Predictive effect of perceived operational effectiveness on patronage in the Nigerian aviation sector

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Abstract

The purpose of this study was to empirically assess the effect of perceived airfare fairness on domestic airline Patronage in Nigeria. The study population comprised seventy-five thousand (75,000) passengers of registered and Operational Domestic Airlines operating within the Nigerian airspace and the sample size for the study constituted three hundred and eighty-two (382) passengers of the airlines which was determined using the Krejice and Morgan (1970) table. Furthermore, three hundred and eighty-two (382) copies of a structured questionnaire was distributed to airline passengers at the respective waiting lounges of the airports while three hundred and seventy-seven (377) were retrieved and used for the study. The Pearson Product Moment correlation technique was used in testing the hypothesis postulated in the study. The result of the analysis revealed that perceived operational effectiveness significantly influence customer patronage of domestic airlines in Nigeria. The researchers recommend that a consistent improvement in an airline firm’s operational capabilities and engineering department dexterities will significantly enhance domestic airline patronage in Nigeria.

Keywords: Maintenance Effectiveness, Information Technology infrastructure and Customer Patronage.

Introduction

The Nigerian Aviation industry has a unique historical evolution which dates back to 1925 when a British pilot of the Royal Air Force (RAF) made a breath-taking, but safe landing on the horse race course in Kano, thus going down in history as the first recorded aviation activity in Nigeria. In the early 1930s, an enterprising pilot also made a flight with a few fare-paying passengers in a seaplane between Lagos and Warri. This became an annual business for a few years thereby creating the need for more aircraft. On hearing this development, a representative of the Air Ministry in London visited Nigeria to inspect what could then be appropriately described as “landing grounds”. This however led to the selection of six points in Nigeria for planes to land at namely Maiduguri, Oshogbo, Lagos, Minna, Kano and Kaduna. In August, 1958, the Federal Government of Nigeria in partnership with the British Office of Aviation Control (BOAC) and Elder Dempster lines formed the West African Airways. This single historic move according to (Bassey & Joseph, 2014) heralded the genesis of the airline industry in Nigeria.
Patronage arises when an individual displays conscious efforts to choose a solution towards his or her need(s) through the process of analyzing situations, and which one out of available offers would be rewarding and relatively satisfying amidst some challenges faced in the course of fulfilling his or her own desires. This explains why individuals exhibit unconditional attachment and affection towards objects or patronage of the aviation industry which entails the deliberate act of a passenger to consistently fly with a particular airline instead of flying with other airlines. More so, patronage can be viewed from the perspective of being inductive in nature, suggesting that the level of patronage is induced by some external conditions that prevail at a given time. This perspective of patronage dominates the service industry or aviation market and accounts for the array of literature on customer patronage.

Patronage can be viewed or classified from two dimensions: conditional and unconditional patronage. Unconditional patronage is mostly associated with expectations which are not tied to reward for financial exchanges, such as preference for issues that are affectively and psychologically oriented, particularly those that gives individuals joy and satisfaction. The conditional patronage is common to goods and services that an individual purposefully or consciously maximizes to address his or her economic needs. When the expectations are less than the benefits received, quantitatively, the extent of patronage can fluctuate and will thus depend on the alternatives available (Adiele & Grend, 2016) to the customer.

Previous research in the Nigerian aviation sector has shown that airline patronage is heavily dependent on some factors which include airfare and flight frequency, convenience, non-stop flights, reliability, easy accessibility to airports by passengers, service quality, perceived airfare fairness, flight availability, passenger disposition towards airline image (Oduh, 2012; Wilfred et al. 2012; Okeudo & Chikwendu, 2013). Analysis of the above identified predictors of airline patronage suggests that they can exert direct or indirect influences. This further depicts the interplay of complex variables that determines the passengers airline choice decisions in a given economy.

Different economies of the world have peculiar characteristics which shape the competitiveness and dynamics of each sub-sector of the economy. Nigeria has its own peculiarities, especially in the aviation sector (Adiele & Etuk, 2017). The Nigerian aviation sector is projected to be one of the highest revenue earners for the country because of its enormous opportunities. Nigeria, the most populous African nation is endowed with natural, human, material and financial resources which makes the country a favorable destination for travelers from across the globe. This notwithstanding, the Nigerian aviation sector is faced with numerous problems which may have affected the level of patronage observed by Nigerian domestic airline service providers. The challenges that are quite noticeable within the aviation sector include overcrowded transit halls and traffic, obsolete and malfunctioning air navigation equipment, poor interaction and processes experienced in the purchase of air ticket (online & offline), persistent flight delays, and regular flight cancellations without information to passengers all of which are common scenarios in the industry.

Furthermore, some of the additional challenges experienced in the Nigerian aviation sector include: poor service quality, indiscriminate pricing of air tickets and price discrimination, poor operational effectiveness, inability of some of the airline firms to build and sustain a good corporate image, failure of airline service providers to constantly make available airplanes at the right time needed by the passengers, excessive passengers waiting times without compensation, inadequate attention to customers’ complaints and needs and wants.

The factors that could be responsible for the problems encountered in the Nigerian airline service sector may include: lack or absence of aviation operational guidelines and policies, where a policy
exists, inability of the airline service providers to operate within the confines of the policy, lack of sustained competition amongst airline service providers, poor supervisory role by the aviation authorities, corruption, irresponsible attitude displayed by some of the airline service providers, lack of professional attitude, poor customer relationship management and courtesy. All these scenarios have arguably and adversely affected the Nigerian aviation sector and its level of patronage.

The state of business climate and infrastructure are crucial to sector performance but could these aspects influence the passenger behavior within the context of airline service delivery? Despite the relative challenges facing the aviation sector in Nigeria, what is the degree of patronage exhibited by passengers towards domestic airlines? And could the peculiarities of the aviation sector in Nigeria predict the magnitude of patronage enjoyed in this sector?

A review of literature in Nigeria revealed that there is paucity of empirical research on the effect of perceived operational effectiveness on airline patronage in the country. Studies in Nigeria centered on the list of factors influencing airline choice and also on the effects of airline service quality on airline image and passenger’s loyalty. Others considered factors that could jointly influence patronage in the Nigerian aviation sector adopting the path analysis technique, but this study is designed to assess the effect of perceived operational effectiveness on patronage in the Nigerian aviation sector adopting a correlational technique with the intent of validating previous studies.

Perceived Operational Effectiveness and Patronage of Domestic Airlines.

A major factor that can influence an airline’s customer’s patronage is perceived operational effectiveness. Operational effectiveness is the flight technician’s capability and the on-board crew members’ knowledge to fix or attend to aircraft problems efficiently and timeously (Farre, 2003). Airline personnel can make service delivery and traveling by air more convenient and enjoyable by ensuring that pre-flight activities are adequately taken care of. Perceived operational effectiveness of airlines could be discussed from two dimensions namely: Maintenance Effectiveness and Information Technology Infrastructure.

Maintenance Effectiveness

Personnel represent their organizations in exchange and interaction relationships with customers and other stakeholders. They can make service delivery, traveling by air more convenient and enjoyable by ensuring that pre-flight activities are adequately taken care of. An airline’s personnel can build long-term relationship that benefits both the air travelers and their airline by handling customer complaints and problems effectively. This calls for competence. The competence of an employee is described in terms of worker’s knowledge, skills, and behavior (Schoonover, et al, 2000; McCain et al, 2004; Avilar, 2005; Deflovor et al, 2006, Ley et al, 2007; Zeb-Obipi, 2007). An employee’s competence has been defined as those observable knowledge, skills, and behavior which differentiate between superior and other performers in a Job context (Asiegbu and Powei, 2012). Airline passengers expect airline personnel or staff such as pilots, engineers, ground personnel, and staff responsible for the refueling of an aircraft to be highly competent because travelling by air is a high-risk movement. For instance, air passengers expect the best of performance in terms of effective landing and take-off that exhibit a pilot’s operational dexterity and competence. These can only be achieved with well trained and experienced pilots. Experienced personnel will always perform in line with company and passenger’s expectations by ensuring that the engineers and other ground staff carry out routine check and maintenance when the need arises. Notably, this will translate to quality service delivery which will increase
customer satisfaction, patronage and loyalty. An increase in patronage will ultimately influence the firms profit level and overall level of business activity. The accuracy of the airline personnel in the use of aircraft facilities assures airline passengers of excellent service and personnel competence which in turn can make the air passengers to be confident and committed to the airline. In addition, passenger confidence has been found to correlate positively with customer/passenger patronage intention. Thus, appearance, age, skills, knowledge, behavior, technical capability and operational dexterity of an airline’s personnel are important to the air passengers in evaluating service quality of the airline. The result of such evaluations is most likely to affect an air passenger’s intention to patronize a particular airline.

Information Technology Infrastructure

Information and Communication Technology (ICT) is the automation of processes, controls, and information production using computers, telecommunications, software’s and other gadget that ensure smooth and efficient running of activities (Baradwaj, 2000 ). It is a term that largely covers the coupling of electronic technology for the information needs of a business at all levels.

More recently, the pervasive use of internet in the airline business has created a digitalized market that improves the processes dealing with acquisition, management and maintenance of customers. The trend towards disintermediation helps airlines bypass travel agents or other intermediaries to get closer to their customers and the internet to facilitate two-way communication, online sales, of e-tickets and a range of new technologies. Many IT researchers and practitioners firmly believe that IT is an enabler of innovation. Studies by Farrel (2003), and Well (2002), also suggest that the role of IT is to drive and lead business strategy formulation, and that IT is a means to achieve growth, create and sustain competitive advantage. In other words, the existence of IT capabilities and IT leadership within an industry are antecedents to industry leadership. Baradwaj (2000), Chircu Kauffman (2000) all opined that the adoption of information technology by a firm can moderate its level of patronage or performance.

In the view of Baradwaj (2000), information technology adoption can be defined as a company’s ability to mobilize and deploy IT based resources in combination or co-present with other resources and capabilities. Firms with superior IT capability enjoy superior financial performance by boosting their revenues, increasing productivity, and/or decreasing costs. The phrase “IT capacity” or IT infrastructure which is used interchangeably describes different aspects of an organizations base of IT resources. These resources influence and determine the organization’s ability to convert IT assets and services into strategic applications (Bharadwag, 2000) and to mobilize and deploy IT based resources with other resources and capabilities. Remarkably, the travel industry has lagged behind in the innovative use of information technology (Ghobrial and Trusilor, 2005; Yang, et al, 2009). Technology has become a major competitive tool that is used in the airline industry to outwit competitors (Baker, 2007). According to O’Toole (2004), the “air travel industry could become the world’s first web-enabled industry as online sales, e-tickets, and several new technologies gain ground with increased speed”. Similarly, McIvor et al (2003) argue that service technologies allow customers and airlines to bypass the intermediaries thereby reducing costs. The five dimensions of IT capabilities are:

IT infrastructure

This includes physical assets in terms of hard ware, software and networks on which systems are built (Keen, 1991). It provides the technical basis for carrying out IT based product and process innovation.
IT Human Resources:

These include technical and managerial skills of information support employees, such as programming, systems analysis, project management co-ordination leadership (Copeland and McKenny, 1988).

IT-Related intangible resources

Sustained use of IT can lead to the creation of various intangible benefits, which can serve as the basis for additional capabilities for example, the effective use of CRM systems for tracking customer preferences can increase the customer orientation of the firm (Bahardwaj, 2000, Hitt & Brynjolfsson, 1996). Similarly, the use of knowledge management technologies can help in knowledge formalization, consolidation and dissemination.

IT coordination

Mulligan (2002) recognizes IT coordination as an independent construct in the measurement of IT capability.

IT Governance

Describes the authority, control, and audit in the allocation and delivery of IT resources and services. The existence of IT governance systems has been shown to affect firm profitability and strongly influences the value that an organization generates from IT (Weill & Ross 2004).

From the foregoing discussion, it is quite clear that IT enables innovation, and Nigerian airlines can use it to improve their service quality in order to attract and improve customer patronage levels. Information technology is the processing and distribution of data using computer hardware and software, telecommunications, and digital electronics (Oghojafor, et al, 2011). A study by Madueme (2009), of the Nigerian banking industry shows that information technology capabilities of a company enhances efficiency and strengthens service quality. Similarly, airlines and other service firms that improve their IT based services will attract benefits such as improved product and service quality, improved sales volumes, higher productivity and improved financial performance. Jeffers (2003) discovered that a potential contribution of IT to a firm’s performance is that it complements other resources in leveraging customer service performance which can be a major factor in determining the viability and competitive edge of the firm. Hence, any airline whose personnel has the requisite information technology capabilities and skills will be better positioned with respect to their airfare and quality of products and services offered to their customers which will ultimately enhance Sales Volume, and patronage respectively.

Information Technology (IT) has become an essential element of a firm’s capability and a source of sustainable competitive advantage. Although it is widely accepted that IT resources contribute to performance and future growth potential of firm, the empirical results of the relationship between IT capability and firm performance (Customer Patronage) is still ambiguous.

In the modern Nigerian aviation industry, technologies such as e-bookings, e-payments, sophisticated luggage scanning machine, ATM networks and transactional internet websites allow airlines to interact more efficiently with their customers regardless of geographic proximity. Furthermore, recent innovations in financial technologies provide the capacity to offer these services using long-distance interfaces with customers. These financial innovations may also provide senior airline managers with the ability to monitor the decisions made by senior officers.
and managers at distant affiliate airports / branches, more easily, and to evaluate and manage the contributions of individual affiliate airlines to the organization’s overall returns and risk more efficiently as well. (Berger & Deyoung, 2006).

Akpan (2009) asserted that maximizing returns and optimizing profit margins became the focus of airlines and these can only be achieved through enhanced patronages; that is an increased customer base with attendant satisfaction sufficient to consolidate loyalty. The airlines are therefore delivering services in the most efficient ways, using electronic means to deliver additional products and services. Thus, managing their assets of service delivery to customers became a major objective. Harold and Jeff (2000), contend that financial service operators should modify their traditional operating practices to remain viable in the 21st century. They claim that the most significant shortcoming in the aviation industry today is a widespread failure on the part of senior management in the aviation industry to grasp the importance of technology and incorporate it into their strategic plans accordingly.

Chircu and Kauffman (2000) argued that a firm can obtain a sustainable competitive advantage if it uses IT capability to exploit specific organizational resources that are unique, difficult, or costly to initiate, and if other firms cannot acquire or build them fast enough. Just like other intangible valuable resources, such as intellectual properties and human capital, the IT infrastructure of the firm, as the most important element of structural capital, is a value driver of the present world. Baradwaj (2004) reported that firms high in IT capability tend to outperform a control sample of firms on a variety of profit and cost-based performance measures. Hence, an airline’s IT capability should be beneficial to its performance in the long run and also influence the level of customer patronage.

**Customer Patronage**

Patronage arises when an individual internally analyzes situations and such situations can be self-sustaining despite the challenges faced in the course of satisfying his or her own desires. This explains why individuals exhibit unconditional attachment and affection towards objects or persons (Adiele & Etuk, 2017). Patronage in the aviation industry entails the deliberate act of a passenger to consistently opt to fly with a particular airline instead of going to the competitors. In addition, patronage is defined as a passenger’s selection of an airline from a set of alternatives (Adiele & Grend, 2016). People patronize an organization’s products/services at one time or the other. Patronage stems from one’s desire to be committed to an organization either based on its service qualities or perceived service qualities. Hence, the extent to which a passenger will patronize the services of an airline depends on how the customer perceives the airline’s service quality and how the customer thinks and feels that the conditions of the airline’s customer service is consistent with his/her service expectations.

The selection or choice of airline is determined by various factors including the comparative attributes of airlines in the consideration set (Wilfred et al, 2012). The passenger would be expected to patronize the airline that generates the highest level of utility. Other factors that can influence patronage include convenience, security, reliability, on-board crew behavior, fare and schedule of flight, socio-demographic characteristics, etc. (Wilfred et al, 2012; Okeudo & Chikwendu, 2013). Nigeria airlines in the 21st century often compete for customers in order to increase their market share. The possibility of any of these airline firms to attain their aims is predicated on their ability to evolve services (products) that will satisfy the needs and wants of their chosen target customers better than their competitors. Also, their service quality and delivery strategies should be improved while looking for new avenues to regularly attract and retain their customers. The importance of repeat customer patronage is that an increase in volume of sales
will significantly impact on an airline’s profit level and improve their level of business viability. Accordingly, and in line with previous studies, (Wilfred et al., 2012; Okeudo and Chikwendu, 2013; Mukaramah et al., 2014; Johan and Dion 2013; and especially Ikeogu et al., 2013), this study views customer patronage as the means of a respondents rating for an airline’s brand loyalty, customer retention and repeat purchase behavior. Notably, the measures of customer patronage differ from one industry to another. In some firms, patronage may be used interchangeably with business performance. In a study carried out by Adiele et al. (2011), on “the impact of corporate Citizenship on Business Performance: Marketing implications for Nigerian organizations”, profit margin was used as one of the measures of business performance which was predicated on consistent customer patronage. Asiegbo et al. (2011), in measuring the “marketing performance of Nigeria Domestic and Industrial Product organizations” adopted profitability, sales volume and market share. Johan and Dion (2013), in their study “Airline service quality in South Africa and Malaysia- An International customer expectations approach” used brand loyalty and flight frequency and aircraft type as the measures of customer patronage. Similarly, Okeudo and Chikwendu in their study on “Effects of airline service quality on airline image and passengers’ loyalty: Findings from Arik and Nigeria passengers”, used airline image and repeat purchase to proxy customer patronage. In addition, recently, Ikeogu et al. (2013), in their study “A comparative analysis of quality of customer service and the relationship with the level of patronage in the Nigerian Aviation Industry”, adopted customer retention and customer service as measures of customer patronage in the Nigeria aviation sector. In this study, the researchers adopted brand loyalty, customer retention and repeat purchase behavior. A conceptual framework of perceived operational effectiveness and patronage in the Nigerian aviation sector is depicted as follows:

**Figure 1**: Conceptual Framework of Perceived Operational Effectiveness and Patronage in the Nigerian Aviation Sector. Source: Researchers’ Conceptualization from the review of related literature, 2018
Methodology

The research approach adopted in this study was the non-experimental research type and it was designed based on the cross-sectional survey method which offers a wide coverage and permits generalizability of research findings. The population for this study comprised all users of the existing functional domestic airline operators in Nigeria which are estimated to be seventy-five thousand (75,000). The airlines considered in this study are the current, registered, functional and operational domestic airlines which are holders of air operational certificate as at the year ending 2017.

Furthermore, two-stage sampling technique was adopted in this study. At the first stage, all the airports in Nigeria were stratified into four major airports based on 2015 FAAN zones and regions classification of airport to identify the major hub airports namely: Murtala Mohammed International Airport (Lagos), Nnamdi Azikiwe International Airport (Abuja), Port Harcourt International Airport (Port Harcourt) and Amino Kano International Airport (Kano). The researchers randomly selected two airports for the study. These Airports are the Murtala Mohammed International Airport Ikeja, Lagos and the Port Harcourt International Airport in Rivers State. These Airports are considered as trade hubs that have the largest human traffic due to the heavy presence of oil and gas industry, and high commercial activities which increased the migration level of Nigerians to these states. Furthermore, Murtala Mohammed International Airport Ikeja Lagos serve as a major takeoff and landing point for most of the Nigerian domestic airlines that operate and its passengers to other states and airports in the country.

At the second stage, all the passengers who were willing to participate in the study were given copies of the questionnaire up to the number assigned for each hub airport. In determining the sample size for this study, the researchers adopted the Krejice and Morgan (1970) table.

Table 1: Table for Determining Sample Size for a Finite Population.

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</table>

Note — N is population size, x is sample size
Source: Krejice & Morgan, 1970
The sample size for this study comprised three hundred and eighty-two (382) passengers / customers of the Nigerian domestic airlines. The researchers randomly distributed 222 copies of the questionnaire to passengers at the waiting lounge of Murtala Mohammed International Airport and 160 copies of the questionnaire to the passengers at the waiting lounge of Port-Harcourt international airport Rivers State respectively (See Table 2).

<table>
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<th>S/No</th>
<th>Airports</th>
<th>Quantity Distributed</th>
<th>Percentage of Questionnaire Distributed %</th>
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<td>Murtala Muhammed International Airport Lagos.</td>
<td>222</td>
<td>58.1%</td>
</tr>
<tr>
<td>2</td>
<td>Port Harcourt International Airport Rivers State.</td>
<td>160</td>
<td>41.9%</td>
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<td></td>
<td>Total</td>
<td>382</td>
<td>100%</td>
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</table>

Source: Research Data, 2017

The reason for having distributed the highest number of (222) copies of the questionnaire to Lagos is because it has the biggest airport in Nigeria in terms of size of the structure and facilities; the Murtala Muhammad Airport Domestic terminal 1. Most Nigerians travel through Lagos when travelling by air and Lagos has the highest population than other states which provided Lagos with the highest air passengers in Nigeria. Similarly, the choice of these two airports is based on the nature of the cities where they operate. These cities selected are served by national airports and are considered favorable destinations for domestic travelers.

Regarding the source of data collection, 382 copies of a structured questionnaire were distributed to passengers who intended to travel with any of the domestic airlines in waiting lounges at the two airports. They were advised participation was voluntary and that they would remain anonymous. If willing to participate in the study, they were free to discontinue involvement at any time. No incentives were offered to the participants.

From the 382 copies of questionnaires distributed to prospective respondents, 377 were successfully completed and retrieved and were used for the study. More so, the validity of the scales used in this study was assessed for content, construct and face validity. The content validity was ensured based on review of similar constructs from previous studies. The questionnaire used by Pakdil et al. (2007), Gourdin (1998), and Gilbert and Wong (2003), concerning passengers’ expectation of airline services in Hong-Kong was adapted, modified and refined to suit the study in the Nigerian context. However, reliability was ensured by pretesting the questionnaire on 50 volunteer lecturers of the Rivers State University who have traveled by air in Nigeria within the past one year who were not part of the main study. The researcher used the Cronbach’s Alpha analysis to ascertain the reliability and internal consistency of the measurement instrument. This was facilitated with the statistical packages for social science (SPSS) version 20.0

Test of Hypotheses, Results and Discussion

This section presented the hypotheses postulated for the study; the results obtained from our survey and ornately discussed the observed findings.
H01: There is no significant relationship between perceived operational effectiveness and patronage of domestic airlines in Nigeria

<table>
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<tr>
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**. Correlation is significant at the 0.01 level (2-tailed).

The relationship between Perceived operational effectiveness and customer patronage

The result from the test of hypothesis one (H01) in table 3, revealed that there is a significant relationship between perceived operational effectiveness and customer patronage. The result indicated that perceived operational effectiveness has a significant relationship with customer patronage (where \( r = .636 \) and \( P < 0.05 \)). The finding suggests that perceived operational effectiveness is a significant predictor of patronage, which is measured in terms of repeat purchase behaviour and customer retention. Hence, on the basis of the result, the hypothesis (H01) is rejected.

Discussion of Findings

This section is concerned with the discussion of major findings obtained from the test of hypothesis postulated in this study. The discussion is presented as follows:

Perceived Operational Effectiveness and Customer Patronage.

The result from the test of hypothesis three (H03) as depicted in Table 3 revealed that there is a significant relationship between perceived operational effectiveness and customer patronage. The result indicated that 63.6 percent of the change in customer patronage is explained by perceived operational effectiveness (where \( r = .636 \) and \( P < 0.05 \)). The finding suggests that perceived operational effectiveness is a significant predictor of patronage which is measured in terms of airline brand loyalty, repeat purchase behavior and customer retention.

Operational effectiveness is the flight technician’s capability and the on-board crew members' knowledge to fix or attend to aircraft problems efficiently and timeously. The findings obtained from the result agree with the views of Oduh, (2012) that the accuracy of airline personnel in the use of aircraft facilities assures airline passengers of excellent service and personnel competence which in turn can inspire the air passengers to be confident and committed to the airline. In addition, passenger confidence has been found to correlate positively with customer/passenger patronage intention. Thus, appearance, age, skills, knowledge, behavior, technical capability and operational dexterity of an airline’s personnel are important to the air passengers in evaluating service quality of the airline.

The result of such evaluations is most likely to affect an air passenger’s intention to patronize a particular airline. From the foregoing discussions and the empirical evidence shown in table 3 above, we concluded that perceived operational effectiveness significantly affect patronage of domestic airlines in Nigeria.
Conclusion

This article has elaborately explained the effect of perceived operational effectiveness on domestic airline patronage. The findings from the researchers analyses revealed that a significant relationship exist between perceived operational effectiveness and patronage of domestic airlines in Nigeria. From the empirical evidence observed thus far, we concluded that perceived operational effectiveness significantly affects domestic airline patronage in Nigeria and that the Nigerian aviation sector should continuously improve on their operational capacity in order to increase their level of patronage.

References


