AN EXPLORATION OF STRATEGIC ALLIANCE IN THE IMPROVEMENT OF AIRLINES' PERFORMANCE
(A Case Study of PT Garuda Indonesia)

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ABSTRAK

Tujuan dari penelitian ini adalah mengeksplorasi penimgkatan kinerja perusahaan untuk memenuhi persyaratan keanggotaan SkyTeam yang berkualifikasi tinggi. Penelitian ini juga mengeksplorasi pengaruh jaringan yang mampu diperoleh perusahaan dan peningkatan integrasi pelayanan ground yang SkyTeam tawarkan ke pelanggan. Metode penelitian yang digunakan pada penelitian ini adalah metode kualitatif dengan pendekatan studi kasus. Sumber data dalam penelitian ini adalah data primer dengan mewawancarai unit Aliansi dan Manajemen Kerjasama serta unit Pelayanan Ground PT Garuda Indonesia. Data sekunder diperoleh dari dokumen perusahaan dan berita terbaru yang berkaitan dengan tema penelitian. Temuan menunjukkan bahwa bergabungnya Garuda Indonesia dengan SkyTeam meningkatkan kinerja perusahaan dalam konteks sistem pelayanan pelanggan, kualitas keamanan, kapabilitas sumber daya manusia, pemahaman merek, dan proses transfer pengetahuan. Lebih dari itu, aliansi global SkyTeam memberikan pasar potensial baru untuk Garuda Indonesia ke China, Amerika, Eropa, dan Timur Tengah. Terintegrasinya pelayanan ground yang SkyTeam tawarkan juga meningkatkan indeks kepuasan pelanggan dari pelayanan maskapai Garuda Indonesia. Selain itu, Garuda Indonesia juga menghadapi tantangan untuk menyesuaikan sistem pelayanan pelanggan yang modern, petugas ground yang kurang pemahaman akan produk SkyTeam, dan implementasi SkyTransfer yang menyesuaikan fasilitas dan infrastruktur bandara.

Kata kunci: strategi, aliansi, global, penerbangan, kinerja, peningkatan

ABSTRACT

The purpose of this research is to explore the improvement of company's performance while comply the high qualified SkyTeam membership requirements. This research also explores the networking impact that company able to obtain, and improvement of integrated ground service that SkyTeam offers to passenger. Research method that used in this research is qualitative method with case study approach. Data sources in this research are primary data, by doing interview with Alliance and Partnership Management and Ground Service Unit from PT Garuda Indonesia, and secondary data from company's documents, and news update which is related to the research theme. The result shows that joining Garuda Indonesia to SkyTeam improve company's performance in terms of passenger service system, quality of safety, human capital skills, brand recognition, and knowledge transfer process. Further, SkyTeam provide new potential market for Garuda Indonesia to Greater China, America, Europe, and Middle East. The integrated ground service that SkyTeam offers also increase the customer satisfaction index for Garuda Indonesia service. Besides that, Garuda Indonesia also faces some obstacles to adjust the high modern passenger service system, ground service officer which lack of SkyTeam product knowledge, and implementation of SkyTransfer which adjust the airport infrastructure and facility.

Keywords: strategy, alliance, global, airline, performance, improvement

A. INTRODUCTION

The types of airlines partnership that exist today are many and varied, which are BITA/MITA (Bilateral Trade Agreement/ Multilateral Trade Agreement), special prorate agreement (SPA), codeshare partnership, and global alliance. The growth of airlines' international networks and collaborative strategies has to be interpreted as a strategy of airlines to improve their performance by exploiting new revenue sources while reducing marginal costs, and improve the level of service through develop infrastructure. Global alliance also arranges code share routes to the potential benefits associated with closer partnerships that resemble an international multi-brand airline.

Nine of eleven world's best airlines (rated by Skytrax) were enrolled in a global airline alliance by 2016 (www.worldairlineawards.com, 2016). When considering airlines' profit, half of top 12 world's most profitable airline in 2015 were joined global airline alliance, while half of remaining airlines could be labeled as low-cost carriers, holding company or Gulf global connector. Overall, it can be observed that almost world profitable airlines have not opted for the cost-minimization business model of the low-cost carriers, or the expansion plan of the Gulf carriers. They decided to join a global airline alliance.

The majority of airlines are interested in expanding their networks beyond the markets they currently serve. Somehow, due to regulatory restrictions on market access, ownership and control, airlines have been obliged towards the formation of strategic alliance groupings. There are currently three competitive strategic alliances in the airline industry nowadays, namely Star Alliance, Oneworld, and SkyTeam, launched between 1997 and 2001. In simple words, a strategic alliance is something just referred to as "partnership" that offers business a chance to join forces for a mutually beneficial opportunity and sustained competitive advantage (Yi Wei, 2007).

Research focus on the improvement of airline's performance include greater network access, high quality ground service, and seamless travel for passenger through joining global alliance. Alliance also provide customers seamless travel experience with very low risk of missing connecting flights and losing baggage. Airline can offer greater value to customers by extending its network of relationship with other airlines.

Strategic alliance is combining two or more company's assets and capabilities in cooperative policy. Inter-organizational relationship creates the opportunity to share company's resources and capabilities while working with partners to develop additional resources and capabilities as the function for new competitive advantages (Kuratku, et al. 2001). The most important thing in strategic alliance are management of alliance and value creation to reach the competitive advantage.

Researcher choose PT Garuda Indonesia as the object of research due to it is one and only airline in Indonesia that join global airline alliance. Joining global alliance remaining several aspects that should be perform in the near future. The integration IT system between members needed to standardize services which provide by global alliance. International safety standard also one of important consideration as provision to comply country's flight regulation. Then, the equilibration between inflight and ground service is a key aspect to touch the passenger with excellent service. The improvement also describes through co-branding which also needed to be labeled as global player. Further, benchmarking is one of valuable point that airline will got prior or since joining alliance.

Besides that, airline company should to expand its network to reach new potential market. Establish partnership through alliance is one of solution that proven by some of global players. The integrated ground service at the airport that global alliance implement also attract airline company to join. It is beneficial to improve the service and create cost efficiency. Those points reflect the preparation and improvement that airline should do to join the alliance. According to the background above, researcher would like to do a research entitled "an Exploration of Strategic Alliance in the Improvement of Airline's Performance" (a Case Study of PT Garuda Indonesia Airlines).

B. LITERATURE REVIEW
1. Theory of Strategic Management

Wheelen and Hunger (2012: 5) defines strategic management as a set of managerial decisions and actions that determines the long-run performance of a corporation. Companies must not only be able to execute current activities to satisfy an existing market, but they must also adapt those activities to satisfy new and changing markets to be successful in the long-run (The McKinsey:2006).

2. Theory of Strategic Alliance

Alliances are strategy as they are often created with intention to directly respond to crucial strategic challenges and/or opportunities which the partner organizations have to cope with (Child, et al. 2005). Strategic alliance has several

characteristics:
1) Two or more organization (companies) arrange an agreement to attain objectives of common interest;
2) The partners share both the benefits and control of the management of the alliance;
3) The partners contribute, using their own resources and capabilities to development of one or more area of alliance such as technological capabilities, and marketing capabilities (Isoraite: 2009).

3. Global Airline Alliance

Airline alliance is three or more airlines participating in commercial relationship or joint venture, where a joint and commonly identifiable product is marketed under a single commercial name or brand; and this commercial name or brand is promoted to the public through the airlines participating in the alliance services at airports and other service delivery points in situations where bilateral agreements exist, for example code share agreements (Iatrou, 2007: 2).

4. Airline Industry

The airline industry has a high business risk in the form of high fixed costs, very cyclical demand, advertisement intensive competition; suffered severe financial risk in the form of high debt to equity ratio, which increases the variability of income and possible insolvency (Dempsey, 2011).

5. Airline Commercial Cooperation

Airline commercial cooperation is a partnership between two or more airlines on international and/or domestic sectors which is related to selling aircraft capacity between the participated airlines. A regular airline (not charter) needs to have commercial cooperation with other airlines because there is no airline that can provide a transportation from one point to all point in the world. Garcia (2012:15-16) asserts types of airline commercial cooperation:

a. Interline

Interline consists of the transfer of passengers and cargo from one airline to another on the passenger's route, and while each airline maintains its own identity and there is a very limited coordination between airlines, the passenger is charged as single fare for the route and the airlines share the revenues by pro-rating.

b. Code sharing

Code sharing is the sharing of capacity between carriers on a given flight that has a code for each of the airlines involved in agreement, earning consumer recognition that the flight corresponds to the carrier to whom the itinerary was purchased.

c. Joint Ventures

Joint Venture are revenue-sharing or profit-sharing partnerships between carriers on international routes, so that a partner's revenue or profit generated from a passenger does not depend on which airline provided the service.

6. Company's Performance

a. Benefit of Network Size

Economies of network size are achieved in relation to the number of points served by an airline. They are generated as a result of traveler demand for service in more than one city-pair, in other word, economies of scope derive from the traffic aggregation potential of a hub Varrattaya (2011:54).

b. Marketing Advantage

Alliances provide large and widespread networks, airlines can reach large scale marketing campaigns, which more efficient than promotion airline individual routes. Within this framework, individual airlines are guaranteed to a global advertising campaign and the opportunities to advertise in unison with the alliance to which they belong. Their name appears under that alliance, even in relation to countries and areas they do not serve (Varrattaya, 2011:54).

c. Branding

The most visible scope benefit for individual airline arising from branding on a global scale is value enhancement in the form of the 'reputation effect'. In other words, alliance membership is frequently seen as a sign of approval or a quality seal (Kleymann and Seristo, 2004).

d. Scheduling

Schedule is composed of individual flight legs between two cities, the airline's product and revenues are based on passenger origin and destination markets (Jacobs, et al. 2012: 36). By joining an alliance, airline can increase higher scheduled frequency on every important route to attract more passengers.

e. Service

Service is a process that leads to an outcome during partly simultaneous production and consumption processes (Gronroos, 2001). An example of service in the airline industry is an aircraft is well prepared before the passengers takes his/her flight and using in-flight services.

7. Corporate Strategy

Corporate strategy is various step of company to

reach competitive advantage with conducting strategies in multiple markets or several types of industry simultaneously (Solihin, 2012, cited in Barney and Hesterly, 2008).

C. RESEARCH METHODOLOGY

1. Types of Research

In order to take a closer look at the details of problem between these variables, it is fit to employ a qualitative approach based on the real implementation in airline industry. Gorman and Clayton (1997) in Santana (2007:29) explains, qualitative research processing the data from a direct case context, as an effort to describe a case precisely as real situation, it means that researcher (perspective) participatory involved in any case. According to Yin (2009), case studies can be used to explain, describe or explore events or phenomena in the everyday contexts in which they occur. The case study approach lends itself well to capturing information on more explanatory how, what, and why questions, such as how is the intervention being implemented and received on the ground?

2. Research Focus

Focus of this research are:

a. Company's Performance, joining global alliance elevate an airline to improve services in many aspects such as IT system, safety management, human capital skills, brand recognition, and best practice benchmarking (knowledge transfer);

b. Commercial Partnership, once a carrier joins the alliance, it can increase their network offerings through alliance partnerships, and the ability to offer additional destinations currently provided by other SkyTeam members;

c. Ground service improvement, high quality service for high values customer which consist of SkyPriority, SkyTeam Lounge, and SkyTransfer.

3. Research Location

The research took place in head office of PT Garuda Indonesia at M1, Garuda City Center Office Area, Soekarno Hatta International Airport, Cengkareng, Tangerang. The location of research is chosen due to PT Garuda Indonesia is the one and only airline in Indonesia that join global airline alliance start from March 2014.

4. Type and Source of Data

Source of data that used in this research consist of primary and secondary data. The primary data of this research obtained through in depth interview with related stakeholder (key informant). Stakeholder (key informant) was chosen through sampling. The secondary data of this research obtained through annual report of PT Garuda Indonesia in 2009-2015, airline commercial cooperation data (include BITA/MITA, SPA, Code share, and Joint Venture), and documents related to SkyTeam lounge, SkyPriority. and SkyTransfer.

5. Data Collection

Data collection in this research consist of interview, observation, and documentation. First is interview, researcher use structural interview with eleven of informants with three different units from PT Garuda Indonesia. Second is observation, researcher do participant observation and actively participate in several activities through 3-month internship and one week incentive research period. Third is documentation, finding data related to variables such as notes, newspaper, minutes of meeting, agenda, annual report, etc.

6. Research Instrument

The validity and reliability of any research depends to a large extent on the appropriateness of the instruments. Research instrument consist of interview guidance, and documentation guidance. Interview guidance used to direct interview activity to obtain appropriate data in a research very related with questions that delivered to key informant. Documentation guidance consist of documents that related and support this current research.

7. Method of Analysis

In this current research, method of analysis that use Miles and Huberman models. Miles et,al. (2014: 8) mention that method of analysis in qualitative research contains of three steps: a) Data condensation is process to selecting, focus, and simplify data in observation notes, interview transcript, documents or another empirical data; b) Data display provides through short description, flowchart, etc.; c) Drawing and verifying conclusion, interpreting data collection from first step research through create a clarification/pattern.
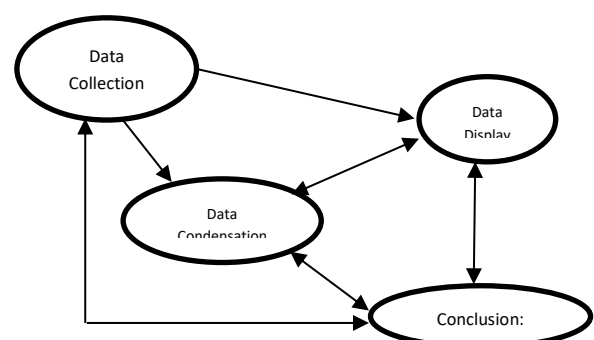
Figure 1. Component on Interactive Model Data Analysis (Miles and Huberman, 1994)
Source: Gunawan (2012:211)

8. Validity Data Test

Creswell and Miller (2000) suggest that the validity is affected by researcher's perception of validity in the study and his/her choice of paradigm assumption. The validity steps undertaken are discussed as follows:

a. Extending duration of observation

It is conducted to strengthen obtained data, because it will be able to limit error possibility when collecting data;
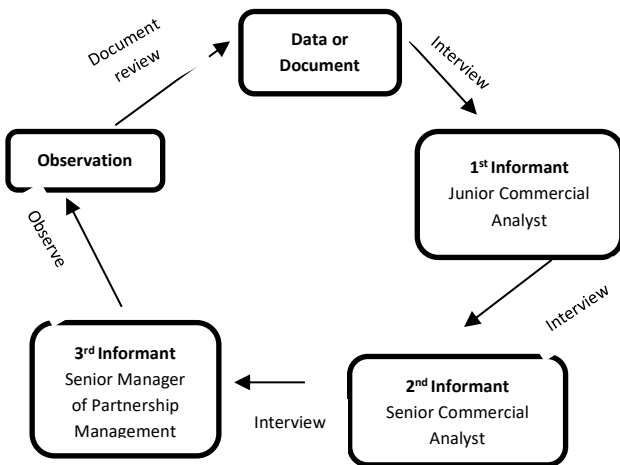
b. Intensive Observation

It uses to do thorough and sustain observation through rechecking obtained data was accurate or not;

c. Peer Debriefing

Verification through discussion with colleagues that has relevant information related to research so perception review, perspective and analysis that on progress will be conduct;

d. Data Triangulation

Figure 2. Combination Model Design of Triangulation based on Source and Method
Source: Refined Data

Triangulation is qualitative cross-validation which assess the sufficiency of data according to the convergence of multiple data source or multiple data collection procedure. In this current research, triangulation based on source and method use to examine the credibility of data. Triangulation was illustrated from Figure 2. that begin from data findings, then interview with Junior Commercial Analyst as first informant, Senior Commercial Analyst as second informant, and Senior Manager of Partnership Management as third informant.

D. FINDINGS AND DISCUSSION

1. Strategic Alliance Improve Company's Performance

a. Migration of Passenger Service System from ARGA 5.0 to Altea

Garuda Indonesia should have on par and integrated system with other SkyTeam airline member and other global airline who had cooperate partnership with. It is expected to improve operational excellence in reservation system and revenue management system that integrating Garuda Indonesia and other SkyTeam member. Passenger Service System (PSS) is one of the critical systems used by airlines, in order to serve passengers from the stage of sales at reservation center, through ticketing, and all the way to check-in at the airport (Annual Report of Garuda Indonesia, 2013: 98).

The implementation of PSS including 1) cut over reservation, ticketing, inventory systems; 2) cut over Departure Control System (DCS); 3) synchronization of data with GDS systems and airline partners (Annual Report of Garuda Indonesia, 2013: 99). Garuda Indonesia started to switch ARGA to Altea Passenger Service System on 29th June 2013 (palembang-link.com, 2016). Altea supports some of the requirements for joining SkyTeam Global Alliance in March 2014 among others are alliance display, Passenger Name Record (PNR) view, share frequent flyer profiles, real-time access to airline partners, redemption class availability, display for all partners, simple code share and through check-in (Annual Report of Garuda Indonesia, 2013: 99).

b. Comply IATA Operational and Safety Audit (IOSA) as Provision to join SkyTeam and reach International Destination

Safety is one of basic corporate value for employees in all aspects of corporate activities especially in flight operational systems, aircraft care and maintenance, education and training. It aims to serve and caring customers, support all efficient method, and maintain company's reputation in the airline industry. Garuda Indonesia consistently implement Safety Management System (SMS) as reference to improve aviation safety. The IOSA program is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline (www.iata.org, 2016).

Garuda Indonesia initiatives to comply IOSA had been pursued since October 2004. The IOSA that should be operated are 1) corporate organization and management systems; 2) flight operations; 3) operational control-flight dispatch; 4) aircraft engineering and maintenance; 5) cabin operations; 6) aircraft ground handling; 7) cargo operations; and 8) operational securitySafety and quality record should be impressive to maintain safety standard through two years regularly check and gain reputable and respected reputation amongst another airline and customer.

c. Uplifting Human Capital to Overcome the Gap between Inflight and Ground Service

In order to have a professional front liner, the learning process is not only aimed to equipped them with regulatory aspects, but also the knowledge of international standardize to customer, integrated system between alliance member, and alliance insight. The improvement also used to maintain the performance as 5-star airline, and integrating service between alliance member.

Garuda Indonesia has a mission to improve the quality of service at the airport, in conjunction of excellent service in aircraft. Company was focused on sales office training services which conducted periodically since 2015.

In addition, company develop competence of employees which serve on the airport such as SkyTransfer, SkyPriority, and lounge officer. According to Skytrax data, Garuda Indonesia succeed to maintain its human capital both on ground and flight services. It proven through achievement that Garuda Indonesia remains customer favorite being the world's best cabin crew for three consecutive years. Furthermore, Garuda Indonesia was also awarded as Top 2 best airline staff in Asia for the third consecutive years (www.worldairlineawards.com, accessed on 4th October 2016). It was very special award which recognize service excellence in the entire aspect of front line service touch points, include of airline staff service for both airport and onboard experience

d. Co-branding between Airline and Global Alliance

SkyTeam global alliance is a new way, a platform for Garuda Indonesia to promote its brand in many places worldwide. SkyTeam give Garuda Indonesia opportunities to promote its brand through co-synergy with alliance and members. Implementation of co-branding can be shown that Garuda Indonesia logo is now co-branded with SkyTeam through SkyTeam airline member display board of alliance membership in many places around the airport such as check-in counter, baggage drop-off, waiting room, transfer desks, and lounge. In addition, media of advertisement and promotion that members of alliance have, also display board of alliance membership. The most striking visible point of co-branding shows in aircraft livery. It aims to confirm that Garuda Indonesia has officially become a member of SkyTeam.

Decision of Garuda Indonesia to join SkyTeam could change passenger perception. Airline business which prioritizing service and safety being a critical point that change the passenger mindset. Commonly, passenger perceived that airline which already been a member of global alliance was definitely has international safety standard By joining SkyTeam as the 20th member, Garuda Indonesia's brand is expected to be more recognized internationally

e. Knowledge Sharing and Benchmarking

Alliance is an appropriate platform for airlines to improve overall service aspects by benchmark to other members. Knowledge sharing conducted through global meetings that connecting subject matter expert of airline member and finding breakthrough ideas to solve any aviation problems.

Transfer knowledge is not only conducted after joining alliance, it also did before or while joining process is ongoing. SkyTeam is terribly open in the development of airline member, when renewal top management of Garuda Indonesia occurred SkyTeam representative attend to give knowledge about product knowledge and partnership benefit.

Knowledge sharing in global meeting resulted beneficial projects for alliance that offer easiness to customer and increase any service aspects. Project of SkyTeam that successfully applied is SkyPriority, another breakthrough also proposes and ongoing to applied are SkyTransfer and SkyPort. Working group divided to 6 matters under coordination of Vice President consist of Airport, Loyalty, Frequent Flyer, Sales, and Marketing.
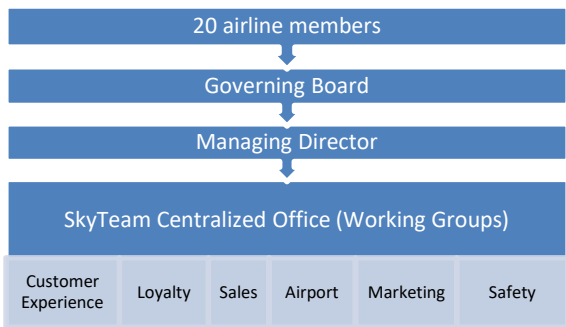
Figure 3. SkyTeam Governance Structure
Source: Alliance "An Executive Guide to
Designing Successful Strategic Partnerships"
(2016)

2. Strategic Alliance Wider the Network of Airline to reach New Potential Market

Once a carrier joins the alliance, Garuda Indonesia can increase their network offering through alliance partnerships. Commercial partnership that establish between airlines are bilateral/multilateral traffic agreement, special prorate agreement, code share, and joint venture. Those kinds of partnership offer additional destinations and routes currently serviced by SkyTeam members. Availability of connectivity, market demand, traffic rights, and air transport cooperation between countries are core points to establish partnership between members.

SkyTeam impacts the awareness of Garuda Indonesia as global player. Sometimes, airline questioning the quality and performance of airline without any co-branding of global alliance. Supporting partner (sponsor) which also existing member of the alliance requires to join the alliance and reach new potential market.

Garuda Indonesia set up codeshare agreement with 26 airlines, 13 of them are SkyTeam partners and 13 Non SkyTeam partners. They arrange the partnership to 54 new destinations which is not operated by Garuda Indonesia (Annual Report of Garuda Indonesia, 2015: 384). Through interline agreement, Garuda Indonesia will be able to offer more options in terms of the network coverage which is currently not possible due to limited number of Garuda Indonesia's fleets.
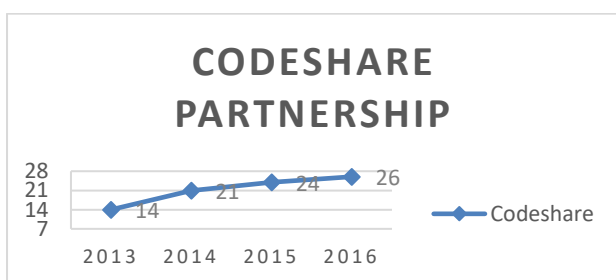
Figure 4. Garuda Indonesia Codeshare Partnership
Source: www.garuda-indonesia.com (2016)

Garuda Indonesia recording great leap on network expansion since joining SkyTeam global alliance. Figure 4 shows that 12 new codeshares were arranged in the last 4 years. Garuda Indonesia succeed to grab new potential market from Asia, Greater China, Europe, America, Middle East, and Africa.

Table 1. Codeshare Partnership Garuda Indonesia-SkyTeam Partner

Airline Code	Airline	Destination	Flights per week
AF	Air France	1. Amsterdam-Paris vv, 2. Jakarta-Singapore vv	35 7
AM	Aero Mexico	Denpasar-Narita vv	5
AZ	Alitalia	Amsterdam-Rome vv	7
CI	China Airlines	1. Taipei-Jakarta vv 2. Taipei-Denpasar vv 3. Taipei-Singapore-Surabaya vv 4. Taipei-San Fransisco vv 5. Taipei-Surabaya vv	7 7
CZ	China Southern	1. Guangzhou-Denpasar vv, 2. Guangzhou-Jakarta vv	7 7
DL	Delta Air Lines	1. Haneda-Los Angeles vv, 2. Haneda-Seattle vv	7 7
KE	Korean Air	1. Seoul-Jakarta vv, 2. Seoul-Denpasar vv	10 9
KL	KLM	1. Singapore-Denpasar vv, 2. Amsterdam-Barcelona vv, 3. Amsterdam-Brussels vv, 4. Amsterdam-Dusseldorf vv, 5. Amsterdam- Frankfurt vv, 6. Amsterdam- Madrid vv, 7. Amsterdam-Munich vv, 8. Amsterdam-Rome vv, 9. Amsterdam-Berlin vv, 10. Amsterdam-Copenhagen vv, 11. Amsterdam- Oslo vv, 12. Amsterdam- Stockholm vv, 13. Amsterdam-Venice vv, 14. Amsterdam- Manchester vv, 15. Amsterdam-Paris vv 16. Jakarta-Amsterdam vv	7 21 14 14 20 14 21 14 14 14 14 14 14 14 14 6
KQ	Kenya Airways	Bangkok-Nairobi vv	7
MF	Xiamen Air	1. Singapore-Zhenghou/Xiamen 2. Singapore-Hangzhou/Fuzhou	7 7
MU	China Eastern	Shanghai-Jakarta vv	7
SU	Aeroflot	1. Bangkok-Sheremetyevo vv, 2. Seoul (Incheon)-Sheremetyevo vv, 3. Narita-Sheremetyevo vv, 4. Hong Kong-Sheremetyevo vv,	7 7 7 7
UX	Air Europa	1. Jakarta-Amsterdam vv 2. Madrid-Amsterdam vv	6 7
VN	Vietnam Airlines	Saigon-Jakarta vv	7

Source: Garuda Indonesia (2016)

Table 2. Codeshare Partnership with non-SkyTeam Partner

Airline Code	Airline	Destination	Flights per week
8M	Myanmar Airways	1. Singapore-Yangon vv 2. Bangkok-Yangon vv	7 7
9W	Jet Airways	1. Singapore-Maddras (Chennai) vv, 2. Singapore-New Delhi vv, 3. Singapore -Mumbai vv	7 7 14
BI	Royal Brunei	1. Bandar Seri Begawan-Jakarta vv, 2. Bandar Seri Begawan-Surabaya vv, 3. Bandar Seri Begawan-Denpasar vv	6 5 4

EY	Etihad Airways	1. Abu Dhabi-Jakarta vv,	14
		2. Abu Dhabi-London Heathrow vv,	2
		3. Abu Dhabi-Athens vv,	7
		4. Abu Dhabi-Amsterdam vv	2
		5. Abu Dhabi-Bahrain vv,	14
		6. Abu Dhabi-Dubai vv (Bus Services),	35
			14
		7. Abu Dhabi-Dublin vv,	7
		8. Abu Dhabi-Milan vv,	14
		9. Abu Dhabi-Moscow vv,	14
		10. Abu Dhabi-Muscat vv,	14
		11. Abu Dhabi-Cairo vv,	14
		12. Abu Dhabi-Manchester vv	
HX	Hong Kong Airlines	1. Jakarta-Hong Kong vv	14
		2. Denpasar-Hong Kong vv	14
MH	Malaysia Airlines	Jakarta-Kuala Lumpur vv	49
MI	Silk Air (Singapore)	1. Singapore-Balikpapan vv,	6
		2. Singapore-Palembang vv,	4
		3. Singapore-Lombok vv,	5
		4. Singapore-Medan (Kualanamu) vv,	17
		5. Singapore-Manado vv,	4
		6. Singapore-Bandung vv,	7
		7. Singapore-Pekanbaru vv,	3
		8. Singapore-Semarang vv,	3
		9. Singapore-Makassar vv,	3
		10. Singapore-Yogyakarta vv,	3
		11. Singapore-Denpasar vv,	7
		12. Singapore-Surabaya vv	7
NH	All Nippon Airways (ANA)	1. Narita-Chitose vv,	7
		2. Narita-Fukuoka vv,	7
		3. Narita-Itami vv,	7
		4. Narita-Komatsu vv,	7
		5. Narita-Nagoya vv,	7
		6. Narita-Sendai vv,	7
		7. Narita-Takamatsu vv	7
		8. Haneda-Fukuoka vv,	7
		9. Haneda-Chitose vv,	7
		10. Osaka-Fukuoka vv,	7
		11. Jakarta-Narita vv,	7
		12. Jakarta-Haneda vv	7
PG	Bangkok Airlines	1. Bangkok-Chiang Mai vv,	28
		2. Bangkok-Chiang Rai vv,	14
		3. Bangkok-Koh Samui vv,	42
		4. Bangkok-Krabi vv, Bangkok-Lampang vv,	21
			14
		5. Bangkok-Phuket vv,	28
		6. Bangkok-Udon Thani vv,	
PR	Philippine Airlines	Manila-Jakarta vv	7
SQ	Singapore Airlines	Singapore-Denpasar vv	35
TK	Turkish Airlines	Istanbul-Jakarta vv	7
WY	Oman Air	1. Jakarta-Salalah vv	7
		2. Muscat-Jakarta vv	7

Source: Garuda Indonesia (2016)

3. Strategic Alliance Provide High Quality of Ground Service

a. SkyPriority

SkyPriority provide High Value Customer a consistent travel experience and quality standard throughout global network. SkyPriority service which provide seamless connection in the airport consist of: 1) Priority check-in; 2) Priority Baggage Drop-off; 3) Priority Service at Transfer Desk; 4) Priority at Immigration; 5) Priority Boarding; and 6) Priority Baggage Handling.

b. SkyTeam Lounge

SkyTeam requires all members to have a consistent standard of service lounge, such as capacity and adequate facility on the lounge. Airline may upgrade the premium economy passenger with high-level flight frequency to business class and known as involuntary upgrade. It occurs also to overcome passenger complain in case of irregularity.

c. SkyTransfer

SkyTransfer is a project directed by Vice President of Airport Working Group to ease the process of connecting passenger in airport. SkyTransfer aims to deliver seamless and efficient transfers for passengers and their baggage between member airlines. It also helps passengers who have irregularity on their flight such as delay, cancellation, or diversion flight. SkyTransfer facilitate passengers of SkyTeam airline member to be confirmed on the flight of another member at no additional cost if irregularity occurs.

CONCLUSION AND SUGGESTION

1. Conclusion

Based on the research findings and discussions which are already explained in the previous chapter, the researcher take the conclusions to answer the research problems. Those are:

a. Specific Improvement of Company's Performance

1) Migration of Passenger Service System from ARGA 5.0 to Altea

The main point of improvement that PT Garuda Indonesia do to join SkyTeam is replace the recent IT system from ARGA 5.0 to Altea. It is expected to improve operational excellence in reservation and revenue management system, that integrating Garuda Indonesia and other SkyTeam member.

2) Comply IATA Operational and Safety Audit as Provision to join SkyTeam and reach International Destination

Garuda Indonesia consistently implement Safety Management System (SMS) as reference to improve company's safety. Safety and quality record should be impressive to manage profit with better operating margin and gain reputable and respected reputation.

3) Uplifting Human Capital to Overcome the Gap between Inflight and Ground Service

In order to have a professional ground service officer, the learning process is not only aimed to equipped them with regulatory aspects, but also the knowledge of international standardize to customer, integrated service between alliance member, and alliance insight.

4) Co-branding between Airline and Global Alliance

SkyTeam give Garuda Indonesia opportunities to promote its brand through co-synergy with alliance and members. Implementation of co-branding can be shown through display board of alliance membership in many places around the airport media of advertisement and promotion that members of alliance have, and aircraft livery. It aims to confirm that Garuda Indonesia has officially become a member of SkyTeam.

5) Knowledge Sharing and Benchmarking

Global alliance provide member to sharing best practices, particularly about safety, customer service, and operational efficiency. Knowledge sharing conducted through global meetings that connecting subject matter expert of airline member and finding breakthrough ideas to solve any aviation problems.

b. **Strategic Airline Strategy Wider the Network of Airline to Reach New Potential Market**

SkyTeam strongly recommend to establish commercial partnership between members. Availability of market demand, connectivity, traffic rights, and cooperation between countries are core points to establish partnership. SkyTeam impacts the awareness of Garuda Indonesia as global player. Garuda Indonesia also succeed to grab new potential market from Asia, Greater China, Europe, America, Middle East, and Africa.

c. **High Quality Ground Service for Customer**

1) SkyPriority ease the passenger's connection through providing priority position or even single check-in, special baggage drop-off locations, priority position on transfer desk, immigration and boarding, priority baggage handling to carry out the luggage faster.

2) Airline may upgrade the premium economy passenger with high-level flight frequency to business class and known as involuntary upgrade. It occurs also to overcome passenger complain in case of irregularity.

3) Transfer Kiosk ease passenger to automatically print out boarding pass, pass the immigration line, and transfer baggage automatically. It also helps passengers who have irregularity on their flight such as delay, cancellation, or diversion flight to confirmed in another SkyTeam member with no additional cost or fast value pricing.

2. **Suggestion**
a. **Suggestion to PT Garuda Indonesia**

1) Altea Passenger Service System had been well-implemented, it should be great that Altea will support efficiency in the revenue and reservation management system to generate better operating margin;

2) PT Garuda Indonesia should and leverage the safety audit to comply the ICAO Safety Standards and grant as Category 1 rating to secure the requisite Federal Aviation Administration authority to establish service (direct flight) to the United States;

3) PT Garuda Indonesia should to held the intensive business meeting (company visit) routine per month and improve the awareness of SkyTeam product (SkyTeam travel passes) to all branch offices;

4) PT Garuda Indonesia should position itself as global player which offers diverse domestic destination, and powerful hub from another continent to Southeast Asia and Southwest Pacific;

b. **Suggestion to the next researcher**

1) Benefit of global alliance integrated frequent flyer partnership to airline partnership and high value customer;

2) Airline's profitability improvement through global alliance network coverage and interline sales performance;

3) Global airline alliance break the airline business competition

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