

# **The Economic Impact of Airline Reservation and Air Transport System in Nigeria**

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## **ABSTRACT:**

The increasing accessibility of airline reservation and air transport has significantly widened air industry's role in our contemporary social settings. As aircraft is no more an expensive valuable but rather a necessity. Air Transportation is the transportation of passengers and cargo by aircraft and helicopters. An efficient air transport contributes to economic growth and development. The aviation sector has not only support wealth generation in the advanced nations, but has also brought humongous impacts to advanced industrialization by tapping their endowment for business .This paper has kept us informed on about the economic impact of airline reservation and air transport system in Nigeria and its immensely offers to employment opportunities and Gross Domestic Products (GDP).As this information will furnish government and the aviation sector to take better steps to make sure air travel is continuous and remains indefinite. Transportation is a main reason in forming people's Social, Economic and Cultural reality by globalization. The industrial community largely relies on safe reliable and agreeable priced. The industry is environmentally/friendly and responsible which has led to one of the highest benefactor to the development of our contemporary settings having addressed growing demand for mobility. Air industry has created millions of jobs directly, indirectly and induced impacts which have led to industrialization.

**KEYWORDS:** Impact, Transportation, Airline, Reservation, Economic.

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Date of Submission: 09-10-2022

Date of Acceptance: 21-10-2022

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## **I. INTRODUCTION**

Airline Reservations System is a computerized system used to store and retrieve information and conduct transactions related to travel. Airline reservation systems are classified as Passenger Service Systems (PSS) which handles a series of critical functions for the airline. For an Airline, the reservation system is a mission critical system that should use the latest state of the art technology to provide for all flight reservations on a robust platform, which is flexible and can be adapted to any style of airline. Secure and stable systems are vital to the airline industry which is why companies spend many years designing an architecture specifically suited to the nature of the airline industry .

Transportation refers to the movement of people and goods from one location to a destination. Air Transportation is essential to the functioning of any society. It influences the location and range of productive and leisure activities, it affects the location of residence, it influences the range and provision of goods and services available for consumption. It invariably influences the quality of life. Indeed, it has been argued that the

developments in society can be closely correlated with the introduction of new or improved transport technology.

Air transport is one of the world's most imperative businesses. Its improvement and specialized administration accomplishments make it one of the significant supporters of the headway of present day societal advancement. The development in the aviation unit cannot be compared by some other significant type of transport because of its detail and new advancements that is going ahead in the area. It has greatly helped in economic improvement of the country. This as a result produces higher income to the economy by method for quick in and out stream of merchandise and enterprises. The flight business assumes a vital part in the part of work and recreation to individuals around the globe. The area advances and enhances personal satisfaction, expectations for everyday comforts of individuals inside the country. (Nwaogbe, 2020).

Air Transportation is the transportation of passengers and cargo by aircraft and helicopters. It is a transport system that involves the movement or carriage by air of persons or goods using airplanes and helicopters (WIE, 2011). It has become the primary means of common carrier traveling. Greatest efficiency and value are obtained when long distances are involved and high value payloads are moved, although, the time and cost efficiencies obtained decreases as distances traveled is reduced, air transport is often worthwhile even for relatively short distances. It also provides a communication link, which is sometimes vital, between the different groups of people involved.

## **II. HISTORICAL DEVELOPMENT OF AIR TRANSPORTATION IN NIGERIA**

Air travel in Nigeria commenced during World War II (1939-1945) when it became necessary to move troops and supplies fast across the country. Several air strips were built then which were converted after the war to civilian use (Deba, 2018). Nigerian Airways was established in October, 1958 as a joint venture between the Nigerian government, Elder Dempster Lines and the British Overseas Airways Corporation (BOAC). The Airways took over the operation of domestic flights from the disbanded West African Airways Corporation (WAAC) which had been operating commercial aircraft within the country since 1946 (Edobor, 2017). In 1963, the Nigerian federal government bought the other shareholders and Nigerian Airways became wholly-owned by the Nigerian government. The airline has a monopoly for providing domestic air services in Nigeria. It was also the national flag carrier for international services along the West African coast, Europe and the United States of America. In 1976 Nigerian Airways operated a fleet of nineteen aircraft consisting of two each of Boeings 707 and 737 and one DC 10-30 aircraft used mainly for international flights. There were seven F.28 Jets and seven F.27 propeller aircrafts used mainly on domestic routes. There were also other major international airlines which operate flights to Nigeria, thereby linking Nigeria with the world's major socio-economic and political centers. Within Nigeria several charter companies operate additional flight in small aircraft from Lagos to the main economic centers in the southern parts of the country. The Nigerian federal government realizing the role of air transport in the nation's development made significant attempts to develop the country's air transport system. The most gigantic was the 1975-1980 airport development programme in which the Murtala Mohammed Airport complex was about N240 million (Edobor, 2017). Six other airports in Kano, Ilorin, Kaduna, Sokoto, Port Harcourt and Maiduguri were developed to accommodate the largest intercontinental aircraft. Apart from these airports development programme the federal government also intensifies manpower development in the aviation industry. The Nigerian civil aviation training centres provides a substantial number of trained air personnel. This is in the areas of piloting, maintenance engineers, air traffic controllers, aeronautics teleprompter operators and communications personnel. These personnel were reinforced with those from the Nigeria College of Aviation Technology, Zaria. During the 1980s and 1990s many airports were built, existing ones were modernized and more services and facilities added all under the management of Nigerian Airports Authority. (Deba, 2018) states that it is estimated that by the year 2003, over four million Nigerians fly and use the airports each year. However, private domestic air carriers began to win business at the expense of Nigerian Airways the government owned national airline and it was declared bankrupt in 2004. The national flag carrier of Nigeria is now Virgin Nigeria Airways, joint ventures between Nigerian private investors and the UK-based Virgin Atlantic Airways with the backing of the Nigerian government. The replacement of Nigerian Airways with Virgin Atlantic Airways is an attempt at deregulating the civil aviation industry. On 17th September, 2009, Virgin Nigeria were re-branded as Nigeria Eagle Airlines which on 2nd June, 2010 was further changed to Air Nigeria Development Limited, branded as Air Nigeria. According to Wikipedia (2018), there are a total of thirty eight (38) airports with paved runways and sixteen (16) airports with unpaved runways. These airports are to create an efficient transportation network which is indispensable for economic growth (Owoputi, 2020). On December 12, 2011 Arik Air launched the Abuja-London flight while earlier in the year, a new airline 1<sup>st</sup> Nation Continental Airlines started the Lagos (Nigeria)-Kigali (Rwanda) direct flight. Air transport is an innovative industry that drives economic and social progress in Nigeria such as job creation, income generation, increase in GDP. It connects Nigerians, cultures and business as it also enables tourist movement within the country. Air reservation and air transportation in Nigeria

provides access to global markets and generate trade and tourism, it also forges links between Nigeria and other nations Abdullahi, Adesogan, & Alhaji, A. G. (2018).

### **III. ECONOMIC IMPACT OF AIRLINE RESERVATION AND AIR TRANSPORT SYSTEM IN NIGERIA**

The Airline Reservation and Air transportation industry gives numerous advantages to the economy through the business, employment and excises produced by firms working in the segment. Air transportation organizations make supply-chain impacts on different organizations in the nation through interest for services and items, for example, flight fuel and fund, insurance, and real land administrations, bringing about further monetary advantages. In any case, impacts extend past these supply-chain influences. The air transportation industry likewise impacts the economy through what market analysts allude to as "induced effects." When representatives of the air transportation industry spend their wages, the economy gets an extra financial lift as new occupations and action created through buyer spending. Thus, higher benefits created by the lift to monetary movement will prompt an unobtrusive lift to private capital venture. Airline Reservation and Air transport system in aviation create significant contributions to the economy of the nations they are positioned in. A region's airborne ease of access enables the conveyance of any goods and services to that specific region in a short while. (Kahraman, 2017). The avionics division creates more gross value added per representative in the economy all in all, raising the general profitability of the economy. (Kahraman, 2017) classified impacts made by air transportation to the economy into the following:

- a. Direct Impact:** These cover jobs and activities inside the air transport industry including carrier and airplane terminal tasks, air ship upkeep, aviation regulation and control, and exercises straightforwardly serving air travelers, for example, registration, baggage dealing, on location retail and providing eateries. Not these exercises essentially happen at an airplane terminal, with some occurring at head office. Coordinate effects likewise incorporate the exercises of the aviation producers selling air ship and components to aircrafts and related organizations. In 2012, airline operators, airports and ground services contributed a total of NGN58 billion as revenue to the GDP of Nigeria representing about 0.195% of the GDP. And revenue coming from the tourism industry directly linked to the aviation sector totaled NGN 40 billion representing about 0.154% of the GDP to the Nigerian economy.
- b. Indirect Impact:** These incorporate jobs and activities of providers to the air transport industry, for instance, occupations connected to aeronautics fuel providers; construction organizations that construct extra amenities, the producer of merchandise sold in airplane terminal retail outlets, and a wide assortment of activities in the business services segment (call centres, IT, bookkeeping, and so on.) In 2012, indirectly the airlines, airports and ground services contributed about NGN34 billion to the GDP of Nigeria and tourism industry indirectly linked to aviation contributed a total sum NGN24 billion with both total NGN58 billion representing a collective 0.195% of the total GDP (Nigerian Bureau of Statistics, 2012).
- c. Catalytic Impact:** The air transport industry's most essential economic contribution is through its effect on the execution of different enterprises and as a facilitator of their development. It influences the performance of the world economy, enhancing the effectiveness of different businesses over the whole spectrum of economic action – alluded to as synergist benefits. Around 15.5 million employments are the aftereffect of synergist affect. In 2012, tourism alone contributed NGN104 billion i.e. 0.35% to the GDP this is aside others. Tourism happens to be one of the biggest driving factors to the growth of air transport in Nigeria. Air transport has contributed by facilitating tourism and trade, it generates economic growth, provides jobs, improves living standards, alleviates poverty and increases revenue from taxes.

#### **d. Induced Impact:**

These encompass spending by those specifically or indirectly engaged in the air transport industry that backings employments in ventures, for example, retail outlets, organizations producing merchandise and a scope of service enterprises (e.g. banks, eateries, and so on.). In 2012, airlines, airports and ground services jointly contributed NGN27 billion representing 0.091% to the GDP.

### **CHALLENGES**

- **Bad management:** Transport corporations and hence the transport systems have been poorly managed. This bad management finally resulted in the Nigerian Airways declared bankrupt in 2004. It is clear that over the years the national carrier Nigerian Airways could not be managed successfully as a business venture. The result is sharp reduction in the number of airplanes in the fleet of the Nigerian Airways. (Abraham, 2019).

- **Worn out facilities:** Facilities provided at the nation's International Airports at Lagos and Kano is overstretched. Facilities such as seats, air conditioning system, conveyor belt, toilet facilities are in bad shape. This arises as they are not Upgraded. In Nigeria, while passengers and cargo traffic has increased, the infrastructure provided has not experienced a corresponding overhaul and expansion over the years.
- **Security:** The security at airports in Nigeria needs to be upgrade, there is no solid perimeter fencing at all the airports in the country. Some tragic incidents occur due to loose security in the airports which need to be secured for the safety of lives of travelers and their properties. There are also petty thieves in some airports who capitalize on the loose security to break into visitor's car and carry handy belongings.
- **Closures of airports:** Airports in Nigeria are closed down for repairs that are expected to take few months but stretches beyond this time. For example, the port harcourt international airport was closed down for repairs (from August 18,2006 to December 18,2007) that the airport authorities said would last for four months only. This however took 16 months! (Abraham, 2019). During this period, travelers and business community in the Niger delta and south east has suffered considerable inconveniences and lost money while the closure lasted. The closure was a huge financial loss to Federal Airport Authority of Nigeria (FAAN) estimated at more than N500 million.

#### **IV. Conclusion**

The aviation industry in Nigeria has contributed economically to the country. It also allied the regional distribution trips which has made Nigeria a center of Air transportation in Africa business sub-section. Its development has also witnessed ups and downs but there has always been a way of getting out from its problems. The aviation industry has contributed to the GDP, and jobs creation, support for the nation with other allied services and its capability to associate the Nation to the outside world is of great importance which needs to be sustained and improved upon.

#### **V. Recommendations**

- Government should improve the connectivity index which is a measure of the equality of a country's air transport network.
- Government should invest in airports infrastructures so as to meet and cope with the increasing demand of air passengers.
- Government should improve manpower and manpower training, the aviation industry is a section that require highly skilled manpower for the purpose of management .
- Government should enhance funding this is a catalyst that can help the industry to be rightly belonging the development process of the Nation.
- Strict Adherence to aviation rules and regulations.
- Provide enabling environment for investors in the aviation industry

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