The Relationship Between Terrorism, Oil Prices, and Airline Profitability

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Abstract
Increase in the price of petroleum and terrorism negatively affect airline profitability. This quantitative study was an exploration of the relationship between terrorism, fuel price, and airline profitability. Airline financial and security archives were the data for this study. Results indicate that terrorism and fuel cost significantly predict profitability.

Procedures
Quantitative correlational approach
A nonrandom sampling technique called convenience sampling was used (Gemayel, Stasny, Tackett, & Wolfe, 2012).

Samples
84 points of data for each variable (Terrorism, Cost of Fuel, and Airline Profitability) was used.

Findings
The results of the multiple linear regression analysis indicate the model was able to significantly predict airline profitability, $R^2 = .547$, $p = .006$, $R^2 = .12$

Both terrorism and cost of fuel were statistically significant, with the cost of fuel ($\beta = -.511$, $p = .002$) accounting for a higher contribution to the model than terrorism ($\beta = .452$, $p = .005$).

The results of the study validated the negative effect of the price of oil and terrorism on airline profitability found in the professional literature. The results of the study indicated an alignment between systems theory and professional practice.

Limitations
Any inaccuracy in the archived data reported by these civilian, academic, and United States government sources would negatively affect the accuracy of the study.

Conclusions
The airline industry must concentrate on operational efficiency to minimize fuel costs.

The airline industry must invest on new, more fuel-efficient aircraft as the means of reducing fuel liability.

Airlines must implement comprehensive business continuity programs that address the disruptive nature of terrorism.

Social Change Implications
Enhanced socioeconomic conditions through increased employment in the airline, travel, service, and airline manufacturing industries.

Lesser carbon footprint from the airline industry.

Research and Development of fuel-saving and green technologies by aircraft manufacturers to address pollution and aircraft performance issues.

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