

## The Determinants of the Operational Performance in Airline Industry: A Case of a Turkish Airline Company

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**Abstract :** Aviation industry influences the social and economic growth across the countries. Further, airline companies are highly affected by social, political, and financial crises and show a high degree of cyclicity in operational performance. Hence, this paper investigates the effects of available seat kilometers (ASK), revenue per kilometer (RPK), passenger load factor (PLF) as well as socio-political crisis on the number of passengers carried (PC) by Turkish Airlines company over the period of 2010M1-2018M12. To conduct the analysis, we employ fully modified ordinary least squares (FMOLS), dynamic ordinary least squares (DOLS), and canonical cointegration regression (CCR) techniques using monthly data. We use ASK, RPK, PLF as independent variables to identify the determinants of the PC, as a dependent variable. We also test the effect of the socio-political crisis. The results reveal that there is a significant and negative relationship between ASK and PC, while the relationship between RPK and PC is positive and significant. We also find that there is an insignificant relationship between PLF and PC. Further, we also find a negative effect of the crisis on the PC. These findings show although the crisis had an immediate effect on the operational performance of Turkish Airlines, the company recovered from the crisis and cope with the situation very promptly. Thus, this proves the resilience and agile management ability of the company.

**Keywords :** airline industry, operational performance, air traffic, socio-political crisis

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