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The Determination of Load Factors in the Airline Industry  

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Load factor is a measure of efficiency and therefore most commonly used to describe performance of airlines. This paper models load factors as a function of nine potential variables. Data were obtained for seven major airlines in Iran and the period of study is from 1997 to 2006. The results obtained suggested that companies should increase their investment in computerized reservation systems, improve on their operation planning, change in management style and have more control in managing their airlines. The government of Iran should also maintain or continue giving subsidy in order to improve load factors and hence the performance of Iran Airlines.  

Field of Research: Operation Management  

1. Introduction  

Passenger load factor or sometimes simply called load factor is a measure of an airline’s passenger carrying capacity. It is also known as a measure of efficiency and hence most commonly used to describe the performance of an airline. Achievement of high load is deemed essential for airline’s profitability and it is interesting to investigate factors that are expected to affect load factors. Furthermore, knowing these factors would help organizations or companies make more effective decisions and planning. These decisions or planning could include providing training, changing the mind-set among airline staff, increasing the number of travel agencies or changing the practices in their management, increasing human resource, increasing investment in advertising, and many others that can improve the performance of these companies.  

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