

PIONEER ROUTE; AN OPTION TO OPTIMIZING AIRLINES SERVING PIONEER ROUTES

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Abstract: Transportation is a key element in the development economic. According to ministry of transportation report there is a distinction frequency between the minister target and the total frequencies result in 2017. Researcher interested to explore the opportunity to optimizing the airlines serve pioneer routes in Indonesia through revising PM 41 year 2015 about the third change over the regulation of the minister of transportation KM 25 year 2008 regarding the organization of air transport to allow new entrance to enter the pioneer routes market. Researchers used SWOT analysis to determined problem.

Keywords: Pioneer Routes, PM 41 year 2015, KM 25 year 2008, Remote Area, Development

Introduction

Indonesia is an archipelago country that has conditions that have diverse geographical and separated by oceans, requiring diverse transportation modes to reach all of its territory. Various modes of transportation are also useful to support economic growth in this country. For that it needs easy transportation modes, fast, safe, and comfortable. However, due to the various geographical factors, there are many obstacles in the transportation problem, especially the hilly areas, swamps, rivers, and mountainous areas, making it difficult to pass primarily by using land transportation modes. For example eastern Indonesia, such as Kalimantan, Maluku islands, and Papua. Therefore, it is necessary for modification of transportation in accordance with the need to reach these areas.

In accordance to attain acceleration by the President of the Republic of Indonesia in Regulation of the President of the Republic of Indonesia Number 70 Year 2017 on the Implementation of Public Service Obligations for the Transport of Goods From And To Disadvantaged, Remote, Outermost, and Border Areas. (Perhubungan & Indonesia, 2017). And to attain and support Ministry of transportation according to Minister of

Transportation Regulation Number PM 9 year 2016 on Criteria and Implementation of Pioneer Air Transport Activities.

Determination Regulation of President Number 70 Year 2017 referred to as a breakthrough attempt to create a better infrastructure in Indonesia. Pioneering routes need to prepare transportation infrastructure that can support the accessibility of people. One of its efforts is by improving accessibility infrastructure through the ease of using air transportation mode.

Researcher interested to explore the opportunity to optimizing the airlines serve pioneer routes in Indonesia through revising PM 41 year 2015 about the third change over the regulation of the minister of transportation KM 25 year 2008 regarding the organization of air transport to allow new entrance to enter the pioneer routes market. Researchers used SWOT analysis to determined problem.

The airport is a component of the air transportation system that has an important role in encouraging the implementation of air transport as well as a node of the displacement of various modes of transportation, especially air mode. The quality of service provided by the airport management is a commercial airport managed by PT. (Persero) Angkasa Pura I and II as well as airports managed by the Directorate General of Civil Aviation in this case are small airports that serve pioneer flights, The success of pioneering air transport is able to open the isolation of an area and remote communities with the external environment have a more advanced life level. (Litbang & Air, 2013).

Pioneer flights in the Decree of the Minister of Transportation no. 126 in 1990 reads as follows: "Flight is conducted regularly with subsidized by the government to open isolated areas and function for equitable development". Thus, its features include: Regular, Government Subsidy, Isolated Area, and Equitable Development. Subsidies are obtained through the flow of the Ministry of Transportation in the form of fuel subsidies and transportation subsidy subsidies. In 1992 a flight regulation was issued, which regulates pioneering flights.(Republic of Indonesia, 2009). UU no. 15

of 1992 states that "the Government operates pioneer air transport to serve the network and flight routes that connect remote and inland areas or that are difficult to contact by other modes of transportation. In order to open the isolation and development all remote areas and islands, pioneer air transport is organized by the government by including national commercial air transport that can be given certain convenience.(Pemerintah, 2012). " 1 Year 2009 reads "Pioneer Air Transport is a domestic air transport activity that serves network and flight routes to connect remote and backward areas or areas that have not been served by other modes of transportation and commercially not profitable." In the Act, the characteristics pioneer flights include commercial, domestic, remote or underdeveloped and unfavorable air transport. Commercialization in the sense of making a profit is not a priority in the airline service so it requires a subsidy. (Contribution, n.d.).

Transportation is one of the important factors that support the economic, social, cultural, and political development that affect the progress of a nation. Transportation services have evolved from efforts to serve public interest to commercial service. One mode of transportation that is growing rapidly in Indonesia is air transportation. The development of air transportation is one indicator of the progress of a nation. (Marty, 2016)

The national air transport shows a variety of situations. Network aviation recognizes international, national (inter-regional) and intra-regional levels. The latter network is often known as a pioneer flight. Type Such flights are not rarely viewed as a complement to air freight national. Moreover, the flight service did not recognize the profit gains (gains of profit).

The service is supported by subsidies provided by the government. Nevertheless, the attention to service and aviation pioneering gait this is relatively inadequate especially when considering its role very important in the process of national development, namely that the means of aviation it becomes the foundation in establishing communication or communication with and at remote area. Pioneer flights are very important air freight, in reaching remote areas or other inaccessible transport

such as land and sea, and have the speed and smoothness in its service. (Belakang & Kontribusi, n.d.)

Method

The methodology using SWOT. SWOT is a systematic analysis identification of various factors to formulate company strategy. SWOT is an abbreviation of Strength (S), Weakness (W), Opportunity (O) and Threat (T). According to SWOT analysis there is internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats).

Discussion and Result

To optimizing the airlines serve pioneer routes in Indonesia through revising PM 41 year 2015 about the third change over the regulation of the minister of transportation KM 25 year 2008 concerning in establishing a new pioneering routes airlines .(“Km_No_25_Tahun_2008.Pdf,” n.d.). PM 41 YEAR 2015; article 4c (d) for unscheduled commercial air transport using the largest and mutually supporting aircraft type with a capacity of less than 70 (seventy) at least of paid up capital of Rp.150,000,000,000.00 (one hundred and fifty billion rupiahs) and need to alter the current Aviation Law in Indonesia is occurred as pioneering routes to remote areas are established. (Indonesia, 2010). This is aligned with strategic of Ministry of Transportation, which opens 218 routes which expand from 118 several routes Compared with KM 25 year 2008 determine to established the pioneering routes airlines; article 5 (b). Non-scheduled commercial air transport of at least 1 (one) aircraft unit is owned and 2 (two) aircraft units controlled by type supporting business continuity;

The regulation hinders pioneering routes airlines to operates in these remote areas Therefore, the regulations need to be altered. This is conducted due to foster flights conducted by airlines for pioneering routes and other remote areas. This alteration is expected to encourage the advance of pioneering routes flights in these areas. Consequently, this would result in accelerated development of remote areas.

SWOT method there are 2 factors: internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats). In internal factors, when Strength is more dominant than weakness it will be better under study conditions. Will be more, better than the strength it will have a negative impact in the research.

SWOT analysis in this study is presented in two ways: Diagram and Matrix to give the alternative strategies for companies by matching internal and external factors. (Azhar, 2015)

In addition to internal factors, there are external factors that are Opportunities and Threats. This is an external factor that is notabene not directly to the research variables. The influence of these external factors must be balanced in order to produce a strategy to deal with them.

Based on the data then for the SWOT method results include Strength (S), Weakness (W), Opportunity (O), and Threat (T).

Strength: Regarding PM 41 2015 article 5 number (4) Regional plan of operation of the working area for the entity unscheduled commercial air transport business as referred to in article 4 part g of number 3, at least include: area of operation or working area served; potential routes to be served; and frequency, flight diagram rotation and utilization, aircraft that will be served gradually at least 5 (five) years

Advantages of this regulation, goverment hopes to make sure all the airlines company intergrated with their business. Airlines company must run their busines seriously because they need lot of money to invest in this business in order to assurance to all customers.

Weakness: The current regulation affecting the room for establishing a new routes airlines according to low investment, investor should have Rp.150.000.000.000 and have non scheduled commercial air transport of at least one aircraft unit is owned and two aircraft units controlled by type supporting business continuity.

Opportunity: Market opportunity, target market, and market share air freight in general as well as on specifically for non-commercial air transport scheduled includes: the development of air transport demand unscheduled

merchandise per year for term time of at least the last 5 five years in an area of operation or working area . current competitor conditions and for period of at least five years to front of the area of operation or working area and the potential demand for commercial air transport is not scheduled per year for the most time period a little five years ahead on the region operation or working area to be served. Market segmentation to be served accordingly with the business of air transport ,Marketing and sales strategies and aircraft utilization plan per year for a period of at least five ahead.

Threat: The current regulation impact the amount of the pioneering routes airliness , and it may impact the remote areas become isolated and Perpres 70 year 2017 not being accomplish.

Good quality will encourage consumers to build a good relationship with the travel agent. Therefore, the company can improve customer satisfaction by minimizing bad experiences faced by the consumers. Customer satisfaction can create consumer loyalty to the company that provides satisfying quality. (Simarmata, Rs, Keke, & Panjaitan, 2016).

Many airline companies have closed and stopped their operation because of being not able to compete. It is caused by their mistake in selecting and using, the type of aircraft and the increasing price of aviation fuel. (Simarmata et al., 2016)

Conclusion

Based on what we have observed, we found that the 5th KM rule of 2008 is better than PM 41 in 2015. The government should alter the current regulation . This is conducted due to foster flights conducted by airlines for pioneering routes and other remote areas. This alteration is expected to encourage the advance of pioneering routes flights in these areas. Consequently, this would result in accelerated development of remote areas. The flight policy that has been implemented in Indonesia has reduced the investor to develop the pioneering airline business. To improve aviation services pioneer airlines should the government through the transportation department should pay attention to infrastructure in the related areas. To

improve aviation services, through the transportation department further improve the quality control of airlines.

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