

Globalisation in the airline industry

[Business](#), [Industries](#)



Globalization is the single most influential factor for growth and development of businesses and economies in the 21st century. It is the main push factor that carves internal and external coterminous harmony under the natural forces of the market. According to Clifford and Clifford (pp. 102-103), all countries and business entities are inclined or repositioning to operate globally. Through globalization, local boundaries are rendered void and with supra natural international outlook and greater focus on international strategies for growth.

It carves particularistic but broad niches that expands cross boarder social, economic and technological exchange if technology in the wild competition. Such has been the case with the airline industry which has seen a long struggle to the current highly adored status. Airline industry remains one of the fastest growing industries at the local and international market. It anchors world trade through economic growth and development supplements. Globally, over 75% of the passengers using local and international air transport have external travel demands.

Though scholars have differed over the claims of “non existence” of the airline industry without globalization, it is clear that the industry is strongly dependent on global cooperation and interlink with other companies while taking advantages of global and regional economic cooperation. Such has been the case with the US Airways which has metamorphosed through embracing globalization to become one of the best airlines locally and internationally. Over view of the paper

This paper explores globalization in the airline industry by examining the operations of American Airways. To niche out the progress and preference of <https://assignbuster.com/globalisation-in-the-airline-industry/>

globalization, the paper traces the progress of the company from its roots to the current status in the United States and globally too. Comparing its progress with others in the global market over the same period, impacts of regulations and deregulations are evaluated on a global scale. Using current examples, the paper looks at the current developments in the air travel industry with relevance to globalization.

Analysing the airline industry's progress in relation to globalization, the paper predicts possible future of the business. Holistic recommendations are also given to assist younger airlines trace the correct path and assume fast and better growth. Background of the US Airways, Inc, and globalization
Similar to other American based airlines, US Airways traces its origin back to the World War II period when All American Aviation Company was founded by Du Point brothers in the year 1939 and was involved with airmail services only (Berechmank ; Jaap, 1999, pp.

103-104). However, it assumed the name “ All American Airways” after it expanded its services to include passengers transport in the country. By 1972, the company absorbed Lake Central Airlines and Mohawk Airlines to become one of the largest carriers in North Eastern US and the sixth largest in the world by passengers boarding. However, it was strongly restricted by the airline strong regulations which dictated the routes and terms of services for all airlines operating in (US Airports Council International, 2002, PP. 11-12).

After passing and coming to effect of then US Airlines Deregulation Act of 1978, the company expanded its operations to most of the towns in US. However, its current highly rated status has mostly been linked to its 1980s

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acquisitions of Pacific South west Airlines and Piedmont Airlines that gave it more operation bases to Baltimore, Dyton, Syracuse and Charlotte in US as well as London Gatwick Airport in Britain (Doganis, 1998, p. 59-61, Berechmank ; Jaap, 1999, pp. 103-104).).

According to the International Air Transport Association (IATA), (2008), air travel has grown by 7% in the last decade. In the year 2007, about 1. 5 billion passengers used air transport globally. To add to that, governments in the developing countries have realized the benefits of airline industries in relation to tourism. IATA, predicts that air travel demand will increase with 6. 6 % by the year 2010. Currently, US and EU remains the most visited regions by the airlines due to their effective political, economic, and social development of policies and supportive infrastructure.

Globally and particularly in US, the September 11 terrorist attacks spelt doom to the airlines industry as consumers keep off airlines for security considerations. This has been compounded by the biting economic down turn being experienced currently. Notably, airlines are entirely dependent on individual countries policies and regulations that either encourage or discourage cooperation with particular countries (Doganis, 2001. pp. 36-39, Babcock, 2002, pp. 98-99).