

KEY TO A SUCCESSFUL LEADERSHIP OF TONY FERNANDES IN AIRASIA

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Abstract: AirAsia is one of the major airlines in Malaysia, which has also become one of the airlines that has successfully adopted the low-cost carrier (LCC) strategy so that it has become a reckoned airline in Southeast Asia. AirAsia's success was initiated by Tony Fernandes with his leadership style. The purpose of this analysis is to identify Tony Fernandes' values and culture, business strategy, leadership type, and leadership traits at AirAsia. Based on qualitative study, it was reveal that Tony Fernandes has the innovation and entrepreneurial skills in the transformation of the airline company and has succeeded in moving his employees to achieve the same goals. Tony applied a leadership style with several approaches, namely Democratic, Charismatic & Servant Leadership in leading at AirAsia. In developing AirAsia's transparent and open organizational values and culture, Tony has demonstrated the characteristics of stewardship and building community. He applies a walk-the-talk and employee-oriented approach that shows listening and persuasion characteristics as well as the characteristics of commitment to the growth of people to create a comfortable working environment and atmosphere in his daily life. In the face of a crisis or challenge, Tony comes down directly to assist his employees to face them, which also shows empathy and healing characteristics.

Keywords: tony fernandes, airasia, leadership, success, democratic leader, charismatic leader, servant leadership

Abstrak: AirAsia merupakan salah satu maskapai besar di Malaysia yang berhasil mengadopsi strategi low cost carrier (LCC) sehingga menjadi maskapai yang diperhitungkan di Asia Tenggara. Kesuksesan AirAsia diprakarsai oleh Tony Fernandes dengan gaya kepemimpinannya. Tujuan dari analisis ini adalah untuk mengidentifikasi nilai dan budaya Tony Fernandes, strategi bisnis, tipe dan sifat kepemimpinan di AirAsia. Berdasarkan studi kualitatif yang kami lakukan, terungkap bahwa Tony Fernandes memiliki inovasi dan keterampilan kewirausahaan dalam men-transform AirAsia dan menggerakkan karyawannya mencapai tujuan yang sama. Tony menerapkan gaya kepemimpinan dengan beberapa pendekatan yaitu Democratic, Charismatic & Servant Leadership dalam memimpin di AirAsia. Dalam mengembangkan nilai dan budaya organisasi AirAsia yang transparan dan terbuka, Tony telah menunjukkan karakteristik yang kuat dalam membangun komunitas. Ia menerapkan pendekatan walk-the-talk dan employee-oriented yang menunjukkan karakteristik mendengarkan, persuasif dan komitmen terhadap pertumbuhan untuk menciptakan lingkungan dan suasana kerja yang nyaman. Dalam menghadapi krisis atau tantangan, Tony turun langsung untuk membantu karyawannya menghadapi krisis dan menunjukkan sifat empati yang sangat membantu untuk proses recovery.

Kata kunci: tony fernandes, airasia, kepemimpinan, sukses, pemimpin demokratis, pemimpin karismatik, kepemimpinan pelayan

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INTRODUCTION

AirAsia is one of the major airlines in Malaysia, which has also become one of the airlines that has successfully adopted the low-cost carrier (LCC) strategy so that it has become a reckoned airline in Southeast Asia. In 2002, AirAsia successfully launched new routes and in 2003 a second hub was opened at Senai International Airport, Johor Bahru, as well as the airline's first international flight to Bangkok. Now AirAsia flies to all ASEAN countries and most Asian countries such as India, Iran, Sri Lanka and Bangladesh, as well as to Japan, Korea and Australia via AirAsiaX.

AirAsia's success was initiated by Tony Fernandes with his leadership style. Not only the things mentioned above, AirAsia has made many achievements thanks to the leadership of Tony Fernandes who is known for his service to its employees and customers. Initially AirAsia only had 200 staff and served 250,000 passengers, but now AirAsia has 10,000 staff and 103 aircraft with a target of 32 million passengers. Based on this, Tony Fernandes is believed to have succeeded in turning a "sick" and almost bankrupt airline into a successful airline. In addition, AirAsia was awarded the World's Best Low-Cost Airline for 5 consecutive years from 2009 to 2013.

Not only the success achieved, in the running of AirAsia there are also challenges and problems they faces. Based on the illustration above, the first challenge Tony Fernandes faced as AirAsia leader was managing a debt-ridden airline of RM40 million into a sustainable airline. In addition, AirAsia experienced problems such as the crash of an Indonesian AirAsia plane QZ8501 around the Java Sea while flying from Surabaya to Singapore, a decline in AirAsia's operations and flights during the Covid-19 pandemic, and other problems.

AirAsia is one of the airlines that uses a business strategy, namely the low-cost carrier (LCC), this business strategy is a unique flight model with a strategy to reduce operating costs. By carrying out cost efficiency in all lines, airlines do things that are outside the usual airline's habits. If the full board service airline adds services such as catering, providing newspapers, in-flight entertainment, lounges, free taxi after landing, and so on. Contrary to this, low-cost carrier (LCC) airlines have eliminated traditional airline services, such as by reducing catering, booking airplane tickets

with the help of IT technology so that services look simpler and can be faster. This simple service results in cost reduction, but the safety factor is maintained to ensure the safety of passengers until they reach their destination. Low-Cost Carrier (LCC) is an airline business model that provides affordable ticket prices and minimalist flying services. In essence, the products offered always have a low-cost principle to reduce and reduce operational costs so that they can capture a wider lower market segment. AirAsia adheres to the principle of Low-Cost Carrier (LCC), with the main components as follows: 1) High utilization of aircraft (AirAsia aircraft turnaround period is 25 minutes when compared to full board service airlines which have a turnover period of 1 hour); 2) No free food and drinks (If you want passengers are welcome to buy food and drinks at affordable prices from the cabin crew); 3) Baggage allowance is limited to 7 kg per passenger, if passengers wish to carry baggage heavier than 7 kg, additional baggage fees are required; 4) Operates effectively and efficiently; 5) Basic facilities (Secondary airport or Low-Cost Carrier Terminal (LCCT), The absence of a business lounge where passengers wait).

AirAsia has corporate values such as happy, caring, passionate, full of integrity, safety conscious and hard working. The vision of the AirAsia company is *to become the largest low-cost airline in Asia and serve the 4.4 billion people who are now served with poor connectivity and high fares*. The mission of the AirAsia company is as follows: To be the best company to work for, where employees are considered members of the extended family, Creating a globally recognized ASEAN brand, Achieve the lowest fares so everyone can fly with AirAsia, Maintain high quality products, use technology to reduce financing and improve service quality.

Tony Fernandes was born on 30 April 1964 in Kuala Lumpur to an Indian father who came from India Chennai, India and a Eurasian mother of mixed Portuguese and Malacca descent. He was educated from Epsom College from 1977 to 1983 and graduated from the London School of Economics in 1987. He has worked for Virgin Atlantic as a Finance Controller. He is also the youngest CEO who led Warner Music Records (Malaysia) before deciding to establish Tune Air Sdn. Bhd. And then bought AirAsia and ventured into the aviation business.

In several interviews, he has put his mother as a role model in entrepreneurship. In an interview with Desi Anwar in 2021, Tony Fernandes said *“My mom was selling Tupperware and she teaches me on people, she was an amazing motivator to people and in the organization the biggest asset is the people”*.

Based on the illustrations of success and challenges or problems above, Tony Fernandes' leadership at AirAsia was chosen as the topic for discussion of leadership analysis because with the leadership style used by Tony Fernandes, he was able to achieve many achievements and overcome several previous problems so that it is believed that his leadership can also be used as an example in dealing with organizational problem or crisis related. Based on the description above, this analysis aims to identify the leadership used by Tony Fernandes at AirAsia with his values and culture, including in managing his organizational crisis.

METHODS

In achieving the research objectives of this paper, we implement qualitative approach by conducting indepth literature review and comparing with secondary data to see the connection between the theory and reality. This is consistent with what Cooper said in his book titled *“Business Research Methods”*, *“The first step in an exploratory study is a search of the secondary literature.”* (Coper & Schindler, 2014). According Wahyuni (2022), a good qualitative research should pay attention on how validity and reliability of their study has been guaranteed. To assure the credibility/internal validity of this study, we use source triangulation by comparing secondary data from credible sources, such as books, journals, scientific publications, and other official documents. The external validity of this study has been achieved by using thick description. We take some quotes to describe what is happening in the field.

RESULTS

Organizational Value and Culture

Tony Fernandes has a strong vision that makes AirAsia as one of the most recognized airlines today. AirAsia's current achievements are part of the success of Tony Fernandes' leadership style which is applied precisely

and consistently. The leadership style practiced by Tony Fernandes as CEO of AirAsia is that it tends to show the type of servant leadership, this is indicated by several quotes from his words and actions which will be discussed in this study. He has created a strong organizational culture and is able to move it towards a common goal. According to Tony, organizational culture is very important and is the basic foundation for the company, here is an excerpt from his interview with Founder Magazine (2019).

“Culture is the single most important thing in the success of AirAsia. Cultures in AirAsia are transparency and openness.” (Fernandes, 2019)

The values and organizational culture that Tony Fernandes has built have had a major influence on the growth of his company and make all employees feel happy to move together to achieve the same goal. Tony also said the following when he was interviewed by Founder Magazine (2019).

“Utilize everyone's brain and teamwork is critical. We embrace diversity, we don't care what race, color, sexual and preference. I think that's a strength because that gives us a huge diversity in our workplace and a huge ability to attract great talent and idea.” (Fernandes, 2019)

Tony treats each of his employees like family regardless of differences and makes these differences a force to create a work atmosphere that encourages great ideas. It may seem simple, but if it is done by the company's top leaders, it will have a big impact and make employees feel proud to be part of the team.

Business Strategy

In the context of innovation, Tony also has a big role as a leader. He was able to influence his employees to believe and be motivated to carry out the innovations he designed to save his company during his early years of leadership. Tony demonstrated his innovation to take advantage of the aviation market at an affordable cost for the ASEAN region. In line with his strategy, he has also created the slogan 'now everyone can fly' which has had a huge impact on AirAsia's strategic business. Tony has a strong desire to achieve his goals and he will take every opportunity that comes his way. He always has a positive outlook and is not afraid to face risks as he stated in an interview with Foundr Magazine (2019).

“Failure doesn’t worry me because I rather be fail than not try at all. Many people are too worried about failure so they do anything.”
(Fernandes, 2019)

With his leadership, Tony has succeeded in transferring his motivation and views to his employees so that he can move AirAsia to success.

Implementation of Leadership Types

The type of leadership that Tony Fernandes implements in leading his company are as follows.

a) Democratic Leader

Based on Lewin’s behavior theory previously described, Tony Fernandes adopts a type of leadership with a democratic style with the concept of social capitalism through employee empowerment (Fernandes 2017). This approach creates a strong team and can provide solutions to complex problems in organizations (Mullins, 2013). However, final decision making can be uncertain, time consuming and requires a long process (Mullins 2013).

Today issues regarding ethics, trust and integrity are a challenge for leaders. With the existence of internet technology and the number of social media has significantly influenced the level of globalization. This raises a demand for leaders to be more transparent and open. Tony is indeed known as an open leader and he really avoids hierarchical structures (anti-hierarchy). This is also shown by his words when he was interviewed by Foundr Magazine (2019).

“People said I have an open-door policy but the doors closed. Bureaucracy and politics is the cancer of any organization, so we confront it and we deal with it.” (Fernandes, 2019)

As the top leader of the company, Tony acts directly in building a building work environment by providing an example to leaders at every level below him. This action is an act of leadership with a ‘leads by example’ approach. For Tony, being a company leader does not guarantee that he knows everything. This encourages him to continue learning and make his employees a source of learning. This made him learn a lot about the airline industry and the company he was in. Tony also does not hesitate in asking for advice from his employees, he

even makes business decisions based on observations, experiences, and suggestions from his employees. This makes him visible directly to employees at every level, so as to build trust, appreciation, and motivation for each employee.

Tony emphasizes on transparency between leaders and employees so that the trust that is built can be strong. He chooses to interact with his employees at certain times to help him understand the real problems they face on a daily basis. This in turn provides him with key insights and important considerations in making decisions. In an interview, he shared his experiences working with the Ground Handling crew. At that time AirAsia had just changed its fleet from Boeing 737 to Airbus which had a higher ground clearance distance, requiring loading and unloading equipment worth US \$ 1 million. Initially he rejected the idea due to the enormous cost considerations, until he finally experienced the conditions on the ground himself, saying the manual work “almost broke his back”. Tony admits that he could make decisions that hurt his employees if he didn’t listen and try it himself.

“I could have made a decision - a very wrong decision that damaged a lot of people and destroyed the morale of the organisation at that level.” (Fernandes, 2010)

b) Charismatic Leader

At AirAsia, Tony is known as a highly sociable leader with an easy-to-understand speech style, and is highly respected by his subordinates. In his day-to-day leading Airasia, Forbes Magazine agreed to give him the gear of being “a single and charismatic pioneer” at AirAsia. Even in his daily life, Tony has a habit of looking simple with the universal t-shirt and hat with the AirAsia logo which is also owned by all his employees. In an interview with Foundr Magazine, he said:

“I feel suits build distance between you and your staff” (Fernandes, 2019)

It shows that Tony prefers the casual look in a red AirAsia hat over the formal with a suit because he feels that formal wear can build a distance between himself and his employees. In addition, Tony also wants every AirAsia employee to have a telephone number so that creating relationships with employees is not obstructed by a barrier.

Tony believes that motivation and inspiration are very useful for his subordinates. In an event, Facebook Live chat, Tony described his leadership style as “informal” as he walked around his office to chat with his staff (Inspire, 2016). Employees feel touched and appreciated that their leader is humble enough to make casual conversations with them, which will boost their motivation to work for the company. Tony says that finding good people (employees) is only one part of a leader’s job. Knowing how to take care of them is a completely different thing. To do that, he said he focused primarily on three things: transparency, appreciation and giving his staff the ability to grow.

Although Charismatic Leaders have the advantage of unifying the employee’s vision through the leader, this type of leadership has the disadvantage of the difficulty of finding a replacement for the leader. A figure who has a strong charisma for employees, especially involving emotional ties can cause employees to have difficulty accepting new leaders. This also applies to Tony, when he currently has led AirAsia for nearly 20 years, without having a clear successor.

c) Servant Leader

Servant Leader is always synonymous with the type of leader who is willing to sacrifice for his subordinates. In recent times, after Covid-19 was declared a global pandemic and forced the airline industry to stop operating, Tony sent a message to all of his stakeholders, especially AirAsia employees who also felt the impact directly. In the email sent on April 11, 2020, he committed to do not fire as much as possible in an effort to cut costs that stalled airline operations could not cover. He also stated that until the situation returns to normal, he and Kamarudin (AirAsia Co-Founder) will not take his salary as CEO.

Outside the crisis period, AirAsia does not promise to spoil their employees with material things in the form of money, considering that the airline is in the low-cost carrier segment. However, the company helps its employees in terms of career development so that later they can help employees realize their dreams. One proof of Tony’s success is making one of his employees who originally worked as an Office Boy, Kugan Tangiisuran, to achieve his dream of becoming a pilot for AirAsia (Says, 2016).

Tony’s main focus is on employees ‘employees oriented’, this is shown from his statement in an interview:

“Employees come number one, customer come number two. If you have a happy workforce they will look after your customers anyway.”

Tony treats each of his employees like family regardless of differences and makes these differences a force to create a work atmosphere that encourages great ideas. It may seem simple, but if it is done by the company’s top leaders, it will have a big impact and make employees feel proud to be part of the team. Even though he has received many international awards, both for AirAsia and himself, Tony remains humble and makes himself a leader who is always there for his employees in any condition.

Leadership Characteristics and Organizational Crisis

In December 2014, AirAsia aircraft with flight number QZ-8501 had an accident and caused 162 fatalities, both passengers and crew on duty. Since then, there have been numerous reports pertaining to aircraft mechanical and maintenance problems. This disaster is a type of crisis that can easily damage an airline’s reputation, because safety is a very important part of the airline business operation. Fernandes immediately responded to the crisis by going down directly to communicate and be with the families of the victim and working with the SAR team. In this crisis, several important points can be seen from the leadership aspect of Tony Fernandes, which are as follows:

a) Walk the talk

As an active social media user, he has leveraged the Twitter platform to send messages that are consistent with inspirational tones, while maintaining the sensitivity of his message to staff and customers for disasters. As reveal in the following quote (Figure 1).

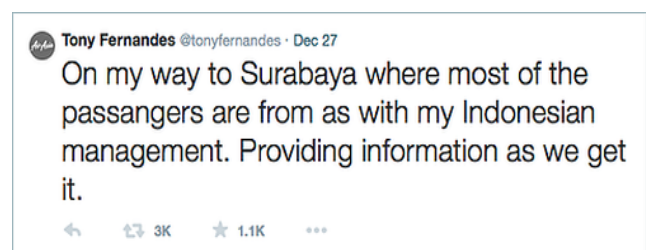


Figure 1. Quotes on aspects of walk the talk

This Walk the Talk behavior can also be seen from Toni's response to the health crisis in the form of the Covid-19 pandemic that has hit the entire world, including AirAsia, with the stopping of the airline industry to prevent the spread of the deadly virus. Toni's decision not to take a salary until the situation returns to normal can be interpreted as a message as well as an example from the leader for his employees to stay strong in difficult conditions and believes that AirAsia as an organization can get through this crisis.

b) To Be Responsible

Leaders must always be held accountable for their team's actions. The character of a bad leader can often be seen from the way he blames others. Tony could have blamed the weather, pilots, technical faults or anything else to keep him out of trouble. But as a leader, he accepted his responsibility, and then started an internal investigation while still supporting other investigations carried out by the authorities. Denial strategy or blaming other factors in a problem is the fastest way to destroy trust and lower levels of involvement (Stuart, 2020). In an interview, he was quoted as saying:

"the passengers are on my plane and I have to take responsibility for that." (Fernandes, 2014)

Tony's leadership was also tested in times of crisis, such as the AirAsia Indonesia flight QZ8501 Surabaya-Singapore route on December 28, 2014. During a crisis like this, the leader is expected to be able to reduce the impact and uncertainty caused by the crisis. In dealing with this incident, Tony still prioritizes his employees as in his statement when interviewed by Foundr Magazine (2019):

"The lawyer said 'You don't have to go there' and I said 'Are you crazy? I have to go for my staff and I have to go for the families because I am the leader of the company and I can't hide behind it. I think it's important that people know who you are.'"

This shows that Tony does not want to distance himself from the incident and is hiding behind the scenes. He believes that as a team we must face problems together. He positioned himself to be there for his employees in any position. Tony also took every action he had taken and took steps to carry out an investigation to find out

the cause of the accident. This shows that Tony is able to control himself in the face of a crisis by staying cool and not immediately drawing conclusions to blame a party. He also continues to appreciate all parties and employees who have tried to deal with this crisis. These actions have a positive impact on their employees because they believe that their leaders are always there in any condition, including during a crisis that has big and crucial pressure.

c) Team-Focused

Tony was quick and open to commend his staff's performance and attitude throughout the crisis. This will have a positive knock-on effect throughout the organization. In times of uncertainty in times of crisis, employees want to know that their leaders are behind them and are behind them when problems come. After meeting and directing the crisis center at the scene of the incident with the public from his employees, Tony did not forget that the enthusiasm and hard work that was done did not only come from him, but also came from the hard work of the team who was in charge with all the physical and mental pressure. Appreciation, whatever it is, will be very useful to keep all staff strong in a situation that is prone to causing loss of enthusiasm or self-confidence, which can also potentially cause other problems. As reveal in the following quote (Figure 2).



Figure 2. Quotes on aspects of team-focused

Managerial Implication

Tony applies a walk-the-talk and employee-oriented approach that shows listening and persuasion characteristics. By creating a comfortable working environment and atmosphere so that employees can show maximum competence, Tony has shown a characteristic commitment to the growth of people. In facing a crisis, Tony does not hesitate to come down directly to face the crisis to accompany his employees. This shows the characteristics of empathy and healing.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Tony Fernandes is a leader who has extensive experience and has been recognized internationally. Tony's leadership has succeeded in making AirAsia become one of the leaders in the world low-cost airline market from previously being an airline that was almost bankrupt. This shows that Tony has strong entrepreneurial innovation and skills. In addition, with his leadership he succeeded in moving all of his employees as an organization to achieve the same goals. Based on the evidence from the words and actions that Tony has taken in leading AirAsia, Tony has adopted a leadership style with several approaches, namely Democratic, Charismatic & Servant Leadership. *First*, Servant Leadership type of leadership is based on a sincere feeling to serve and build its employees as a top priority and face problems together, giving rise to a sense of trust and motivation to achieve a goal. *Second*, Charismatic leadership is based on its ability to motivate and encourage employees to work with the same vision. *Third*, Democratic Leadership type of leadership is based on their willingness and effort to listen to opinions while experiencing for themselves the problems faced by their employees on a daily basis.

In developing AirAsia's transparent and open organizational values and culture, Tony has demonstrated the characteristics of stewardship and building community. In initiating his business that started from seeing the great opportunities in the ASEAN market and the strategy to run it, Tony has shown the characteristics of foresight and conceptualization. In building the trust

of his employees in himself, Tony realized that ethical issues were important, so he applied an open and flat structure so that the relationship with his employees was integrated. This shows the characteristics of Awareness.

Recommendations

This paper highlight an important message that a great leader should listen the grass root voice, stand with their employee during good and bad time. This excellent servant leadership should be accomplished with democratic and charismatic type of Leadership.

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