

Liquidation of airlines' impact on airport businesses?

The case of King Shaka International Airport

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Background: The liquidation of airlines such as Comair and SA Express affected foot traffic at King Shaka International Airport (KSIA). Businesses in airports rely on airlines to bring foot traffic to the airport. The closure of the airlines had an impact on the business at KSIA.

Objectives: This study focused on understanding the consequential effects of airline liquidations on the businesses in the KSIA.

Method: The study adopted a concurrent mixed research methodology where a survey and interviews were used as research strategies. As the population of the study was small, a census comprising 37 businesses and 4 representatives from the Airport Company of South Africa (ACSA) was used.

Results: The study found that the liquidation of the airlines reduced foot traffic; consequently, most businesses in the airport suffered reduced revenues causing some to close and others to struggle. The study also revealed that a considerable number of businesses were not adequately informed by ACSA about the impending liquidation of the airlines, potentially impacting their ability to prepare for the consequences of such an event. The study also found that businesses in the airport did not receive the operational support they needed from ACSA to manage operational challenges during this period of disruption.

Conclusion: Among the recommendations made, the study recommends that ACSA adopts a hybrid till model unique to South African airports, particularly KSIA.

Contribution: The study recommends a stronger tenant support and collaboration strategy to help affected businesses in times of airline difficulties.

Keywords: ACSA; liquidation; Comair; SA express; aviation industry.

Introduction

King Shaka International Airport (KSIA) is located in La Mercy in the province of KwaZulu-Natal, South Africa. It is approximately 35 km from the port and city of Durban (Crosby & Maharaj 2021). Crosby and Maharaj (2021) further stated that the airport was built as a replacement for the Durban International Airport upon realisation of the limitation of the existing airport, particularly its 2400 m long runway that was too short to allow the landing of large aircraft such as the Boeing 747. According to Airport Info (2022), the new airport, whose runway is approximately 3700 m long, was officially opened in 2010 to coincide with South Africa's hosting of the 2010 FIFA World Cup. King Shaka International Airport's runway length and terminal can handle large aircrafts, making it a critical link between South Africa's other two international airports, namely OR Tambo and Cape Town airports. It also provides flights that travel directly to other international airports in several countries. This airport has recently been affected by the turbulence in the aviation industry.

This turbulence has recently manifested in the unexpected liquidation of major carriers, sending shockwaves through the global commerce infrastructure (Bauer, Bloch & Merkert 2020). These abrupt closures have far-reaching implications, particularly for ancillary businesses operating at international airports (Bauer et al. 2020). This study focuses on understanding the consequential impact of airline liquidations on sectors such as food outlets, banking, foreign exchange services, Airport Company South Africa (ACSA) and clothing establishments in the dynamic environment of KSIA. As the aviation landscape experiences significant shifts, this study aims to dissect the intricate web of repercussions arising from the demise of key airlines

and critically examine the specific challenges faced by diverse businesses in this ecosystem.

The comprehensive investigation into the impact of airline liquidation on ACSA, food outlets, banks, foreign exchange services, and footwear and clothing retailers at KSIA aligns with the global commitment to achieving Sustainable Development Goals (SDGs), specifically addressing Goal 8, which focuses on Decent Work and Economic Growth, and Goal 9, which focuses on Industry, Innovation and Infrastructure (Shahryar 2024). The closure of airlines disrupts the economic equilibrium within airport ecosystems, affecting employment stability and the overall economic growth of businesses reliant on steady passenger flow. This study seeks to identify strategies that contribute to the creation of decent work, economic resilience and sustainable growth within the affected sectors. The study recognises that the resilience of airport businesses depends on adaptive strategies and innovative approaches to mitigate the impact of airline closures. By examining the response mechanisms of food outlets, banks, foreign exchange services and retailers, the study contributes insights into fostering resilience and sustainable practices within the airport industry.

Following this introduction, the study will present a review of the literature, followed by the theoretical framework upon which the research question hinges; this will be followed by the research methods that were used to collect and analyse the data; this will be followed by a presentation of the results, followed by a discussion of the results and how they link to the literature; and finally, we shall present a conclusion drawn from the results and areas for further research.

Purpose of the study

This study critically analysed these events, aiming to offer a nuanced understanding of the complex interplay between airline closure and the multifaceted impacts on food, banking, foreign exchange and clothing establishments in the airport environment.

Objectives of the study

This study aims are as follows:

- To determine the effects of the liquidation of key South African airlines on the food, transport, banking and foreign exchange, and clothing outlets at KSIA.
- To make recommendations on how to mitigate the impact on businesses at KSIA caused by the shutting down of an airline.

Literature review

According to the Organisation for Economic Co-operation and Development (OECD) (2021):

Air transport relies on several upstream sectors: support activities to air transportation (including the operation of

airports); aircraft manufacturing; rental and leasing services; and refined petroleum manufacturing (including the blending of biofuels). (p. 2)

In particular, the air transport sector and airports are inherently intertwined. Some airports depend heavily on one or a few companies that use them as a hub. Shared ownership is common, either by private actors or by the public sector (OECD 2021). This section explores the aerotropolis in South Africa, the entry of Low-Cost Carriers (LCCs) – Comair and South African Airways (SAA) subsidiaries and its socio-economic impact on the airline industry and supporting businesses. Moreover, this section unpacks deregulation and the impact of liquidation on key airlines on the economy of businesses.

Businesses in the airports

As stated by authors such as Cassim (2020), Mhlanga, Steyn and Spencer (2018), and Zhang and Graham (2020), airports have evolved from being a provider of only flight services. The authors argue that most airports now have a variety of businesses that are aimed at not only flight passengers but also services that can be accessed by the general public who do not intend to take a flight. Such businesses include restaurants, car hire businesses, banks, foreign exchange outlets and so forth (Zhang & Graham 2020). While the Airports Company South Africa manages the flight-related services, most of the services mentioned above are often privately owned (Mpondi 2019). While these businesses can attract non-passenger customers, in South Africa they rely predominantly on flight passengers (Blonigen & Cristea 2015). Silva, Kalakou and Andrade (2023) argue that in other countries, airports have contributed to the property development boom around the airport. This trend has begun in and around OR Tambo airport where hotels have set up shops to target passengers who are connecting to other destinations Airports Company South Africa (ACSA) (2022). Therefore, the closure of an airline is likely to have a negative impact on the business in and around the airport.

Airport retail businesses as a source of non-aeronautical revenue

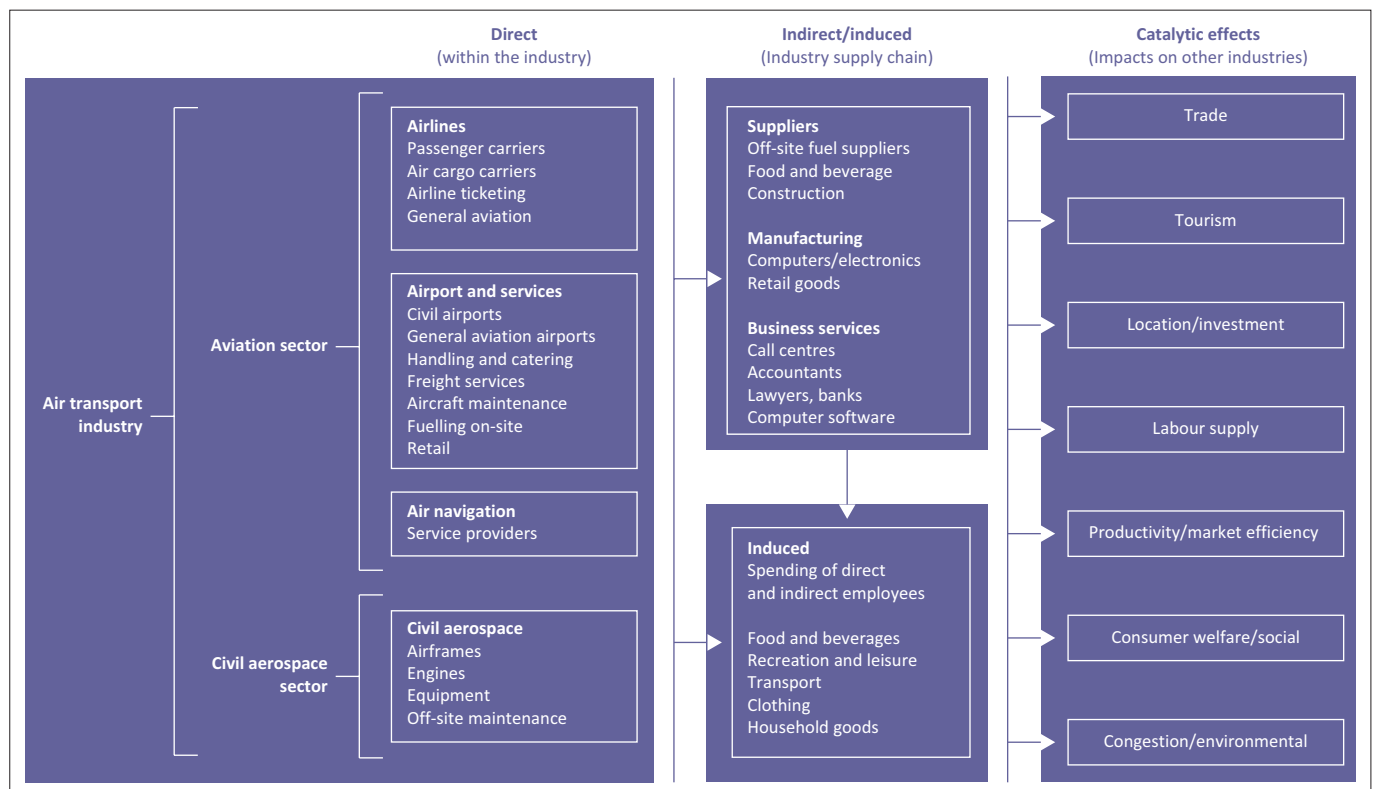
In airports around the world, airport companies derive their revenues from two types of sources, namely aeronautical revenue sources and non-aeronautical revenue sources (Creed et al. 2021). Creed et al. (2021) and Heyes (2014) argue that airport companies derive their aeronautical revenues from services they provide such as ground-handling charges, aircraft parking, traffic control services and refuelling, while non-aeronautical revenue sources include food and beverages, car parks, rent, interest and other services that are not airline-related. The competition among airport companies has made them to not only rely on aeronautical revenue sources but also ensure that there is a constant stream of non-aeronautical revenue sources (Statistics South Africa, 2020). This is evident even in the United States of America where

competition among airport companies has resulted in cost pressures (US Government Accountability Office 2014). Many authors such as Bohl (2013) and Silva et al. (2023) argue that most airport companies, if not all, have had to increase their non-aeronautical revenue for them to be competitive. Fuerst and Gross (2018) argue that the importance of airport retail businesses as a source of non-aeronautical revenue has increased over the years in the light of liberalisation and deregulation of the aviation industry.

Non-aeronautical revenue has become so important to the airport companies to the extent that in some airports, it accounts for 50% of the total revenue of the airport (Fasone, Kofler & Scuderi 2016). This suggests that the existence of businesses in the airports does not only benefit the business owners but also benefits the airport companies (Bearingsdottir 2019; Bohl 2013). Fuerst and Gross (2018) argue that the importance of airport retail businesses has increased over the years in the light of liberalisation and deregulation of the aviation industry. It is important to note that as argued by Bohl (2013), the contribution of non-aeronautical revenue to the total revenue of the airport company is largely dependent on the passenger numbers. It follows therefore that any disturbance to the retail businesses in the airports is likely to have a direct or indirect impact on the revenues of the airport company. The liquidation of two airlines operating to and from KSIA possibly led to the reduction in revenues of the retail stores at the airport (Bohl 2013).

The impact of airports on the regional economic growth development

Airports serve as crucial facilitators of global trade by providing countries access to the global market (Kazda, Hromádka & Mrekaj 2017). Through hosting international events like conferences and sports competitions, airports generate spinoff effects that boost international trade and contribute to the economic development of nations at different stages (Pot & Koster 2022). Airports directly contribute to economic growth by supporting the tourism sector and creating job opportunities through increased connectivity and expenditure. Furthermore, well-developed airports act as key links that influence the investment decisions of global companies (World Economic Forum 2023). They play a vital role in the world economy as connectors of people and enablers of international value chains and essential trade gateways, particularly for landlocked cities. Additionally, airports stimulate regional productivity by generating positive externalities and fostering agglomeration economies in their vicinity (Blonigen & Cristea 2015). The exponential growth in air travel underscores the need for efficient airport services to optimise aircraft movement and foster further growth in the tourism industry (Mpondi 2019). Figure 1 depicts the air transport industry value chain that includes various businesses catering to the needs of passengers. These businesses, ranging from retail shops to hotels, play a crucial role in enhancing the overall airport experience for travellers (Zhang & Graham 2020).



Source: Oxford Economic Forecasting, 2005, 'The impact of the express delivery industry on the global economy', pp. 1–43, Abbey House, Oxford.

FIGURE 1: The aerospace industry value chain.

As shown in Figure 1, the aerospace industry can be categorised into three sub-sectors: direct (within the industry), indirect (industry supply chain) and external industries (catalytic effects). These sub-sectors within the aviation industry have a profound impact on global development by stimulating economic growth, creating employment opportunities and fostering technological advancement (Oxford Economic Forecasting 2005).

The economic impacts of the aviation industry in South Africa

The aviation industry stands as a vital cornerstone in the socio-economic fabric of any nation, a fact underscored by scholars and policymakers alike (Abeyratne 2016; De Gove 2019; Tolcha, Brathen & Holmgren 2020). The global proliferation of open skies agreements serves as tangible evidence of nations' recognition of the substantial revenue potential embedded in aviation services (Abeyratne 2020). Notably, initiatives like the European single sky option and the lucrative agreements signed by the United States exemplify how countries strategically leverage aviation for economic gain. However, while there has been a realisation of the economic benefits that can be derived from the aviation industry, the lack of widespread government support for open skies policies has hindered the success of the aviation industry (Tolcha et al. 2020). This failure to fully embrace such agreements has resulted in African airlines, including those in South Africa, missing out on significant revenue opportunities (Abeyratne 2016).

Despite the absence of an open sky's agreement in Africa, the Tourism Satellite Account for 2013 highlighted the considerable impact of aviation on South Africa's economy. According to the figures released recently by the International Air Transport Association (IATA) (2024), the aviation sector generated 262 000 jobs, accounting for more than 2.6% of the national workforce as compared to the 2014 figures where the sector contributed 227 000 jobs (De Gove 2019). Furthermore, the annual value added by each employee in air transport services in South Africa was significantly higher than the national average, demonstrating the industry's economic significance (Tolcha et al. 2020).

The financial contribution of the airline subsector to South Africa's economy is substantial. It pays nearly R6.0 billion in taxes, with R3.5bn attributed to taxes from aviation firms and employees and R2.4bn from passenger departure taxes, including value added tax (VAT) (Mhlanga & Steyn 2016). Additionally, the aviation sector's supply chain contributes an estimated R5.0bn in government revenue, with an additional R2.3bn generated through the taxation of activities supported by aviation-related spending (Mhlanga & Steyn 2016). Despite these impressive figures, the full potential of the aviation sector in South Africa remains unrealised (Mhlanga & Steyn 2016). Challenges such as the troubled status of the national carrier, SAA, which relies on government bailouts, undermine the competitiveness of the industry (Mhlanga & Steyn 2016). South African Airways's

dominance has also contributed to a lack of market competitiveness, leading to a high failure rate among domestic airlines (Mhlanga & Steyn 2016). To fully harness the economic benefits of aviation, the South African government must recognise that state-owned flag carriers are costly and can stifle industry efficiency. Embracing a more open and competitive aviation landscape is imperative for unlocking the industry's full potential and driving sustainable economic growth (De Gove 2019).

Contribution of airlines to tourism

In 1994, the government adopted the Reconstruction and Development Plan (RDP) as a programme of action to alleviate the triple challenge of poverty, unemployment and inequality in South Africa. Tourism was identified by the RDP as an engine for growth for the economy as the traditional sectors, such as mining and agriculture, had a declining share in employment and contribution to the Gross Domestic Product (GDP) (Rasool, Maqbool & Tarique 2021). Furthermore, tourism is labour-intensive; therefore, any growth in tourism is associated with growth in employment (International Labour Organisation 2022). The emergence of LCCs reshaped the traditional airline business model and significantly changed the competitive dynamics of the air transport industry (Hassan & Salem 2022). With a model based principally on low fares, LCCs make air travel accessible to a whole new market, which has provided healthy competition in the market and driven down prices for airfares (Su et al. 2020).

The concept of airline liquidation and the liquidation process in South Africa

Liquidation is a legal procedure typically undertaken by companies or partnerships, involving the appointment of a liquidator to manage the closure of the business. Throughout this process, the company is dissolved, ensuring that all its affairs are properly concluded, and its assets are liquidated. Once these steps are completed, the liquidator requests the removal of the company from the register at Companies House, leading to its official dissolution and cessation (Storm 2019).

Factors contributing to liquidation on a global scale

According to Subramanian (2017), the aviation industry is responsive to regular changes in economic cycles, often facing challenges that can lead to the liquidation of airlines, and these challenges include economic volatility. Subramanian (2017) further argues that economic volatility stands out as a prominent factor influencing the financial stability of airlines. Abdi, Li and Càmara-Turull (2023) and Button et al. (2015) highlight how economic downturns, fuel price fluctuations and currency instabilities can severely impact airline profitability. For instance, the aftermath of the 9/11 terrorist attacks precipitated a downturn in air travel demand, contributing to the demise of a major airline in the United States called Trans World

Airlines (TWA) in 2001. Similarly, as argued by Gössling and Humpe (2020), the global financial crisis of 2008 and subsequent recessions strained airlines' finances, leading to bankruptcies and liquidations across the industry.

Intense competition within the airline sector exacerbates financial pressures on carriers, particularly legacy airlines. Vowles and Lück (2016) underscore how the emergence of LCCs has intensified price competition, eroding profit margins for traditional carriers. This competitive landscape often leads to price wars and unsustainable fare levels, pushing airlines towards bankruptcy.

Air from Reykjavik, Iceland in 2019 serves as a poignant example of how aggressive competition in the transatlantic market rendered the business model untenable, ultimately resulting in liquidation. Overcapacity is another critical issue plaguing the airline industry and contributing to financial instability. Belobaba, Odoni and Barnhart (eds. 2015) argue that airlines frequently fall into the trap of overexpanding their fleets to meet anticipated demand, only to face excess capacity during periods of economic downturn or unforeseen shocks.

High fixed costs represent a significant burden for airlines, amplifying the impact of revenue declines and exacerbating financial distress. Merkert and Morrell (2012) highlight the substantial expenses associated with aircraft acquisition, maintenance and labour, which contribute to the industry's high operating leverage. When revenues fail to cover these fixed costs, airlines face severe financial strain, increasing the likelihood of bankruptcy. The regulatory environment also plays a crucial role in shaping the financial landscape of the airline industry. Haftor and Mirijamdotter (2010) emphasise how regulatory changes and compliance costs can impose significant burdens on airlines, affecting their profitability and viability.

Operational disruptions, ranging from natural disasters to geopolitical events and labour strikes, pose significant challenges to airline operations and financial stability. Haftor and Mirijamdotter (2010) highlight how unforeseen events beyond airlines' control can disrupt schedules, increase costs and undermine consumer confidence, ultimately leading to financial crises. The grounding of Jet Airways in 2019 because of financial troubles exacerbated by operational disruptions exemplifies the vulnerability of airlines to external shocks, further highlighting the precarious nature of the industry (Singh 2020). Airline liquidation is a multifaceted phenomenon shaped by economic, competitive, operational and regulatory factors (Xiaoqian et al. 2024). While each case of liquidation may have unique circumstances, the literature underscores the interconnectedness of these factors in influencing the fate of airlines (Tirtha, Bhowmik & Eluru 2023). Understanding these dynamics is essential for policymakers, industry stakeholders and airline executives seeking to navigate the challenges of the aviation sector and ensure the long-term sustainability of air transport systems.

Factors contributing to liquidation in South Africa

South Africa's aviation sector has faced challenges that have contributed to the liquidation of several airlines in recent years. South Africa's aviation industry operates within a volatile economic environment characterised by currency fluctuations, political uncertainty and stagnant economic growth (International Trade Administration 2024). According to data from the IATA (2024), South African airlines experienced a decline in passenger demand of 99% in 2020 because of the coronavirus disease 2019 (COVID-19) pandemic, 5% higher than the global average decline, exacerbating preexisting financial pressures (Sterley 2022). This economic downturn has significantly impacted airline revenues, leading to cash flow problems and unsustainable operating costs. For example, SAA, the national carrier, filed for voluntary business rescue in December 2019, citing years of financial losses exacerbated by mismanagement and corruption (Cassim 2020). Cassim (2020) argues further that, despite multiple government bailouts totalling billions of rands, SAA's financial woes persisted, culminating in its liquidation in 2020.

South Africa's aviation industry is subject to stringent regulatory requirements, including safety standards, aviation taxes and compliance with international aviation regulations (ACSA 2022). These regulatory burdens increase operating costs for airlines and limit their flexibility in responding to market dynamics (IATA 2024). According to ACSA (2022), airlines operating in South Africa incur higher airport charges compared to global averages, further squeezing profit margins. Comair, a private airline operating in South Africa, faced financial difficulties exacerbated by regulatory constraints and high operating costs. In 2020, Comair entered voluntary business rescue proceedings because of a lack of liquidity, compounded by the grounding of its fleet amid the COVID-19 pandemic (De Gove 2019). De Gove (2019) further state that despite efforts to restructure its operations, Comair ultimately succumbed to liquidation in 2021.

The South African aviation market is characterised by fierce competition among domestic carriers, compounded by overcapacity on key routes. The entry of LCCs has intensified price competition, leading to fare wars and reduced profitability for incumbents (Cassim 2020). According to the South African Civil Aviation Authority (SACAA), domestic air passenger traffic declined by 51.3% in 2020, reflecting the impact of competitive pressures and reduced travel demand. FlySafair, a prominent LCC in South Africa, weathered the challenges posed by competition and overcapacity by adopting a low-cost business model focused on operational efficiency and customer service. Despite the market downturn caused by the COVID-19 pandemic, FlySafair maintained its financial viability through cost-cutting measures and strategic route adjustments, emerging as one of the few success stories in the South African aviation industry (Samunderu 2023). The liquidation of airlines in South Africa is influenced by a

combination of economic challenges, regulatory constraints and competitive pressures (Mhlanga 2016). While some airlines have managed to navigate these hurdles through prudent management and strategic adaptation, others have succumbed to financial distress and operational difficulties (Mhlanga et al. 2018). Addressing these underlying factors requires concerted efforts from industry stakeholders, policymakers and regulatory authorities to foster a more sustainable and resilient aviation sector in South Africa.

Methodology

Research design

This study employed an exploratory research design because there was no evidence that a similar study had been conducted focusing specifically on the businesses in KSIA. The study used a mixed research methodology.

Population

The study comprised a population of 31 shop managers and/or owners and a representative from ACSA. The businesses varied from food outlets, clothing retail shops, footwear shops, cell phone shops, car hire businesses, and accessories and luggage retailers.

Research approach

The study involved the simultaneous integration of both quantitative and qualitative research approaches throughout the research process. This approach was chosen to provide a comprehensive and holistic understanding of the complex dynamics surrounding the economic consequences of airline liquidation at KSIA.

Data collection instrument and procedure

Following this line of thought, this study used a survey and interviews as research strategies to collect primary data.

Sample

As the population of this study was very small, there was no need to use a sample; consequently, a census was used. This meant that all the businesses in the airport were targeted to participate in the study except those who did not occupy physical space such as e-hailing businesses. The food, banking, car hire, clothing and footwear businesses participated in the quantitative part of the study, while the senior manager from ACSA and four business owners purposively selected participated in the qualitative aspect of the study. The businesses that were selected to participate in the qualitative part of the study were those that occupied the largest space, restaurants in particular. These were chosen because they are more like anchor tenants and are a core of the airport business.

Ethical considerations

Ethical approval was obtained from the Moses Kotane Institute's Ethics Review Committee on 28 February 2024.

The participants provided written consent when they were approached to participate in the study. The anonymity of the participants was ensured by not mentioning their names anywhere in the documents relating to this study. All the information obtained was stored by Moses Kotane Institute in a secure storage designed for storing sensitive information and will be discarded by shredding it after 5 years.

Results

Data analysis

The findings from the interviews indicated that several businesses have had to close because of unsustainability caused by the reduction of the foot traffic at the airport. There was also concern that communication among the stakeholders has not been at sustainable and effective levels. This resulted in businesses failing to have a collaborative approach in dealing with the challenges. Their results also showed that the businesses felt that it was business as usual to ACSA to the extent that no relief was provided by ACSA in these difficult times. The results from the quantitative aspect of the study revealed the following:

The drop in the foot traffic and business profitability:

The results revealed that most respondents (65%) strongly agree that there was a drop in foot traffic to their business after the liquidation of Comair and SA Express, a small proportion of respondents (10%) disagree and 25% of respondents were unsure about the impact of the liquidation on foot traffic to their business. King Shaka International Airport, like many airports worldwide, relies heavily on the presence of airlines to drive passenger volumes and commercial activity within its premises. According to ACSA (2022), the closure of airlines such as Comair and SA Express disrupted established flight routes and reduced options for travellers, resulting in a decline in overall passenger numbers which in turn had an impact on the sales revenue of the businesses in KSIA.

Nhamo et al. (2020) underscore the cascading effects of airline liquidation on businesses operating within airport environments. Airline liquidation, Nhamo et al. (2020) argue, leads to decreased consumer spending power in the airport, directly impacting ancillary services such as retail outlets, food establishments and car rental agencies operating within KSIA. Moreover, the interconnectedness between airline operations and airport businesses amplifies the impact of airline liquidation on KSIA's commercial ecosystem. As highlighted by Williams (2017), disruptions in airline services have ripple effects throughout the airport environment, affecting not only retail establishments but also ground transportation services, parking facilities and hospitality providers. This interconnectedness further underscores the survey findings indicating a noticeable decline in foot traffic following the liquidation of airlines.

The increase in the cost of running businesses at KSIA:

The survey results indicated a mixed perception among

businesses at KSIA regarding the impact of the liquidation of Comair and SA Express airlines on their operational costs. While 52% of the respondents strongly agreed that the liquidation increased the cost of running their businesses, a substantial proportion (48%) of the respondents disagreed with this assertion. This divergence in perceptions regarding the cost implications of airline liquidation aligns with the complex and multifaceted nature of operational dynamics within airport environments. While some businesses may have experienced increased transportation costs because of heightened demand for alternative airlines following the liquidation, others may have implemented cost-saving measures or negotiated more favourable contracts with the remaining carriers. Factors such as the nature of the business, its reliance on air transport and its ability to adapt to changing market conditions likely contribute to the varied responses observed in the survey.

Salman et al. (2020) agreed with the view that airline liquidation can lead to shifts in operational costs for businesses operating within airport precincts. Increased demand for alternative carriers may result in higher ticket prices and transportation costs, particularly in the absence of competitive pricing dynamics that existed prior to the liquidation (Salman et al. 2020). However, the extent to which businesses are affected by these cost increases can vary based on factors such as their bargaining power, supply chain resilience and the ability to diversify transportation modes (Nhamo et al. 2020).

The role of effective communication in preparing businesses for airline liquidation: A significant portion of the respondents (59.2%) indicated that they did not receive advance notice about the possible liquidation of the airlines from ACSA. This finding suggests that a considerable number of businesses were not adequately informed or forewarned about the impending liquidation of the airlines, potentially impacting their ability to proactively prepare for the consequences of such an event. Effective communication and transparency between airport authorities, airline operators and airport tenants are crucial for ensuring operational resilience and business continuity within airport ecosystems (ACSA 2022). The timely dissemination of relevant information regarding significant developments, such as airline liquidations, enables businesses to assess risks, adjust operational strategies and implement contingency plans to mitigate potential disruptions (ACSA 2022). These findings also highlight the urgent need for ACSA to develop a robust communication strategy that will ensure that tenants or businesses are kept abreast of the developments at the airport and their impact thereof.

Operational support received from ACSA during liquidation: The study found that a significant number of the respondents (98%) indicated that they did not receive the operational assistance needed from ACSA to manage operational challenges during this period of disruption. The remaining 2% were unsure as communication relating to such aspects would

have been made to the owners of the business. Operational support from airport authorities is crucial for helping businesses within airport ecosystems navigate challenges arising from significant disruptions such as airline liquidations (Mhlanga & Steyn 2017). By offering operational assistance, airport authorities can help businesses address logistical, regulatory or procedural hurdles or rental payment holidays to ensure continuity of operations during times of uncertainty and upheaval. Mhlanga and Steyn (2017) emphasise the importance of collaborative partnerships between airport authorities and businesses in promoting operational resilience and recovery following disruptive events.

Implications

The study was unique in that it gave the managers and business owners in KSIA a chance to articulate their frustrations with regard to the lack of information as to how ACSA plans to increase foot traffic in the airport. The study raised hopes to the business owners that the findings of this study could end up landing on the desk of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs, which is responsible for supporting businesses and economic development in the province. The findings suggest that an intervention by the KwaZulu-Natal Department of Transport; KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs; and the National Department of Transport comes up with a framework that can be used to broaden the airport's income streams. Given the significant impact of airline liquidations on businesses operating at KSIA, there is a clear need for government intervention.

The recommendations include advocating for government-led financial support programmes, such as payment holidays to alleviate the financial burden on affected employees. Additionally, policymakers should consider implementing targeted initiatives to support businesses affected by airline liquidations, including tax relief, financial assistance or subsidised operational costs. There is also a need for ACSA to develop a strong communication strategy between itself and its tenants to circumvent miscommunication and misinterpretation of information. The findings point to a need for a long-term business resilience plan. This may involve conducting risk assessments, diversifying supply chains, building cash reserves and investing in technology solutions to improve operational efficiency and flexibility. Stakeholders within the aviation and airport ecosystem should collaborate on industry-wide initiatives to address common challenges and promote sustainable recovery. The recommendations include establishing industry forums or task forces to facilitate knowledge sharing, resource pooling and collective advocacy efforts aimed at supporting businesses and employees affected by airline liquidations.

There is also a need for ACSA to adopt a hybrid till model unique to South African airports, KSIA in particular.

The hybrid till model uses services generated 100% from aeronautical services. These include flight landing, parking and related ground-handling services. In addition to this, ACSA needs to diversify its revenue streams beyond traditional sources, exploring opportunities in areas like digital services, property development and technology partnerships. The KwaZulu-Natal (KZN) Department of Economic Development, Tourism and Environmental Affairs must take the lead in assisting businesses in the airport with robust training on risk management strategies and develop comprehensive business continuity plans to mitigate the impact of similar disruptions in the future.

Conclusion

In conclusion, this study has provided valuable insights into the repercussions of airline liquidation on businesses operating within KSIA. Through a combination of quantitative surveys and qualitative interviews, it has become evident that the liquidation of key airlines, namely Comair and SA Express, has had profound implications for the financial viability and operational stability of businesses within the airport ecosystem. The quantitative analysis highlighted a significant decline in sales revenue, coupled with increased operational costs and a reduction in staff complement, indicating the severe impact of reduced foot traffic and revenue on business operations. Furthermore, the qualitative interviews with ACSA representatives underscored the challenges faced by businesses, including cash flow crises, job insecurity and the need for cost-cutting measures to mitigate the impact of reduced revenue. These findings point to the urgent need for proactive measures and policy interventions to support affected businesses, enhance resilience within airport ecosystems and promote sustainable economic recovery.

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Competing interests

The authors declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

Authors' contributions

W.B.Z. supervised the team, designed and executed the project, contributed to data collection and analysis, compiled the first draft and edited the final article. W.B.Z., S.P.B., T.C., L.M.N. and N.M.Z. contributed to the design and implementation of the research, to the analysis of the results and to the writing of the article.

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Data availability

Raw data are available from the corresponding author, W.B.Z., on reasonable request.

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