

**57th CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

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**AGENDA ITEM 8: TECHNICAL AND REGIONAL
COOPERATION**

**MANPOWER SHORTAGE AT AIRPORTS AS AN
IMPEDIMENT TO TRAFFIC RECOVERY IN THE REGION**

Presented by the Airports Council International (ACI) Asia-Pacific

SUMMARY

The COVID-19 pandemic and the resultant transportation crisis led to a rapid deterioration of the financial health of the airport industry and dramatic loss of airport revenues, leading to painful and costly layoffs and furloughs of personnel. Airports had to cut their payrolls to stay financially afloat and resort to leaving behind thousands of aviation professionals. With the pandemic subsiding and traffic gradually returning, the airport industry in the Asia-Pacific is currently facing a manpower capacity crunch with significant post-pandemic staff shortages. Aviation jobs are no longer competitive for job seekers, while the sector as a whole is facing competition from several other industries in a tight labor market. The airports community is convinced that attracting, retaining and developing airport staff should be a priority for all aviation stakeholders, including governments. Airports of Asia-Pacific suggest to agree on a set of measures encompassing rehiring and retaining furloughed workers and redeployment of manpower for the most critical functions in the short-term, while enhancing training and staff development for reskilling and upskilling, providing better career development plan and making airports a more attractive place for long-term career.

Action: Actions by the Conference are found in paragraph 6.

MANPOWER SHORTAGE AT AIRPORTS AS AN IMPEDIMENT TO TRAFFIC RECOVERY IN THE REGION

1. INTRODUCTION

1.1 Before the COVID-19 pandemic, airports were known as stable and predictable entities in the aviation ecosystem, being able to effectively manage its resources, including labor against given traffic volumes. The industry was by and large economically viable, with operating surplus levels over 50%, net profit margins of about 20% and sufficient levels of liquidity to cover capital costs as well as operating expenses, including the two major labor-related components – airport operations personnel and contracted services, which account for about 60% of operating expenses incurred by airports at the global level.

1.2 Due to the COVID-19 pandemic and the resultant transportation crisis, practically all aviation stakeholders had to resort to painful and costly layoffs and furloughs of personnel. Airports had to cut their payrolls to stay financially afloat. The COVID-19 pandemic has created strong pressures on the financials of the airport industry and posed a concerning financial risk to airport operators and concessionaires. Airports had to resort to leaving behind thousands of aviation professionals, and the immediate financial considerations overshadowed the longer-term human capital related requirements to continue airport operations, particularly at the time of recovery.

1.3 The airport industry in the Asia-Pacific, similarly to other regions, is currently facing a manpower capacity crunch, with post-pandemic staff shortages threatening aviation recovery. This paper aims to bring to the attention of the aviation authorities to agree on a roadmap of actions to attract, develop and retain airport personnel, in order to ensure that the airport industry in the region is adequately equipped for the recovery period and beyond.

2. AIRPORT JOBS ESSENTIAL TO THE AVIATION ECOSYSTEM

2.1 On a typical year before the onset of COVID-19, personnel expenses were the largest component of airport operating expenses, accounting for 25%. Contracted services, which are activities outsourced to third parties, represent the second-largest component, accounting for 25% of operating expenses. The combined share of the two labor-related cost categories—personnel expenses and contracted services—has remained by far the largest cost center for airports in Asia-Pacific, at around half of the total operating expenses.

2.2 According to the Air Transport Action Group (ATAG) and its Aviation Benefits Beyond Border report, on a global scale, 87.7 million jobs are supported by air transport, but about 60% of these jobs concentrate on airport site, making the airport sector an indispensable node of aviation employment. The typical airport hub has indeed as many as 40,000 employees working on site. This number includes employees from the airport operator; however, many other jobs are generated from numerous other businesses, government agencies and organisations. This is all a result of airport traffic and the catalytic impact of aviation. The total economic impact of aviation industry was estimated to contribute 4.1% of the global GDP under normal circumstances, and air transport jobs are, on an average, 4.3 times more productive than jobs in other sectors.

2.3 Cutting the airport workforce is a last-resort scenario when all other cost-cutting options are exhausted. In some jurisdictions, wage subsidy programmes have helped minimise the adverse impact of the COVID-19 crisis on airport staff. However, this varied significantly from one jurisdiction to the next due to competing national priorities. As the revenue shortfall, as compared to the projected baseline, was reaching as much as 60% in 2020-2021 and the aviation industry was set to structurally shrink over the medium-term, permanent job losses and a contraction of the airport workforce was inevitable.

3. LOSS OF AIRPORT PERSONNEL IS COSTLY

3.1 Many aviation jobs are highly skilled or at least semi-skilled. Before the pandemic, airports in the region invested heavily in human resource development, which is exemplified by the number of in-class and online courses taken by airport professionals. For instance, taking the ACI Global Training courses into account, there were about 4,000 aviation professionals who took at least one professional development class during the course of a year; a significant share of these professionals was from Asia-Pacific. If all aviation training programmes were considered, this figure would be multiple times higher.

3.2 This demonstrates the investment of airports into the development of their cadre of professionals. It always comes at a cost, but in normal times when aviation is growing, it is also associated with returns: a highly professional labor force is indispensable to the provision of airport infrastructure and services in a safe, secure, efficient and sustainable manner. Airports evolved from simple facilities to sophisticated businesses, which also had an impact on its workforce profile. Today, airports employ people specialised in a wide array of domains—civil, mechanical, electrical and computer engineering, data science, finance, economics, environmental planning, marketing and so on.

3.3 Two years of pandemic reshaped the global economy with rapid growth of some sectors and decline of others, resulting in reallocation of people in accordance with the human capital hypothesis – the theory suggesting that individuals and society derive economic benefits from investments in people, while people tend to seek higher returns on their skills. Professionals with transferable skills were the first to leave the industry as it did not provide them with professional development and clear career advancement opportunities.

3.4 With the aviation industry grappling to recover for almost two years, the sector started losing its people due to competitive salaries and professional development opportunities in other booming sectors. The professional development path is a matter of years, but many skills may be lost if not practiced daily. Aviation remaining at a standstill jeopardizes career continuity for a large number of professionals—in fact both inside and outside of the aviation domain, if considering the larger picture and intersectoral links.

4. AVIATION JOBS ARE NO LONGER COMPETITIVE ON THE LABOR MARKET

4.1 Airport operators and their industry partners such as ground handlers, security service providers and concessionaires are coming out of the pandemic with depleted resources, having shed thousands of staff due to the collapse in air travel. They are trying to hire people but are running into competition from several other industries in a tight labor market. Compensation is also a significant issue: even before the pandemic jobs in aviation were losing competition to other sectors of the economy with higher profit margins where companies could afford more lucrative compensation packages. The COVID-19 crisis only exacerbated such trend and led practically all aviation players to a predicament: traffic is poised to recover sharply with pent-up demand and relaxation of administrative travel restrictions, while the industry is struggling to support such pace of recovery due to staff shortages.

4.2 Many aviation jobs have for many years stood at the lower end of pay scales and also involve working in shifts 7-days a week, and are often physically demanding. The absolute majority of airports in the region, and practically all major airports operate on a 24/7 basis. Located remotely from cities, such jobs require commute times above average, and also assume night shifts. Clearly it is a hindrance to attracting people in the current environment of high inflation, rising fuel costs, rapid rise of the work from home paradigm and digitalisation of the economy. The fact of the matter is that most aviation jobs require physical presence, long commutes, long working hours, just to name a few downsides. As such, there should be significant upsides and incentives to such jobs, including competitive compensation. Low wages, combined with poor conditions and unsocial working patterns have made the industry unattractive and caused a sector-wide recruitment crisis.

5. ATTRACTING, RETAINING AND DEVELOPING AIRPORT STAFF SHOULD BE A PRIORITY

5.1 According to ACI Asia-Pacific, manpower constraints at airports has been identified as one of the key operational challenges at airports. The recent survey on the topic demonstrated that the absolute majority of airports (around 60%) are currently facing a lack of personnel. Among the airports that are challenged by such constraints, it was identified that more than 40% of them have lost more than 25% of their personnel since the start of the COVID-19 pandemic. The critical areas and segments affected by the deficit of personnel at airports encompass ground handling including passenger, ramp and baggage handling activities, security, immigration and several others. The results of the survey also suggest that the manpower shortage appears to be not just a temporary problem in the aftermath of the COVID-19 crisis, but rather a medium-term problem or even a long-term problem.

5.2 Additionally, the airports engage with a wide range of stakeholders within the airport community. There are several critical functions not under control of airport operators, but are indispensable to smooth and efficient operation of the core aviation activities. These include, but are not limited to customs, immigration and, very often, security. As such, airports would like to bring this fact to the aviation authorities and request them to duly recognise the importance of ensuring adequate staffing of government personnel in these critical functions so as to support smooth recovery of air transport in the region.

5.3 There are several underlying factors contributing to the manpower shortage crisis in the industry. We have witnessed wholesale retirements in the current generation of aviation professionals, particularly those belonging to early “baby boomers”. Aviation professions are no longer attractive enough to potential candidates, and hence job seekers are not considering these jobs as before, especially considering competition with other industry sectors for skilled employees. The superimposition of all these adverse factors leads to manpower shortage at airports.

5.4 The airports community is convinced that attracting, retaining and developing airport staff should be a priority for all aviation stakeholders, including governments. As such, airports of Asia-Pacific suggest to agree on a set of measures encompassing rehiring and retaining furloughed workers and redeployment of manpower for the most critical functions in the short-term, while enhancing training and staff development for reskilling and upskilling, providing better career development plan and making airports a more attractive place for long-term career.

5.5 While airports are committed to do their best at attracting, retaining and developing its employees, competitive compensation remains the first and foremost factor. This, in turn, depends on the financial health of the industry which hinges upon return of traffic volumes. As such, speedy traffic recovery is by and large the key to success.

6. ACTION BY THE CONFERENCE

6.1 The Conference is invited to:

- a) Recognise that airport jobs are essential to the proper function of the aviation ecosystem;
- b) Acknowledge the existing problem of significant manpower shortage at airports and its potential impacts on operations;
- c) Recognise that loss of airport personnel is costly, in view of the loss of training invested and the need to train new recruits, so are activities associated with attracting, retaining and developing airport staff;

- d) Admit that aviation jobs including those at airports are no longer competitive on the labor market vis-à-vis other sectors and industries, and agree that attracting, retaining and developing airport staff should be a priority;
- e) Agree on the importance of ensuring proper staffing of airport functions under government purview, such as immigration, customs and security; and
- f) Work closely with the industry stakeholders to identify solution measures aimed at alleviating manpower shortages at airports in the short- and medium-term as well as to develop a roadmap to make airport employment attractive and competitive in the long-term.

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