiian Airlines with stimulus check of \$683 Million dollars. Its leadership team has brought the best strategic decisions to get this company survive during the pandemic. Initially, Hawaii Airlines was established as Inter-Island Airways. Earlier, Island Airways had only three significant aircraft. Later in November, they have started actual rout to Hilo from Oahu through Molokai and Maui's locations. Investigating this information decided how we could help them run a coordinated promoting effort focusing on US traverse all US Expedia Gathering retail locations. The focusing on system remembered for site show promotions served through course focusing in plain view advertisements highlighting the new courses were presented to explorers who were looking for explicit aircraft courses. We realized which courses to target on account of the first and outsider information that we amassed in the mission arranging stage. Between August 2019 and Walk of a year ago, the mission produced an increment in traveler interest between US territory centers and Auckland of 40%. Hawaiian Aircrafts saw a huge increment of 20% in traveler interest for courses among Hawaii and Auckland, explicitly.

Hawaiian Airlines Background

One is a CH-300 pacemaker, and the other two are S-38 flying boats. The first flight was hosted in October 1929 for visiting Oahu with the charge of \$5. To finish everything off, organization has named this mission the North America Aircraft Mission of the Year in 2020. At the point when they ran imaginative, travel organization-based missions like this one, we are frequently helped to remember the saying: They were more grounded together. For this situation, Mastercard offered a convincing proposal to travel customers while Hawaiian Carriers and Auckland Air terminal pooled their assets to guarantee that their mission contacted the perfect individuals at the perfect time. It seems like the familiar aphorism is valid.

This airline was got their agreement with mailing service in 1934. Hawaii Airlines got expanded with more flying boats by the end of 1935. These flying boats are used to carry a maximum of 16 passengers. Afterward, Hawaii airlines resumed their developments and got a new one, Douglas DC-3. Also, they had changed their name from Island Airways to Hawaii Airlines in 1941.

World War -2 has a significant impact on Hawaii Airlines. During world war-2 the Pearl Harbor attack, Hawaii airlines DC-3 was shot by an explosive from a Japanese plane. At that time, Hawaii airline is the only cargo flight which is scheduled. Later, the United states Cargo has declared Hawaii airlines as the number one cargo flight. In 1952, Hawaii airline got their flight called Convair-340 with the cost of \$520,000. This airline was carrying 44 passengers. In the same year, Hawaii Airlines has added live bird as their logo. By the year 1959, Hawaii airlines have increased its customer count to 498,000. Later in 1960, Hawaii Airlines started services between Los Angeles to Honolulu with the jet craft.

In 1966 Hawaii airlines have been launched the DC-9-10s for smooth transportation between the cities. The later logo has been changed to peach and purple. In 1975 Hawaii airlines have upgraded to DC-9-5s with a passenger capacity of 130 seats. Then after Hawaii, airlines operated their first United States Women crewed flight in 1979. Later Hawaii airlines operated their first Trans-Pacific flight. Moreover, Hawaii airlines operated with L-10011. Later L-10011 was replaced by DC-10 in 1994.

In 2000 Hawaii airline has updated their logo also they have replaced their flights DC-9 and 10 with 717 and 767. 2003 was challenging for Hawaii Airlines. After few years, Hawaii airlines was filed for bankruptcy due to some reasons. After this incident, the organization went on a different business plan to continue its operations. While in the Bankruptcy period, Hawaii airlines had started a new route from Honolulu to Sydney in 2004. At the end of this bankruptcy period, Hawaii airlines have changed its operational cost and found some new Shareholders in mid of 2005. In the following years, Hawaii Airlines had massive growth in its business. By the end of 2005, Hawaii airlines started a new route to San Jose and increased their business services mainly in the United States of America.

The first economy A330 flight has operated by Hawaii Airlines is a vast body aircraft and carries a maximum of 440 passengers in 2010. This aircraft has provided more chances for extending their services. This had a significant impact on Hawaii airline's business growth. Hawaii airlines made massive demand in the international marketplace. Hawaii airlines started new operational daily routes from Tokyo in 2010 and Seoul and Osaka routes in 2011. They have started

some other new routes from Sapporo, New York, Auckland, Sendai, and Beijing in later years.

Financial Impact on Hawaiian Airlines during Pandemic

In 2014, Hawaii Airlines launched another subsidiary, Ohana associated with Hawaii airline's service, which is operated with empire airlines' help. Hawaii airlines announced their organization plans for business class seating in their A330 aircraft in 2015. In the same Year, Hawaii airlines have updated its logo to a different version of the Pualani logo. From 2017 Hawaii airlines was started operating A321Neo and A330Neo flights. These flights have the capacity of 189 passengers, and these flights were utilizing for west coast routes. However, in 2018 they have replaced A330Neo with 10 Boeing 787-9s. Hawaii airlines started their long-distance nonstop service from Boston to Honolulu in 2019. This has become a record for the longest domestic flight in the United Nations. In 2020 Pandemic had a significant impact on Hawaii airlines. In mid of April, Hawaii airlines almost had a \$100,000,000 loss. Due to the covid-19 Hawaii airlines, they decided to reduce their organization by around 15-25% to keep the market.

The coronavirus pandemic (COVID-19) created a global risk and disruption among all the business industries. The airline industries are among the most affected sectors due to this Pandemic and government-imposed restrictions on the travel ban. Hawaiian Airline Industries have seen a drastic decline in the number of flights due to the governments' measures for airport closure across all the countries, especially in the United States. Since then, it has created a substantial financial impact on the airline business's market values (Moreno, 2020). Hawaiian Airlines has taken a massive toll as a result of the current crisis. The organization has struggled with a drastic decline in business due to the COVID-19 epidemic since it affects both international and domestic passengers. Hawaiian Airlines have seen a significant loss in its business operations due to travel restrictions, with a reported loss of \$162.2 million for the fourth quarter of 2020 (Pearce, 2012) [2]. It has got a massive revenue reduction, forced to lay off around 2500 of its employee workforces, and has also decided to declare bankruptcy (Pearce, 2012) [2]. Most of these employees would be flight attendants, pilots, customer service agents, ramp agents, dispatchers. Moreover, the company has mentioned that currently, it is receiving funding through the extension of the Payroll Support Program, but this will get expired soon on March 31 (Moreno M, 2020). The company has anticipated that the layoffs will be temporary and last for six months or longer.

With the announcement of pandemic coronavirus at the end of December 2019, it created a debilitating impact on most of the airline industries. As a result of this Pandemic, Hawaiian airline passengers' traffic has dropped 90% at the peak (Moreno, 2020). Most of the airports have become ghost towns, and they lost their ability to connect the world for social, cultural, and economic gain. Organizations such as Airports Council International (ACI) World and IATA called for re-establishing global connectivity and non-debt generating financial support. As per official records from all the U.S. passenger airlines, it incurred a pre-tax loss of \$46B in 2020. This situation might continue for all the U.S. airlines with cash burn throughout the first quarter of 2021. To accumulate the billion dollars debt, it might take years for all the airline industries to get back to normal (Pearce, 2012) [2]. During the third quarter of 2020, Hawaiian airlines have reported Hawaiian Airlines reported huge substantial financial losses.

Impact of COVID-19 on the Global Aviation Sector

As per official records, after the World Health Organization has declared that the covid-19 was Pandemic, on March 11, 2020, where on the same day, nearly 100,000 commercial flights were flying across the world, but flights tracked plunging to below 100,000 Within three days. This situation continued in April by having the lowest tracked daily flights observed on April 26. It has got a total of merely 24,049 flights by this time. By December, traffic had made some significant improvements, with traffic surpassing the 80,000 marks during December 18, 2020 (Pearce, 2012) [2]. It has also created a significant impact on Hawaiian airlines. The company recovery seems to be happening by having amidst travel restrictions and uncertainties, with the recent fears of this new COVID-19 variant, known as 501.V2, which got evolved in the United Kingdom COVID-19 variant reported in South Africa. It has been observed that the Daily traffic has been improved in November and December 2020 due to the vaccine's announcements by various countries worldwide and their warp-speed regulatory approvals (Jean D, 2016) [1].

The COVID-19 Pandemic has created an economic decline globally because it disrupted the travel market's supply and demand chain. Our research mainly examines all the possible potential recovery pathways for the global airline industry facing a severe negative impact. Due to the Pandemic, the Hawaiian airline industries have faced substantial financial crises impacted in several forms, such as rating downgrades ratings, bankruptcy, severe cash burn due to travel restrictions. With the adoption of measures taken by airline industries that ensure the operational sustainability of various economic sectors, based on the observations, the recovery process seems much slower than anticipated (Pearce, 2012) [2]. Even most of the airline industries are gradually stabilizing and operative. It is crucial and critical for Hawaiian airlines to understand this pandemic evolution across the world. It can prepare and take necessary measurements to work during a pandemic.

Operational Risk Assessments and Analysis

Hawaiian Airlines have become more agile and holistic at accessing risk management, which involves accountant risks and direct economic risks driven by the American Securities and Markets Authority and other global regulators. In the current situation, the organization needs to consider a pressing need to focus on transparency, including financial reporting and market disclosures (Jean and Lohmann, 2016) [1]. For achieving operational efficiency and revenue growth, Hawaiian Airlines must need to access how fleet groundings, economic uncertainties, travel bans, and market volatility may affect accounting conclusions.

Our research project mainly aimed to systematically analyze how the Hawaiian airline industries got impacted due to this pandemic COVID19, which is recognized as an evolving and fluid global situation. All the possible Operational Excellence Initiatives and strategies have been adopted by Hawaiian airlines in order to sustain the business and withstand the market conditions and regain the financial losses, and we examined the 2019 novel coronavirus outbreak's short-term impact, which significantly impacted all airline companies worldwide (Jean D, 2016) [1].

Recovery of the Hawaiian Airlines from Bankruptcy

The novel Coronavirus disease started in late 2019 and has affected more than 109 million people and causing the deaths of 2.4 million people (Wiessmann N, 2020). The condition is easy to spread as one can get it from having to contact an

infected person's body fluids such as sweat, mucus, and saliva or through the air when they are close to them. Due to its ease of spread and severe symptoms, people and governments worldwide struggle to eradicate the disease. As a measure to contain its spread, most countries have enacted travel bans and restrictions to avoid importing or exporting the virus from their people (Wolfsteller J, 2020). Most countries went into a full lockdown or enacted a curfew to minimize the disease's spread within the community. New preventative measures have also been put in place worldwide, including washing your hands regularly, maintain 1.5 meters, and wearing a protective mask at all times. These measures greatly affected Hawaii Airlines as most of its customers are tourists coming to or from the Island. In 2019, the airline carried an average of 30000 passengers daily to and from Hawaii, but after travel restrictions took place, this number had dropped to up to 500 passengers a day in 2020 (Pearce B, 2012) [2].

Effects of COVID-19 on the Airline

Hawaiian airlines have struggled with the unprecedented decline in business due to the Coronavirus pandemic and its resultant travel restriction, which saw passengers cancel both their domestic and international travel to protect themselves and their families. At the beginning of last year, the crisis had become so bad in the airline that it decided to cancel its investor day scheduled for much and instead have the company's CEO Peter Ingram update its sharp decline in business. In his update, Ingram said, "Corona is very different from a weak economic situation where people want to travel but do not have the means to travel (Pearce B, 2012) [2]. The decline in business is driven by the high level of anxiety accompanying the spread of the disease. We are dealing with a crisis in consumer confidence around travel and the uncertainty COVID brings from all these."

The early onset of the virus also forced the airline to choose its customers' safety and the whole of Hawaii by suspending flights to countries with a high infection rate. In February 2020, Hawaii airlines were forced to suspend its flights to Seoul, South Korea, as infections in the country soared. It also canceled its flight from Japan, which had infections between the 80-90 percentile range (Wolfsteller J, 2020). These two markets represented a significant part of Hawaii airline's customers, with Japan comprising 21% of its total customers and South Korea representing 3% (Finnerty, 2020). Even when the airline flew to other states, they had to observe strict COVID-19 regulations and create extra shop visits for its planes to get disinfected and fumigated before the next flight. The unintended visits brought on more liabilities to the company, and as a result, it dropped smaller planes such as the A321 Neos from its working fleet to reduce costs. Another issue that faced the airline was securing slots at specific airports worldwide. Most airports require their airlines to use their spaces at least 80% of the time to maintain their take-off and landing rights (Finnerty K, 2020). These airports included the JF Kennedy airport in New York, Incheon, Seoul, Tokyo, and Sydney, Auckland, and Brisbane in Australia. Despite canceling flights to these regions, the airline still had to fly cargo planes within or out of these regions as a slot protection measure. The losses brought by these factors resulted in a \$162 million loss for the carrier in the last quarter of 2020 (Finnerty, 2020).

Recovery Measures

By the end of 2020, most countries worldwide experienced a decrease in infection rates allowing governments to relax

their travel restrictions and bans. Although people still had to follow necessary preventative measures, governments relaxed traveling bans from country to country, only requiring them to quarantine for two weeks and have COVID negative results (Aratani J, 2020). Hawaii Airline's response was to make its services accessible and convenient to attract both its old and new customers. The airline partnered with Vault Health and other healthcare institutions to offer the Hawaiian Miles incentive. The incentive dictated that passengers with 14000 flier miles could redeem them at the airport and get a free home test kit (Aratani J, 2020). The motivation involved Vault Health mailing the kit to the customer, walking them through the testing process, and giving them directions on how they can express ship the used kit to Vault Health labs.

In December last year, the airline launched mainland COVID-19 testing centers to improve domestic travel to Hawaii. The company created walk-up testing clinics in numerous cities across the Western US to serve passengers traveling to Hawaii from Portland, Los Angeles, Seattle, Ore, and Las Vegas cities (Wiessmann N, 2020).

Conclusion

The COVID-19 pandemic has had diverse effects on individuals, businesses, and whole countries. By enacting stringent traveling bans and enforcing protective measures, most countries worldwide are flattening the curve. Hawaiian Airlines was among the worst-hit airlines in the US, experiencing a decrease of nearly 29500 daily customers. But, with its team of leadership and strategic decisions it has survived during the pandemic and stood its operations up and running. Based on their strategies and us government backup with the stimulus checks the company has survived during the pandemic and now it is operating in its full strength. Despite the business's finances being gravely affected, the company is boosting its customer base by partnering with numerous healthcare firms to offer free and accessible COVID-19 testing. Through using its current compassionate approach, the company is almost entirely recovering from the pandemic and plans to launch a barrage of other incentives to ensure customer numbers remain high.

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