

# MH17: Did safety come first?

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## Abstract

Malaysian Airlines Flight MH17 was a passenger aircraft that was scheduled on 17th July 2014 to fly from Amsterdam to Kuala Lumpur. Unfortunately, it crashed over a territory in eastern Ukraine killing all 298 people on-board. This was devastating news for Malaysian Airlines particularly after the mysterious incident of MH370, their still missing Boeing 777 aircraft. After the mysterious disappearance of MH370, Malaysian Airlines was faced with the huge burden of ongoing financial expenses required for the search. The basic purpose of this study is to find out who holds the lion's share of accountability for the MH17 incident: Malaysian Airlines (the airlines financial burden) or Ukrainian (denial of any conflict)? For this purpose an online survey, newspaper articles and investigations were used. Data was gathered from 21,002 people including males and females from different nationalities in various organizations. Data was analyzed through qualitative and quantitative analysis. The findings of the study strongly indicate that Malaysian Airlines' financial losses as a result of the MH370 search costs and prior financial deficiencies led them to cut the costs of flight routes.

## Introduction

Malaysian Airlines is the first airline in history to have experienced two 'catastrophic incidents' in one year with one of them being MH17. MH17 was a passenger aircraft with a planned route from Amsterdam to Kuala Lumpur, which crashed on 17th July 2014. It was alleged that pro-Russian separatists shot down the aircraft using a surface-to-air missile as it was flying over a potential war zone in eastern Ukraine. The Federal Aviation Administration (FAA), United States' national aviation authority, issued a Special Federal Aviation Regulation and Warning on the 23rd of April 2014 cautioning airlines against taking a direct flight path over certain areas in Ukraine as a result of it being a potential war zone. They also recommended flying at 33,000 feet or above (banning U.S. airline flights below that) in Ukrainian airspace would be considered a safe flight level to operate at (FAA, 2014).

Despite warnings issued from the FAA a number of airlines chose to ignore such warnings and accepted the risk of flying over Ukrainian Airspace; resulting in the loss of MH17, which was "carrying 298 people" (Kwong, 2014), all of whom died. The debate of the causes for the MH17 disaster raised questions as to why the aircraft was flying over a potential war zone in the first place, especially after the FAA's warning. "There was speculation that the doomed Flight MH17 had taken a short-cut across the disputed region of eastern Ukraine to save fuel" (Boyle 2014).

Looking into Malaysian Airlines, we note that they have been experiencing deficiencies in finances since 2011. According to a BBC news article (2012), Malaysian Airlines' 2011 shares fell by 5.6% and profits margin was reduced by 21% due to increased fuel costs. In general Malaysian Airlines were suffering due to an ambiguous global economic environment and unstable fuel prices. In addition to this, the loss of MH370 and ongoing search costs requiring millions of dollars added a huge financial burden on the airline. According to The Age National (Allard, McNeilage 2014), "Taking the known costs and the estimate of the airborne search, it amounts to \$53 million." Many countries such as Australia, United States of America, and China have contributed to financing the search cost along with Malaysia. The search is ongoing for MH370 and to date no concrete evidence has been found to explain what happened to the aircraft. It is vital to note that after the loss of MH370 a shocking statement was made from the company management stating, "Further efforts need to be made to manage fuel costs which increased 14% despite a decrease in jet fuel price" (BBC, 2014). Did this also mean to include that "efforts need to be made to" find shorter flight paths to maximize cost cutting? This is what will be discovered in the subsequent sections of this research.

2014 has been a trying year for Malaysian Airlines with losing two modern Boeing 777 aircraft and all 537 passengers and crew: These tragedies dramatically left the airlines' reputation in tatters, which had one of the best safety records in the world. Furthermore, some relatives have been left angry and frustrated with Malaysian Airlines and are blaming them for the loss of their loved ones. Many people have expressed greater concern regarding their security and safety being compromised whilst flying.

In this paper, we aim find answers for the main influential cause of the MH17 incident; whether Malaysian Airlines' financial burden or Ukraine's denial of the existence of a warzone holds the most accountability and the extent to which Malaysian Airline's reputation has been affected.

### Hypothesis

For this research we would like to test the following hypotheses related to the Malaysian Airline MH17 incident. These are:

**H1a:** Did Malaysian Airlines' financial situation lead the airline to adhering to minimum safety regulations in the case of MH17?

**H1b:** Did the financial situation lead the flight dispatchers to maximize on cost cutting?

**H2:** How much accountability can be appointed to the Ukraine for not declaring their territory a war zone?

**H3:** How much does the MH17 incident impact the airlines reputation with passengers?

We have chosen to research MH17 because it highlights an important aspect of the aviation industry: Safety. When competition is fierce such as in aviation, does safety really come above finances and come first?

Throughout our study, the safety of passengers has been at the forefront, regardless of the party concerned or responsible for ensuring it. Most of us have travelled by air at some stage of our lives and will have a valid opinion of these recent events. Therefore, it is essential to use the general public and see if they think that the financial situation of Malaysian Airlines or the Ukraine not declaring a war zone was the major cause of the MH17 incident. Furthermore, we will be looking into the aftermath of the accident and the impact it has made to the airlines' reputation and try to gauge the willingness of passengers to fly and feel safe when travelling with Malaysian Airlines.

### Methodology

In this research, we have chosen online survey as a primary resource and newspaper articles, magazines and investigation reports as secondary resources. The online survey consisted of 100 questions covering a wide range of aspects of the two Malaysian Airlines' incidents. The sample size for this random survey was 21002 participants including males and females.

The secondary resources were mainly used to provide a more in-depth insight into the research topic and are as follows; news reports, newspapers, magazines, company's financial report, and investigation reports. Examples of these include: FAA, BBC, ABC, NBC, CBC, NTSB, NY Times, Sydney Morning Herald Magazine, New Republic Magazine, Fortune Magazine, Malaysian Airlines, Business Insider, The Guardian and The Age.

The loss of MH17 was a prominent and shocking aviation incident to this day, so media all over the world very comprehensively covered the whole incident with all political, economical and demographical backgrounds. Therefore, vast amounts of information was obtained from different news sites and sites associated with the aviation industry. Malaysian Airlines' financial situation prior to the MH17 incident was extracted from the airline's financial report.

All of these resources assisted with forming a conclusion based upon the financial situation and the surveys further enhanced our understanding of this situation from a consumers' perspective.

### Data Analysis

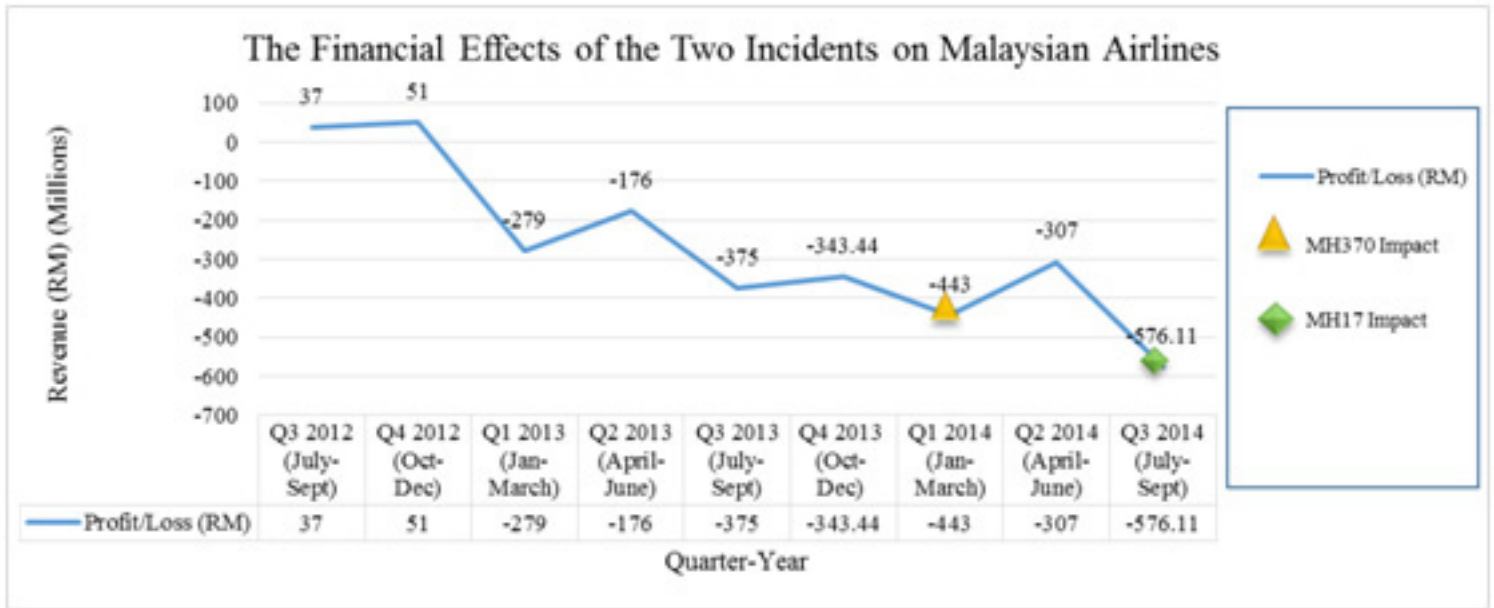
First, we will examine the financial situation of Malaysian Airlines prior and after the MH17 incident.

According to BBC (2012), Malaysian Airlines "reported a net loss of 2.5 billion Malaysian Ringgit for the year ending 31 December 2011".

Since 2011, Malaysian Airlines were in a financial down turn and losing money for three consecutive years prior to the loss of MH370 and MH17. Financially, Malaysian Airlines made the minimum necessary to keep operating. They stated that their losses were due to the uncertain global economic environment and volatile fuel prices. Therefore, necessary measurements were being undertaken to recover from those losses such as reviewed flight paths and thus leading to fuel savings.

According to Malaysian Airlines (2014) financial report, "a net loss of MYR443 million for the three months ended 31 March 2014 compared to a loss of RM279 million a year ago".

This further illustrates that the financial situation of Malaysian Airlines did not improve at all. In fact, it has been worsening year after year. Also, the two incidents of MH370 and MH17 added a further unplanned cost burden to the airline. The bleeding kept going although the airline was attempting major marketing in order to improve financial figures. They tried offering low price tickets compared to rivals, increased baggage allowances etc however their efforts didn't assist in improving their financial situation.



**Figure 1: The financial effects of the two losses on Malaysian Airlines.**

Source: <http://www.malaysiaairlines.com/>

	1st Quarter 2013	2nd Quarter 2013	3rd Quarter 2013	1st Quarter 2014	2nd Quarter 2014	3rd Quarter 2014
<b>Operating Revenue</b>	3, 388, 946	3, 594, 343	3, 872, 730	3, 531, 230	3, 337, 192	3, 325, 389
<b>Operating Expenses</b>	(3, 507, 051)	(3, 553, 132)	3, 853, 874	(3, 701, 887)	(3, 622, 964)	(3, 551, 186)
<b>Other Operating Income</b>	148, 312	186, 613	123, 579	69, 448	252, 890	56, 250
<b>Earnings before Interests, Taxation, Deprecation, and Amortisation</b>	30, 207	227, 824	52, 435	(101, 209)	(32, 882)	(169, 547)

**Figure 2: EBITDA of the Malaysian Airlines between the first and the second quarters of 2013 and 2014**

Source: <http://www.malaysiaairlines.com/>

Figures 1 and two clearly show the pattern of losses from 2013 until 2014 and the large loss between Q1 and Q3 of 2014 can clearly be associated with the loss of MH370 and MH17. Such losses would be difficult for any airline to manage and it could be assumed that administrators and flight dispatchers would desperately cut cost on anything in the aim of bringing the airline back to profitability.

“Our analysis alludes that MAS financials are very weak in their current form. With a cash burn rate of MYR5 (\$1.6 million) a day, MAS could exhaust its entire free cash resources by the end of 2015 (Verrender, 2014).

Clearly those outside of Malaysian Airlines were well aware that the continuous financial deficiencies will cause a collapse of the airline in this highly competitive industry. Therefore, the question must be asked: How can Malaysian Airlines deal with this situation?

Second, we will examine the possibility that Malaysian Airlines were applying a minimum level of safety regulations whilst they were attempting to resolve their financial situation.

According to Mohny (2014), “The U.S. Federal Aviation Administration issued a warning on April 23 that prohibited U.S. flight operations to fly over the contested Crimean region of Ukraine and additional portions adjacent to the Black Sea and the Sea of Azov.”

In addition to the FAA warning, the Eurocontrol and the International Civil Aviation Organization had also issued similar warnings concerned with the same airspace zone over eastern Ukraine. Even though the FAA and ICAO were not directly concerned with Asian Airline operations, most airlines of the world respect and adhere to any guidance and policy issued by these bodies. The warnings issued however were only cautionary in nature, only advised avoidance and therefore adherence was not mandatory. Various news reports stated this was due to the fact that neither Ukraine nor Russia would admit there was a conflict and so no mandatory aviation avoidance advisory was issued. The caution advised aircraft to fly over the area above 33,000 feet (which was understood to be a safe altitude and above the range of any missile thought to be available in the hands of the separatists in Ukraine). Many airlines treated the caution as avoidance and took the warnings into consideration, forwarding them to flight



Figure 3: Comparing Altitudes; Source: Global Research, 2014

for review. It would appear that Malaysian Airlines had miscalculated the risk associated with taking the direct flight path over a potential warzone.

This may be interpreted as an indication of adhering to a minimum standard of safety regulations in a desperate attempt to provide a more direct flight path that would use less fuel.

A Notice To Airmen (NOTAM) was “issued by Ukraine on July 1st barred flying below 8,000 metres (26,000 feet) in the east of the country” (The Economist, 2014).

This NOTAM from the Ukrainian government is another clear indicator that there were potential issues, not just on the ground but also for the airspace above. Just two weeks later, the exclusion zone was extended to 9,750 metres (32,000 feet). Yet, Malaysian Airlines flew at 10,000 meters (33,000 feet), which was just 250 metres (approximately 1000 feet) above the minimum. Malaysian Airline Management, MH17 Flight Crew and Flight Dispatchers could have demonstrated greater awareness and understanding of the warnings issued from the various authorities around the world. In hindsight Malaysian Airlines’ failure to act on the various warnings (whether cautionary or not) is quite remarkable, as the issuing of those warnings would not have been taken lightly; they were highlighting a serious potential hazard to safe aviation. The question could be raised; Does an operator adhere to the minimum requirements or use more caution in making decisions where aviation safety is concerned? Jacques Astre, a pilot and FAA inspector shared his experience of flying over the same airspace before the MH17 crash saying “To be

honest with you, I was feeling insecure because I knew what was going on down there. There was no guarantee that such weaponry wouldn’t go above 32,000 feet. There’s no shield that would protect you at 32,000 feet” (as stated in Schulberg & Kovensky, 2014).

*“It emerged that airlines had more than twice been warned about the risk of flying over an area where two Ukrainian military aircraft had already been shot down that week”* (Boyle, 2014).

Surely aircraft being shot down is a rather large indicator that Ukrainian airspace (warzone or area mandatory avoidance advisory or not) was neither stable nor safe! As Boyle (2014) mentioned, two military aircraft were shot down just a few days before the MH17 crash. Also, as Cartalucci (2014) mentioned ‘for several months in eastern Ukraine there have been targeted attacks and destruction of Ukrainian military helicopters, warplanes, and military transport aircraft’. Therefore, flying over such an area presents a huge risk to an airline operator and its passengers where little facts are known about weaponry and an established history of airborne targets being hit.

Figure 4 shows that more than half of our participants in the online survey hold Malaysian Airlines responsible for ignoring the warnings. The warnings issued should have been taken into consideration and acted on, rather than ignoring the risks associated, as it would appear Malaysian Airlines did. In the opinion of those surveyed, this highlights a large portion of negligence on the part of Malaysian Airlines.

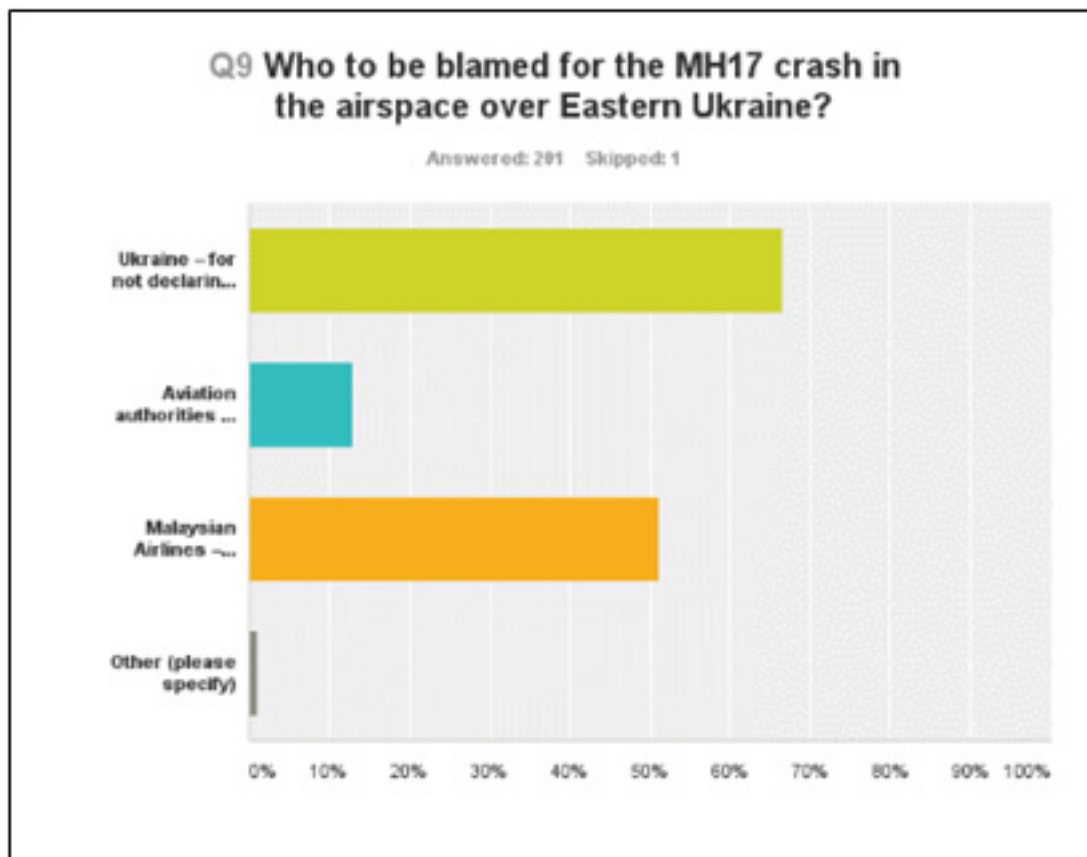


Figure 4: Who is to be blamed for MH17 crash? Source: Online survey, 2014

Third, we will examine the cost-cutting strategy Malaysian Airline implemented due to their financial situation.

“Many carriers continued to use the route because it was shorter and therefore cheaper and not officially illegal. It is understood the Malaysian Airline jet used the Ukrainian route to save fuel as diverting north or south would have taken longer” (Boyle, 2014). “One aviation expert revealed: Malaysian Airlines like a number of other carriers, have been continuing to use it because it is a shorter route, which means less fuel and therefore less money”.

By choosing a cost effective more direct flight path, saving fuel and therefore money, some airlines accepted the risks regardless of the warnings, adhering to what could be considered a minimum level of safety, jeopardized the safety of the aircraft and those on board; and yet no laws were broken.

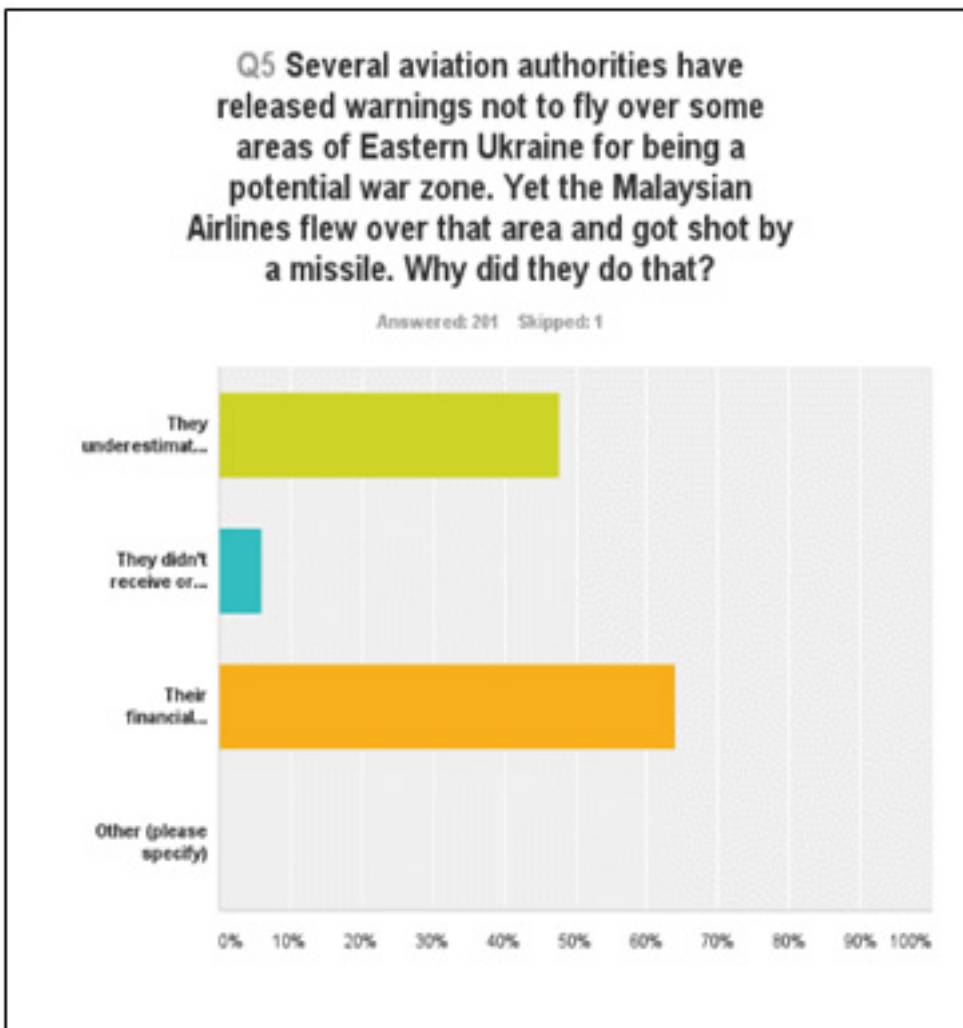
Diverting around Ukraine, would take longer and require more fuel, adding to Malaysian Airlines’ fuel costs and theoretically no risk of being shot down.

It is reasonable to assume Malaysian Airlines’ financial strategy was to choose the shortest and more direct flight paths as the cost-effective choice leading to potential future profitability.

According to the International Aviation Security Association acting regional director Captain Des Ross, “Malaysia Airlines chose the quickest route. All airlines are conscious of cost these days, the cost of fuel. You want to fly as quickly as possible between your two points but the risk assessment unfortunately was incorrect” (as stated in Corcoran, 2014).

The flight dispatchers who plan flight paths with senior management approvals usually look for the most fuel-efficient routing for a flight. The flight path MH17 took was a popular one among most airlines; with local traffic as well as long-haul flights linking the two points of Northern Europe to major cities in Asia. There is no question that flight dispatchers are highly concerned with designing a flight route, which would effectively save fuel and generate more profits. Yet, they miscalculated the risks associated with that quick, cost effective flight path which resulted in the loss of hundreds of innocent lives and precious profit.

“Airlines run on a real tight profit margin and one of the biggest factors is fuel,” Cooper said. “You go around things, you make your travel longer, you burn more fuel, you lose more money, and sometimes, saving money is the name of the game” (Kwong, 2014).



**Figure 5: Reasons for MH17 flight path over potential war zone**

Source: Online survey, 2014

Furthermore, this quote illustrates the true reality of business thinking after all in the lessons of aviation management. At the end of the day, profit is what they seek.

The figure below shows that approximately 64% of the participants thought that MH17's flight path over a potential war zone was influenced by Malaysian Airlines' financial situation.

Figure 6 shows the majority of our participants, 81%, thought that the financial situation of Malaysian Airlines impacted the flight dispatchers' choice over flight paths. We believe that the consumers are aware of the cost-effectiveness measures taken in business regardless of the industry. Therefore, it is expected that flight dispatchers who plan the flight path take in to account fuel consumption as it is a major driving cost for aviation industry. However, rational and objective justification must be paired with cost-effectiveness so that disasters such as MH17 do not happen again.

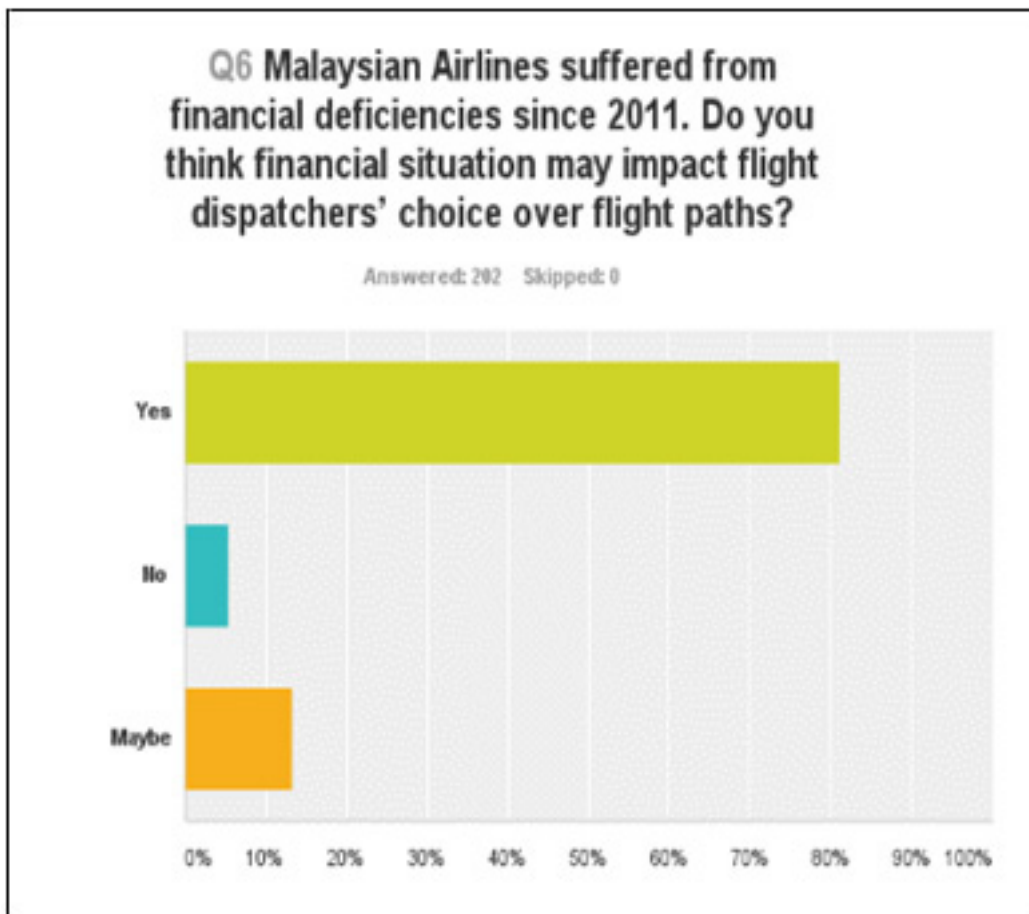
Figure 7 (next page) shows that 79% of our participants thought that MH17 flight dispatchers were influenced by Malaysian Airlines' financial situation and thus planned a direct flight path over a potential war zone. They did so to save fuel and maximise on cost cutting. Very few participants thought there was no influence. However, it's remarkable to see how people realised the strong influence of financial figures on businesses operations. Even though Malaysian Airlines tried hopelessly to convince people that safety is their top priority and no question to be a matter of influence, the survey results suggest the opposite.

Fourth, we will examine the degree of accountability Ukraine holds for not declaring their territory as a war zone.

As Elmar Giemulla, Professor of aviation law stated, "Each state is responsible for the security of its airspace. If it is not able to do (so) temporarily, it must close its air space. As that did not happen, Ukraine is liable for the damage" (RT, 2014).

Clearly Elmar Giemulla is declaring the Ukraine as negligent with all the warning signs of the conflict between them and Russia and leaving airspace open: In doing so leading to the disastrous loss of MH17 and potentially any other airline that flew over that zone. The tensions between Ukraine and Russia had been escalating each day prior to the loss of MH17 and yet the Ukraine didn't make any attempt to close their airspace. Thus, the Ukrainian authorities held the responsibility of managing and securing their airspace to provide safe passage for commercial air operations above 33,000 feet. It can also be argued that Ukraine should have been more aware, proactive and conscious of the weaponry involved in their dispute with Russia such as the Bulk missile system, which has been suspected to be involved in the MH17 incident. The questions might be: Should the shooting down of civilian aircraft be tolerated or go without punishment?

*"The pilots of MH17 filed a flight plan asking to fly at 35,000 feet throughout Ukrainian airspace, the airline said in a statement Friday. However, upon entering Ukrainian airspace, MH17 was instructed by Ukrainian air traffic controllers to fly at 33,000ft" (Jamieson, 2014).*

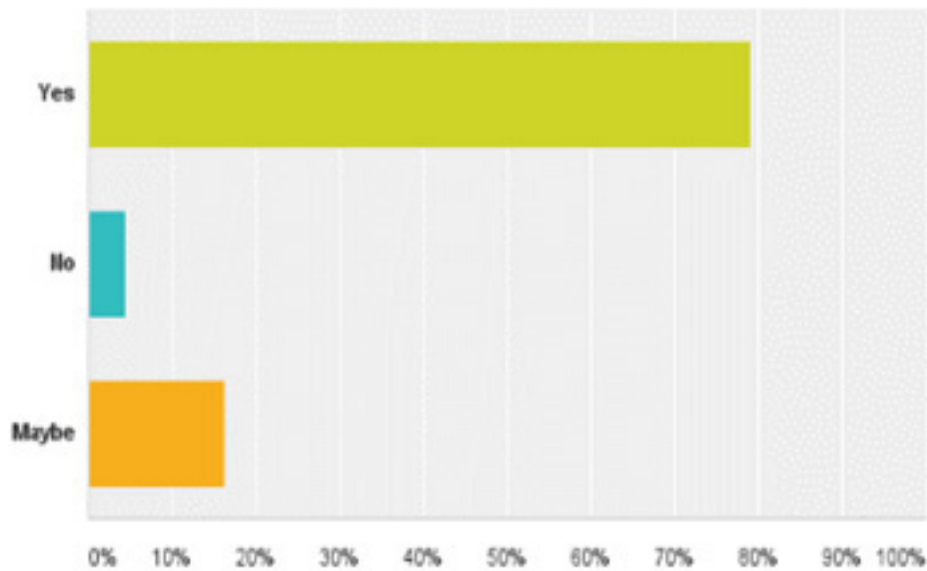


**Figure 6: Financial situation impact on flight dispatchers choice of flight path**

Source: Online survey, 2014

### Q7 Do you think MH17 flight dispatchers designed a direct route path to save fuel and maximize on cost cutting?

Answered: 202 Skipped: 0

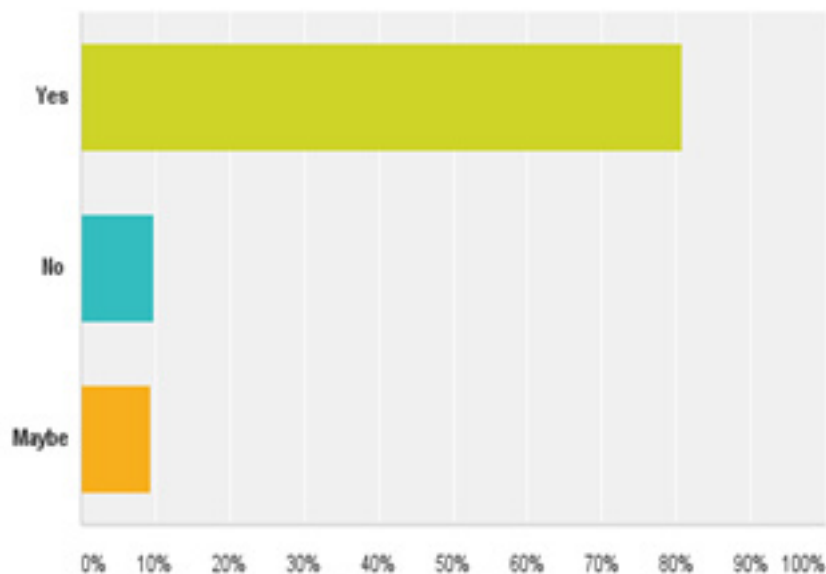


**Figure 7: Did MH17 flight dispatchers design a direct route to save fuel and maximize cost cutting?**

Source: Online survey, 2014

### Q8 Do you think Ukraine is to be blamed for keeping their airspace open knowing that they are at war with Russia?

Answered: 202 Skipped: 0



**Figure 8: Extent of blame on Ukraine**

Source: Online survey, 2014

This highlights the extreme lack of action, and perhaps lack of awareness, on the part of those controlling the airspace above Ukraine regarding the severity of the conflict within the country. There is no justification as to why the Ukrainian Air Traffic Services asked the pilot of MH17 to fly at 33,000 feet, lower than planned. Could they have wanted the pro-Russian rebels to intentionally shoot down a plane so as to point the blame to them?

Surprisingly, the majority of our participants, 81%, think that Ukraine is also to blame for keeping their airspace open when they knowingly were at war with Russia.

“Dutch investigators have been trying to recover the wreckage from MH17. The vast crash site was left unsecured, and international investigators struggled to reach the areas as fighting raged” (Mullen, 2014)

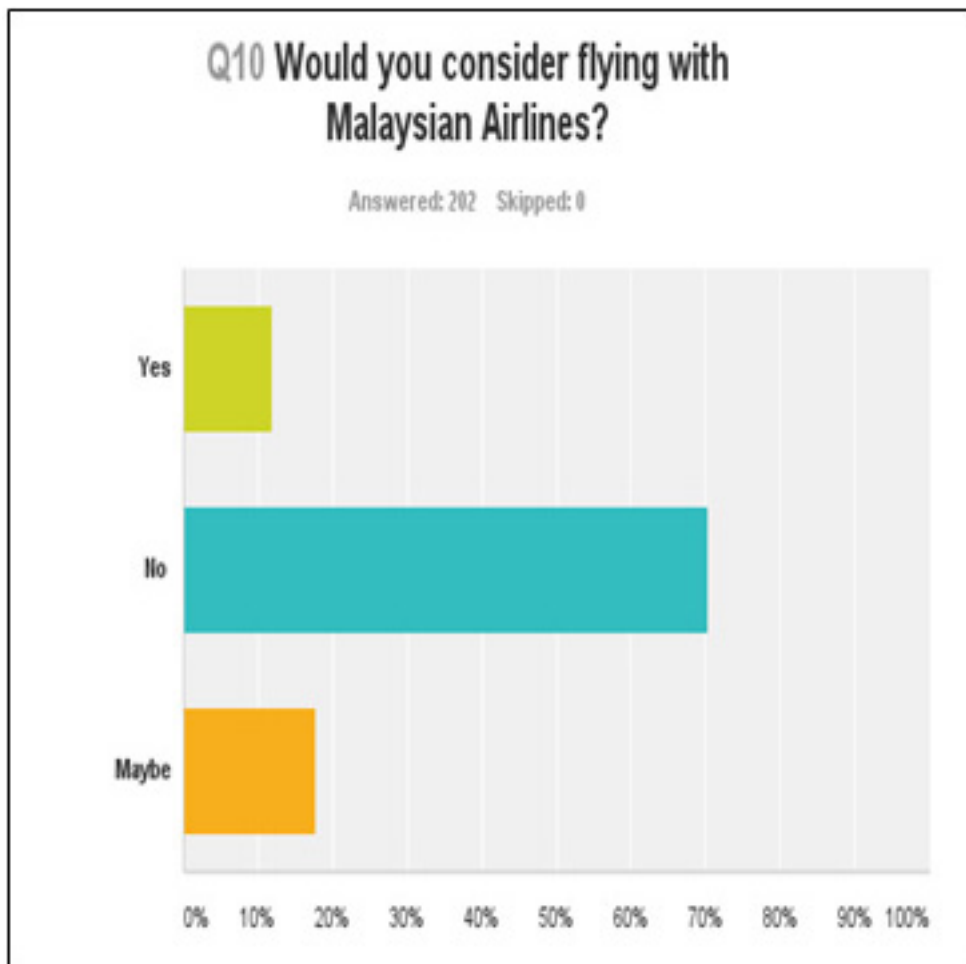
The aftermath of the MH17 in eastern Ukraine raised the issue of security for investigators wishing to examine the crash site. The rebels were accused by the international investigators and authorities of raiding the site, and stopping investigators from examining the wreckage. There was a lengthy delay, which prevented several countries to take an initial step of removing the bodies of the victims from the area and transporting them out of the Ukraine. Thus, the Ukrainian authorities could have insisted on a cease-fire with the Russians to enable the recovery of the victims and investigation of the aircraft incident.

Fifth, we will examine the impact of the two major incidents on Malaysian Airline’s reputation with its passengers.

According to analysts, “The carrier is set to suffer a decline in passenger traffic and will likely be forced (to) pour cash into a public relations campaign to salvage its image” (Harjani, 2014).

The aftermath of two major accidents, which occurred in less than 4 months of each other, had a severe impact on Malaysian Airline’s reputation with passengers. Many of the passengers had fear and doubt as to whether the airline would be safe to fly with in the future. However, administrators at Malaysian Airline repeatedly mentioned via media several times that passenger safety is their top priority regardless of everything. Several attempts have been made to regain Malaysian Airlines’ regular customer base by offering tempting fares and extra baggage allowances. However, those efforts barely made any change to the financial status of the Airline. Figures show they lost most of their customers to competitors: Singapore Airlines and Air Asia.

Furthermore, this illustrates the impact of both incidents that occurred over a very short span of time. Passenger bookings declined and those who had booked earlier tried to cancel and refund their tickets. Such actions didn’t help improve the financial situation of Malaysian Airlines: In fact, it sped up the collapse of the organization as a whole.



**Figure 9: Consumers’ willingness to fly with Malaysian Airlines**

Source: Online survey, 2014

Figure 9 clearly shows that 70% of our participants said that they would not consider flying with Malaysian Airlines. Their reasons could vary, however; it's a shocking percentage and not positive for the future existence of Malaysian Airlines. The company can't survive without a strong customer base, especially in the highly competitive aviation industry.

## Results

The results of this study show that the Malaysian Airlines' financial situation could have played a major role when selecting the flight path for MH17. Also, those surveyed appointed a large portion of accountability with Ukraine for not declaring their territory as a conflict/war zone. On the basis of these results, we can say that our hypotheses were proved correct.

### **H1a: Did Malaysian Airlines' financial situation lead the airline to adhering to minimum safety regulations in the case of MH17?**

Yes, I think we can fairly argue that the financial situation (before and after MH370) lead Malaysian Airlines to strategically select the shortest routes to save on fuel and only adhere to the minimum safety because as mentioned earlier from BBC (2012) Malaysian Airlines were suffering from financial deficiencies for several years. To be in a competitive environment and a less than desirable financial situation is also proven to cause major distraction and could have taken the company focus away from passengers' safety. Our analysis showed that Malaysian Airlines' financial figures didn't improve at all especially after the two major incidents. As mentioned previously Malaysian Airline didn't follow the advice and warnings of the FAA and ICAO. In addition, MH17 was flying just 250 metres over the risk level altitude: A possible contributing factor with this incident. Unfortunately, through a combination of carelessness and self-interest, the lives of innocent passengers onboard MH17 paid the ultimate price. Thus, we agree 90% with this hypothesis.

### **H1b: Did the financial situation lead the flight dispatchers to maximize on cost cutting?**

With Malaysian Airlines facing the problem of a cash and profit shortage, an effective method of getting back in the black was to take shorter and more cost-effective flight paths to save on fuel. Therefore, the flight dispatchers appear to have underestimated the risk and planned a flight path that flew over an active conflict area in an effort to save fuel and to lower its operating costs. Therefore, we agree 95% with this hypothesis.

### **H2: How much blame does Ukraine have for not declaring their territory as a war zone?**

According to our survey analysis, the public believe Malaysian Airlines hold 80% of the blame for the MH17 incident and Ukraine holds 20%. As mentioned previously, the Ukrainian government did issue a NOTAM with an altitude restriction,

but it appears that Malaysian Airlines did not take this as a clear indication of the conflict raging in Ukraine. In doing so Malaysian Airlines accepted a large risk by operating at a minimal altitude above this conflict zone. According to Boyle (2014) the two military airplanes that were shot down just days before MH17, should have been a sufficient signal for any airline that the conflict could have escalated to the airspace above Ukraine. On the other hand, we also put 20% of the blame on Ukraine for not declaring their territory as a war/conflict zone and closing their airspace. If they make their airspace open then they should take the responsibility of ensuring safety and security for all commercial aircraft flying over their territory. However, they were in denial about their war status and the weaponry involved in the war, which could and was a threat to the commercial airlines. Prevention is always better than cure and in this case Ukraine also had the ability to prevent the MH17 disaster by simply taking responsibility for their airspace. They might have delayed their airspace closing due to it being a popular and busy route, linking Europe to many parts of Asia. However, they should have taken appropriate measures and been more aware of the weaponry involved in their country that went beyond the airspace limits that were set.

### **H3: How much does the MH17 incident impact the airlines reputation with passengers?**

Bad news and gossip can spread like wildfire. After the two incidents, it would seem natural that customers would have had many concerns regarding passenger safety and the priority of it for Malaysian Airlines. As mentioned earlier, many ticket cancellations occurred after the MH17 incident. It was estimated that after the first incident (MH370) they lost around 40% of customers, however, the second incident would have more than double the impact (RT, 2014). Therefore, we estimate that both incidents made around 85% impact to the reputation of Malaysian Airlines. "Malaysian Airlines on Thursday reported a 75 percent wider loss in second-quarter earnings as passenger bookings continued to fall in response to the loss of two aircraft in separate disasters this year. The airline also warned of poor second half-earnings, saying that average weekly bookings had declined 33 percent with numerous flight cancellations immediately after the shooting down of flight MH17 over Ukraine in July" (Reuters, 2014)

## Conclusion

The incident of MH17 over the territory of Ukraine was the final nail in the coffin for Malaysian Airlines, which has been financially in the red since 2011. In addition to the tragic and still mysterious disappearance of MH370 just a few months earlier, the loss of MH17 provided a powerful final blow. All these scenarios have escalated the downfall of Malaysian Airlines, which is now struggling for its survival. Although the MH17 incident could arguably be a simple matter of being in the wrong place at the wrong time, in fact it can just as easily, even more convincingly so, be directly connected with the financial situation of Malaysian Airlines. We have concluded from our online surveys and the entire data analysis that the

Malaysian Airline was in the quest of cost cutting to improve its financial situation. This cost cutting exercise gave Malaysian Airlines an unforgettable lesson in the form of MH17, now they are arguably at the brink of extinction. Malaysian Airlines has been facing financial difficulties since 2011 due to uncertainty in the global economic market and increasing fuel prices. This forced Malaysian Airlines to adopt a cost cutting strategy, which largely depended upon fuel saving by choosing direct and shorter routes. This strategy appears to have made them more lenient towards accepting and analyzing routine warnings by the international commercial flight regulators like FAA and ICAO.

The tragic loss of MH370 caused immense strain on Malaysian Airlines and also increased their financial burden because they had to use their resources for the ongoing search and rescue operations. In the pressure of increasing cost saving activities, Malaysian Airlines chose to save fuel costs by planning direct and short flight paths. As they did with flying from Amsterdam to Kuala Lumpur, they chose to fly over a potential war/conflict zone in eastern Ukraine, even though, the FAA issued a warning to avoid flying over this area almost three months before the incident. Malaysian Airlines ignored the clear warnings of the FAA and they paid the price by the loss of 283 passengers and 15 crew members which destroyed not only one of their aircraft but also their reputation. As Malaysian Airlines is Malaysia's national carrier, the reputation was extended to Malaysia, its government and the Al Khazanah, the Malaysian sovereign wealth fund, which was a key shareholder to the company. The current reputation of Malaysian Airlines has crippled Malaysian pride and it appears the entire Asian region, which in the future could have tragic effects on their trade, investment, and tourism.

Ukraine had not declared their airspace a war zone and this was a clear mistake on their part but they did release a warning which did hint at problems and for airlines to avoid war torn areas and this is one of the reasons more responsibility and accountability is with the airline for the MH17 incident. Also MH17 was not flying at sufficient altitude to avoid the surface to air missiles. This whole situation contains a number of lessons to be learned, not only for Malaysian Airlines but also for the entire aviation industry. In fact a number of questions can be raised: Should there be a standardised authoritative body for the aviation industry that would take the responsibility for reviewing and calculating risks of airspaces over conflict zones? Should all airlines have to adhere to such warnings, not only certain carriers? If this were possible, such a body could then release cautions and warnings to the entire airline industry rather than certain regions or continents. How can countries with unstable situations and conflicts that are in denial be held responsible? The sharing of information openly and honestly whenever a threat against commercial aircraft is present should not be region specific.

Insurance companies could consider making amendments to their airline policies with regards to the extent of coverage in cases of accidents which would persuade them to meet safety recommendations. They should clearly mention in their policies that they would not insure the coverage of passen-

gers if the airplane got into an accident as a result of flying over territory where warnings had been issued. Such a policy would assist with the balance between the business thinking of profit-making and passengers safety.

We shall observe with interest the industry changes that come from the lessons learnt by Malaysian Airlines and the loss of both MH370 and MH17.

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