

# STRATEGIC LEADERSHIP, INTELLECTUAL CAPITAL, MARKETING ORIENTATION, INNOVATION AND CORPORATE PERFORMANCE: A COMPREHENSIVE MODEL FOR AIRLINES INDUSTRY

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## ABSTRAK

Studi ini mengeksplorasi keterkaitan antara kepemimpinan strategis, modal intelektual, orientasi pemasaran, inovasi, dan kinerja perusahaan dalam industri penerbangan, dengan fokus pada PT Garuda Indonesia dan PT AirAsia Indonesia. Kedua maskapai menunjukkan pemulihan yang luar biasa dari pandemi COVID-19, dibuktikan dengan pertumbuhan pendapatan yang signifikan dan peningkatan jumlah penumpang pada tahun 2023. Terlepas dari keuntungan ini, kedua maskapai menghadapi tantangan dalam menyelaraskan inisiatif pemasaran yang agresif dengan efisiensi operasional, menekankan pentingnya kepemimpinan strategis dalam mendorong inovasi dan mengelola biaya. Penelitian ini menyoroti peran penting sumber daya manusia dalam mendorong inovasi dan efektivitas organisasi. Ini berpendapat bahwa orientasi pemasaran yang kuat sangat penting untuk memenuhi kebutuhan pelanggan dan mendapatkan keunggulan kompetitif. Studi ini merekomendasikan agar eksekutif maskapai penerbangan berinvestasi dalam pelatihan karyawan, mengadopsi pendekatan yang berpusat pada pelanggan, dan mendorong kolaborasi antar departemen. Selain itu, memanfaatkan analitik data dan memantau tren pasar akan memungkinkan pengambilan keputusan proaktif, memastikan bahwa maskapai penerbangan tetap responsif terhadap dinamika industri. Kesimpulannya, penelitian ini menggarisbawahi hubungan rumit antara kepemimpinan strategis, modal intelektual, orientasi pemasaran, inovasi, dan kinerja perusahaan di industri penerbangan. Ini menyoroti bahwa memprioritaskan pengembangan sumber daya manusia menumbuhkan budaya peningkatan dan kreativitas berkelanjutan, yang penting untuk beradaptasi dengan fluktuasi pasar dan mencapai pertumbuhan yang berkelanjutan. Orientasi pemasaran yang kuat memungkinkan maskapai penerbangan untuk menyelaraskan layanan mereka dengan permintaan pelanggan, meningkatkan kepuasan dan loyalitas, yang pada gilirannya mendorong kinerja perusahaan.

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## ABSTRACT

*This study explores the interconnections among strategic leadership, intellectual capital, marketing orientation, innovation, and corporate performance within the airline industry, focusing on PT Garuda Indonesia and PT AirAsia Indonesia. Both airlines demonstrated remarkable recovery from the COVID-19 pandemic, evidenced by significant revenue growth and increased passenger numbers in 2023. Garuda Indonesia's revenue surged to USD 2.93 billion, while AirAsia reported a 75.24% revenue increase to Rp 6.62 trillion. Despite these gains, both airlines faced challenges in aligning aggressive marketing initiatives with operational efficiency, emphasizing the importance of strategic leadership in fostering innovation and managing costs. The research highlights the critical role of human capital in driving innovation and organizational effectiveness. It argues that a strong marketing orientation is essential for meeting customer needs and gaining competitive advantage. To optimize performance, the study recommends that airline executives invest in employee training, adopt a customer-centric approach, and encourage interdepartmental collaboration. Furthermore, leveraging data analytics and monitoring market trends will enable proactive decision-making, ensuring that airlines remain responsive to industry dynamics. In conclusion, this research underscores the intricate connections among strategic leadership, intellectual capital, marketing orientation, innovation, and corporate performance in the airline industry. It highlights that prioritizing human capital development fosters a culture of continuous improvement and creativity, which is essential for adapting to market fluctuations and achieving sustainable growth. A strong marketing orientation allows airlines to align their services with customer demands, enhancing satisfaction and loyalty.*



## INTRODUCTION

PT Garuda Indonesia (Persero) Tbk (GIAA) has demonstrated impressive performance in 2023, making a strong recovery from the effects of the COVID-19 pandemic. This resurgence is reflected in the consistent growth of both revenue and passenger numbers throughout the fiscal year. According to a financial report referenced by Investor Daily, Garuda Indonesia's revenue jumped from USD 603 million in the first quarter of 2022 to USD 2.93 billion by the fourth quarter, representing a year-on-year increase of 39.83%. This recovery not only underscores the airline's resilience but also highlights the increasing demand for air travel as restrictions ease and consumer confidence returns. Although passenger numbers fluctuated in the first half of 2023, the airline saw significant growth in the latter half, with passenger counts rising from 4.52 million in Q2 to 5.69 million by year-end. Garuda is credited this achievement to a 41% increase in flight operations compared to the previous year, fueled by a resurgence in demand for air travel as society returned to pre-pandemic habits. Key factors contributing to this growth included substantial increases in revenue from both scheduled and unscheduled flights, along with a notable 145% rise in revenues from Hajj flights. These developments indicate that Garuda Indonesia is not only recovering but also capitalizing on niche markets that cater to specific passenger needs. ([www.marketeters.com](http://www.marketeters.com))

To maintain its growth momentum, Garuda Indonesia has employed a variety of innovative marketing strategies, such as seasonal promotions and strategic partnerships. Collaborations with brands like Wardah have not only enhanced the airline's service offerings but also created unique marketing opportunities to attract customers. For instance, the “Find The Beauty in The Journey” campaign encourages passengers to enjoy the entire travel experience, promoting both the airline and the partnered brand. By integrating convenience and customer-centric services, Garuda Indonesia aims to differentiate itself in a competitive market. As the airline continues to adapt its strategies in response to market dynamics, it is well-positioned to reclaim its status as a leading player in the aviation industry. Through this comprehensive analysis, the study aims to illuminate how Garuda Indonesia has effectively navigated the post-pandemic landscape and prepared itself for sustainable growth in the future.

Meanwhile, PT AirAsia Indonesia Tbk has reported an impressive 75.24% year-on-year revenue increase, reaching Rp 6.62 trillion for the fiscal year ending December 31, 2023. This growth highlights the airline's recovery from the COVID-19 pandemic and reflects a broader resurgence in Indonesia's aviation industry. According to Veranita Yosephine Sinaga, CEO of Indonesia AirAsia, the significant financial results in 2023 demonstrate the company's advancement compared to the previous year. The positive performance was supported by a fleet of 24 operational aircraft, enabling the airline to effectively cater to a growing customer base. Additionally, the load factor improved by 6 percentage points to 85%, while passenger numbers surged by 90.27% to 6.18 million, up from just 3.24 million in 2022. As of April 2024, Indonesia AirAsia operates 33 routes, including 12 domestic and 21 international connections, contributing to the Indonesian government's efforts to enhance air travel connectivity. This expansion reflects the airline's dedication to providing affordable travel options to a variety of destinations. ([www.marketeers.com](http://www.marketeers.com))

With an emphasis on maintaining high service standards, the airline saw its on-time performance improve to 87% in the first quarter of 2024, up from 73% in the same period the previous year. This improvement was accompanied by a load factor of 83% during the first quarter, reflecting effective capacity management and increased demand for air travel. The airline's commitment to operational excellence is further evidenced by its expansion to 10,874 flights in the first quarter of 2024, marking a 30% increase compared to the prior year, and carrying 1.63 million passengers, a 33% rise from the same period in 2023. Furthermore, Indonesia AirAsia is actively exploring diverse funding sources to navigate rising operational costs and ensure financial sustainability. The management is keen on finding innovative solutions to enhance profitability while continuing to offer competitive fares. This proactive approach not only aims to sustain operational stability but also positions the airline to capitalize on future growth opportunities in the evolving aviation landscape.

But, in the first half of 2024, two major Indonesian airlines reported significant financial losses, with one facing a more pronounced decline. The first airline reported a loss of approximately US\$ 101.65 million (around Rp 1.54 trillion), reflecting a 33% increase compared to a loss of US\$ 76.50 million in the same period last year. Despite this setback,

the airline's operational revenue rose to US\$ 1.62 billion (about Rp 24.59 trillion), marking a 16% year-on-year increase. This revenue was primarily fueled by scheduled flights, which contributed US\$ 1.27 billion, alongside US\$ 177.69 million from unscheduled flights. The CEO expressed optimism about the airline's performance for the remainder of 2024, emphasizing efforts to enhance aircraft capacity and expand flight routes through partnerships.

In contrast, the second airline reported a much larger loss of Rp 1.29 trillion, an alarming 644% increase from the previous year's loss of Rp 174.21 billion. This dramatic rise in losses was attributed to rising operational costs and liabilities, which reached Rp 15.16 trillion by mid-2024. Despite these challenges, the airline saw its operational revenue increase by 24.1%, totaling Rp 3.78 trillion, compared to Rp 3.04 trillion in the same period last year. The revenue came from various sources, including passenger ticket sales amounting to Rp 3.2 trillion, baggage fees of Rp 437.44 billion, and other flight services generating Rp 81.34 billion. However, the charter segment, which had previously contributed Rp 12.80 billion in 2023, reported no income in the first half of 2024. Overall, while both airlines are grappling with substantial losses, one airline is currently facing significantly more severe financial difficulties than the other. ([www.katadata.co.id](http://www.katadata.co.id))

The trade-off between marketing performance success and firm performance is further complicated by the financial challenges faced by both Garuda Indonesia and AirAsia. While Garuda achieved remarkable revenue growth from USD 603 million to USD 2.93 billion, its fluctuating passenger numbers and operational issues suggest that aggressive marketing efforts can sometimes outpace the airline's capacity to deliver a consistent customer experience. This misalignment may lead to short-term gains but can threaten long-term financial stability, as evidenced by reported losses. AirAsia, despite a substantial 75.24% revenue increase, also contended with significant operational costs, culminating in a staggering Rp 1.29 trillion loss, a 644% increase from the previous year. This situation illustrates how strong marketing performance can be undermined by operational inefficiencies and financial mismanagement. ([www.katadata.co.id](http://www.katadata.co.id))

To address these challenges, strategic leadership plays a crucial role in aligning marketing efforts with the company's overall vision and operational capabilities. Leaders must foster a culture of innovation, encouraging teams to explore new solutions for cost

management and operational efficiency while ensuring that marketing initiatives resonate with customer needs. Additionally, leveraging intellectual capital, the collective knowledge and skills of employees can drive improvements in service delivery and operational processes. This can help both airlines enhance their offerings and better respond to market demands, thereby improving customer satisfaction and loyalty.

In summary, while marketing initiatives have successfully driven immediate growth, the integration of strategic leadership, intellectual capital, innovation, and a marketing-oriented approach is essential for Garuda Indonesia and AirAsia to resolve their financial challenges.

## **THEORITICAL REVIEW**

### **Strategic Leadership**

Strategic leadership pertains to the role of top-tier leaders within an organization who are tasked with steering its vision and strategic objectives. Unlike general leadership, which encompasses all management levels, strategic leadership zeroes in on high-level decision-making that determines the organization's trajectory. These leaders are vital in making informed and prudent choices that shape the organization's core competencies, mission, and overall strategy. A primary responsibility of strategic leaders is to ensure the effective implementation of strategies while also mentoring the next generation of leaders.

Strategic leadership comprises several key dimensions. First, strategic orientation focuses on understanding customer needs, assessing competitor dynamics, and effectively managing costs. Second, strategic execution involves putting strategies into action through suitable organizational structures, incentives, and control systems. Third, strategic alignment guarantees that the organization's strategy is cohesive with its internal and external functions, fostering a unified effort toward achieving objectives. Unlike general leadership, which encompasses all management levels, strategic leadership zeroes in on high-level decision-making that determines the organization's trajectory. These leaders are vital in making informed and prudent choices that shape the organization's core competencies, mission, and overall strategy. (Hunitie, 2018)

Additionally, strategic leaders who understand the required tasks and the working environment can significantly affect the organization's overall performance. (Alhyasat & Sharif, 2018) Strategic leadership can be defined as the process of enhancing an organization's distinctiveness to achieve a competitive advantage over its rivals. It involves the ability to

influence others in making decisions that improve the long-term viability of the organization. Additionally, strategic leadership encompasses the capacity to anticipate changes, maintain flexibility, and inspire others to initiate necessary strategic transformations. It also reflects the capability of an experienced leader to devise and implement plans in response to the complexities and uncertainties of a volatile strategic environment. (Saad, 2020a)

The strategic leadership process involves various management activities necessary for executing strategy, implementing strategic controls to monitor progress, and achieving organizational goals. Effective leadership and a cohesive organizational culture are crucial for the successful execution of a company's strategies and objectives. Ineffective leadership can derail even the most solid strategies, while vigorous implementation of a subpar plan can occasionally lead to success. (Mabururu, 2019). In a competitive market, firms must rely on strategic leadership to create innovative strategies that meet customer demands and drive growth. By continuously assessing their competitive advantage and fostering a culture of adaptability, organizations can effectively navigate challenges and ensure long-term success. (Wanaswa et al., 2021)

### **Intellectual Capital**

(Handayani & Karnawati, 2020), define Intellectual Capital as the collective knowledge, skills, and capabilities of employees and organizations that contribute to added value and sustainable competitive advantage. It consists of a range of intangible assets (resources, abilities, and competencies) that enhance organizational performance and value creation. The components of Intellectual Capital include: 1) Human Capital, which refers to the knowledge, skills, and abilities of individuals used to provide professional services and generate economic returns; 2) Structural Capital ; and 3) Relational Capital.

(Saad, 2020b) also identifies three main components of Intellectual Capital: Human Capital, Structural Capital, and Relational Capital. According to (Skhvediani et al., 2022), intangible assets such as employee skills (human capital), technological innovations (structural capital), and customer relationships (relational strength) are potential forms of Intellectual Capital. While often not explicitly detailed in financial reports, Intellectual Capital is increasingly recognized as a strategic asset crucial for enhancing company value and maintaining competitive advantage. (Masadeh, 2021) notes that Ralph Stayer was the first to coin the term Intellectual Capital in 1990, arguing that, historically, natural resources were the most significant components of



national wealth and corporate assets. However, Intellectual Capital has now emerged as the dominant factor. Lastly, Choudhury (Choudhury,2010) outlines three dimensions of Intellectual Capital: human capital, organizational capital, and social capital.

### **Innovation**

Innovation involves actions that promote creative development and the implementation of new ideas to enhance products and services, ultimately providing greater benefits to target customers. A firm's capacity to innovate is shaped by both internal and external factors. Internally, this includes intangible assets like patents, expertise, experience, workforce strength, research and development capabilities, organizational structure, intellectual property, and employee skills. Externally, it relates to the firm's interactions with customers, suppliers, and competitors.(Onileowo et al., 2021)

The benefits of innovation for businesses are manifold, including increased market share, value-added products, entry into new markets, and improved customer loyalty. Innovations differentiate a firm's offerings from those of its competitors, adding value for customers. Furthermore, innovation is fundamentally about facilitating change and involves managing organizational activities to secure potential competitive advantages for businesses. Results from a few empirical investigations in this field are not entirely consistent. Innovation has no effect on the success of organizations, according to some of them.(Al-Essa et al., 2022) Innovation, derived from the Latin term 'innovatus,' encompasses various definitions. It is often viewed as a crucial entrepreneurial tool that creates new resources to enhance welfare. Specifically, innovation involves transforming new ideas into marketable or improved products and services. It is essential to differentiate between invention and innovation. Invention refers to the conceptualization of a new product or process, while innovation is the actual implementation of that idea. (Dereli, 2015).

### **Corporate Performance**

An organization faces various challenges in a competitive business environment. One key challenge is achieving competitive advantage through the development of effective strategies to enhance operational performance. Historically, the focus was primarily on financial performance. However, in today's business landscape, the emphasis has shifted to intangible resources related to information and competitive positioning, while tangible financial outcomes have transformed into indicators of leadership performance. (Rahman et al., 2018). As a result, it is crucial to include non-economic indicators, such as customer quality and satisfaction, when evaluating

operational performance. In this context, performance can be assessed based on two main factors: economic (financial) and non-economic (effectiveness and efficiency of specific activities or programs). Therefore, to comprehensively evaluate organizational performance, both financial and non-financial measures should be considered. (Wanjiru et al., 2019)

Corporate performance refers to the overall effectiveness and efficiency of a company in achieving its strategic goals and objectives. It is assessed through various metrics that capture both financial and non-financial outcomes. Financial metrics, such as revenue, profit margins, return on investment (ROI), and shareholder value, indicate the company's financial health and profitability. Operational metrics evaluate the efficiency of internal processes, including production levels, cost management, and supply chain effectiveness. Market metrics, such as market share, brand reputation, and customer satisfaction, reflect the company's competitive position. (Gao et al., 2023)

### **Marketing Orientation**

Market orientation is defined as an organizational culture that effectively fosters behaviors necessary for creating superior value for customers, leading to sustained business performance. It consists of three key components: understanding and responding to customer needs, being aware of and reacting to competitor actions, and ensuring collaboration across various departments within the organization. This inter-functional coordination allows insights about customers and competitors to be shared and utilized effectively. Research has shown that a strong market orientation not only enhances customer satisfaction but also boosts profitability, as it helps align strategies and operations to meet market demands. Ultimately, these elements contribute to a proactive and adaptive organizational culture that is vital for long-term success in competitive environments. (Ogbonna & Ogwo, 2013)

Market orientation consists of three essential elements: customer orientation, competitor orientation, and inter-functional coordination, which together involve the collection, dissemination, and application of market intelligence. Subsequent research elaborated on this idea, highlighting that a business-oriented culture promotes behaviors that enhance productivity and efficiency, resulting in greater value creation for customers. (Alabsy, 2021). Market orientation (MO) pertains to how well businesses apply the marketing concept, which centers on understanding customer needs and desires. Organizations that effectively adopt MO are more capable of satisfying customer demands. Consequently, it is important for owner-managers to



focus on several critical aspects of market orientation. First, they should gather comprehensive information regarding customer preferences and evaluate product features that resonate with those needs. Second, they must respond effectively to customer preferences based on the insights they have obtained.(Oniku, 2009).

Market orientation is regarded as a crucial component of organizational culture. Numerous studies have investigated its link to innovation. For instance, some research indicates that adopting a market-oriented strategy encourages innovation. Additionally, other studies show that both innovation and market orientation positively influence competitive advantage, though their effects may not be entirely distinct.(Wahyono & Hutahayan, 2021)

## **RESEARCH METHOD**

This research use a qualitative approach, this research aims to propose a research proposal regarding faculty performance. The data collection technique employed in this study is a literature survey, which involves qualitative research based on the development of existing literature. According to Snyder (Nur Islaminingsih et al., 2020), a literature survey is a research method designed to collect and extract the essence of previous studies while analyzing insights from experts documented in texts. Snyder concludes that a literature review can serve as a foundation for various types of research, as its findings provide valuable insights into the advancement of knowledge, offer resources to stimulate policy development, and encourage the generation of new ideas and beneficial frameworks for research guidance in specific fields.

## **DISCUSSION**

### **The Impact of strategic leadership on Corporate Performance .**

The study "Role of Strategic Leadership, Entrepreneurial Orientation, and Innovation on Small and Medium Enterprises Performance," authored by Gunawan Bata Ilyas, Abdul Razak Munir, and Muhammad Sobarsyah, investigates how these three factors affect SME performance. The authors emphasize that effective strategic leadership, a strong entrepreneurial mindset, and a commitment to innovation are vital for improving the performance of SMEs, which in turn supports economic growth and helps alleviate poverty. Using a causal explanatory approach, the research analyzes data from SMEs in South Sulawesi, revealing that these variables significantly and positively influence the overall performance of small and medium

enterprises.(Ilyas et al., 2018)

The study titled "Investigation of the Effects of Strategic Leadership on Strategic Change and Innovativeness of SMEs in a Perceived Environmental Uncertainty," authored by ?ebnem Aslan, Ahmet Diken, and A. Aslan ?endo?du, examines how strategic leadership influences strategic change and innovation in small and medium enterprises (SMEs) facing perceived environmental uncertainty. Using established measurement scales, the research analyzes the relationships between strategic leadership, organizational change, and innovativeness. It emphasizes the significant role of transformational leadership in promoting adaptability and innovation under uncertain conditions. The findings reveal that strong strategic vision and transformational leadership positively impact SMEs' capacity for change and innovation, while transactional leadership shows less influence. Overall, the study highlights the critical importance of strategic leadership in enhancing the resilience and competitive advantage of SMEs in dynamic market environments.(Diken & Aslan, 2011)

The paper titled "Strategic Leadership and Technological Innovation: A Comprehensive Review and Research Agenda" by Christopher Kurzahls, Lorenz Graf-Vlachy, and Andreas König analyzes existing research on the relationship between strategic leadership and technological innovation. The authors highlight significant theoretical frameworks, such as agency theory and upper echelons theory, while categorizing the various constructs used to assess innovation. They explore how the traits of strategic leaders impact technological innovation, ultimately providing an integrative framework that consolidates current insights and suggests future research directions. The review has several key implications: it delivers a thorough overview for researchers, underscores the role of corporate governance in promoting innovation, and offers practical insights for industry professionals. The findings assist shareholders and board members in making informed decisions regarding board composition, executive appointments, and compensation strategies tied to innovation initiatives.(Kurzahls et al., 2020)

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The study titled "Impact of Strategic Leadership and Organizational Innovation on <http://jurnal.umt.ac.id/index.php/dmj>

Strategic Management: Mediation Role of IT Capability" by Pasaribu F., Bulan T.R.N., Muzakir, and Pratama K. investigates how strategic leadership and organizational innovation influence strategic management, emphasizing the mediating role of IT capability. Conducted with faculty members from Malaysian universities, the research reveals that both strategic leadership and organizational innovation are essential for effective strategic management, while strong IT capability significantly enhances this relationship. Using survey data and PLS-SEM for analysis, the findings underscore the importance of developing IT capabilities to improve organizational performance, providing valuable insights for academics and policymakers. (Pasaribu et al., 2021)

### **The Impact of strategic leadership on Intellectual Capital.**

The study titled "The Effect of Strategic Leadership on Intellectual Capital: The Mediating Role of Knowledge Sharing in Kuwaiti Industrial Companies," authored by Mohammad Al Zubia and Marie Bani Khalid, investigates how strategic leadership influences intellectual capital in Kuwaiti industrial firms, with a particular focus on the mediating effect of knowledge sharing. Employing a descriptive and analytical approach, the researchers administered a validated questionnaire to 284 employees from these companies. Statistical analyses using SPSS and Amos V23 revealed a significant relationship between strategic leadership and intellectual capital ( $p \leq 0.05$ ), as well as a notable mediating role of knowledge sharing in this dynamic. The findings underscore the critical role of strategic leadership in fostering intellectual capital through effective knowledge-sharing practices in the industrial sector of Kuwait. (Zubi & Khalid, 2022)

The study titled "The Relationship between Strategic Leadership, Competitive Advantage, and Intellectual Capital: Evidence from Hotels in Tangerang, Indonesia," conducted by Rr Dian Anggraeni and colleagues, explores how strategic leadership influences competitive advantage, with intellectual capital serving as an intervening variable. Focusing on the hotel sector in Tangerang, Indonesia, the research highlights the importance of competitive advantage in determining a company's effectiveness and notes that strategic leadership significantly contributes to this advantage. Furthermore, it emphasizes that effective strategic leadership relies on robust intellectual capital. The analysis, performed using partial least squares, reveals that

both strategic leadership and intellectual capital have a positive and significant effect on competitive advantage in the hotel industry.(Anggraeni et al., 2023)

### **The Impact of Intellectual Capital. on Corporate Performance .**

The study by Buenechea-Elberdin, Sáenz, and Kianto explores the relationship between knowledge management strategies, intellectual capital (IC), and innovation performance in high- and low-tech firms, highlighting IC's crucial role in enhancing corporate performance. It focuses on how structural and relational capital from codification and personalization strategies impacts renewal capital and innovation.. Data from a questionnaire of 180 Spanish companies was analyzed using structural equation modeling. Key findings include the importance of renewal capital as an IC component, a clear connection between knowledge management strategies and IC, and the significant influence of a firm's technological level on the IC–innovation relationship..(Buenechea-elberdin et al., 2018)

The research conducted by Marina Dabić and her team investigates the connections between intellectual capital (IC), organizational climate (OC), and innovation culture in Croatian SMEs, emphasizing their influence on business performance (BP). Utilizing an online questionnaire distributed to 253 SMEs, the researchers created tailored scales to evaluate IC, OC, and innovation culture. The results reveal a significant positive relationship between elevated levels of IC and innovation culture and enhanced business performance, underscoring the importance of these interrelated factors for the success of SMEs.(Dabi & Smallbone, 2018)

### **The Impact of Intellectual Capital. on Innovation .**

In their study, Diego Matricano and his colleagues investigate the connection between Intellectual Capital (IC) and Open Innovation (OI), addressing a notable gap in existing research where these concepts are frequently considered in isolation. They argue that IC is essential for the success of OI processes. The paper uses a case study of LEGO's Mindstorms initiative to demonstrate that LEGO's initial failure to develop its IC—comprising relational, human, and structural capital—resulted in unsuccessful OI outcomes. However, after the company focused on enhancing its IC, the results improved significantly, suggesting that businesses need to prioritize IC development before launching OI initiatives. This research serves as a cautionary

note for organizations, highlighting the importance of IC in achieving effective OI. Notably, this work is one of the first to systematically explore the relationship between IC and OI, providing valuable insights into how these two areas are interconnected. (Matricano et al., 2020)

The research conducted by Hande Karadag, Faruk Sahin, and Cagri Bulut investigates how intellectual capital (IC) contributes to innovation capability in new ventures, employing a three-way interaction model rooted in the resource-based view (RBV). It demonstrates that while human capital has a positive effect on innovation capability, this effect is only pronounced when both social capital and innovation orientation (IO) are high; if either is low, the relationship diminishes. The findings indicate that social capital and IO play critical moderating roles, highlighting that start-ups need to build strong networks and maintain an innovation-centric strategy to effectively utilize their human capital. (Faculty, 2021)

### **The Impact of Marketing Orientation on Innovation and Corporate Performance .**

The research conducted by Wahyono and Hutahayan explores how market orientation, learning orientation, and financial literacy affect the knowledge competence, innovation, and performance of small and medium textile businesses in Java and Bali, Indonesia. Data was gathered from SMEs with 5 to 99 employees in 2016, with a particular focus on Central Java as a benchmark for MSME growth. The results reveal that financial literacy plays a crucial role in enhancing both the performance and innovation of these enterprises. The authors highlight that better financial literacy can lead to improved decision-making, which in turn enhances overall performance and innovation. They urge for a collaborative effort from government bodies, educational institutions, the private sector, and communities to foster financial literacy among MSMEs. This study fills a notable gap in the existing literature regarding the interplay of these factors and their significance for the development of SMEs. (Wahyono & Hutahayan, 2021)

The study by Abdullahi Dauda investigates the effects of market orientation strategies on the performance of small and medium-sized enterprises (SMEs) in Nasarawa State, Nigeria. Data were gathered using a questionnaire adapted from earlier research, involving 386 owner-managers from a population of 10,728 registered SMEs. The analysis was performed using Partial Least Square-Structural Equation Model (PLS-SEM) with Smart PLS 3.0. The findings indicate that customer focus and cross-functional coordination significantly and positively

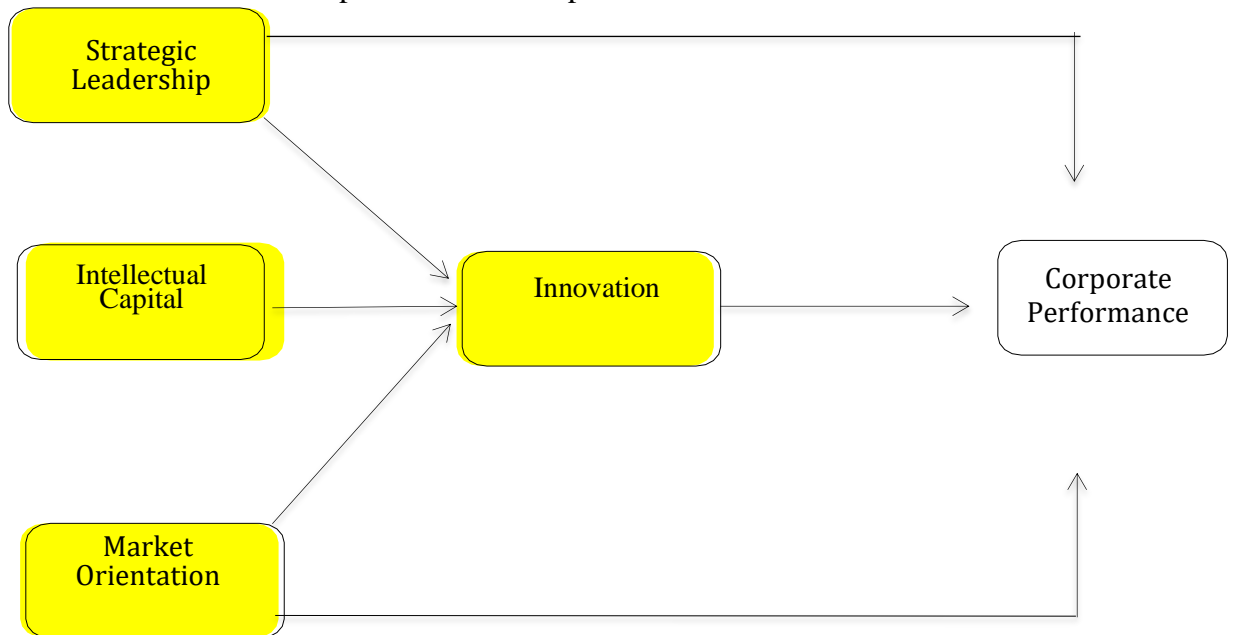
impact SME performance, while competitor orientation has a positive but not statistically significant effect. The study highlights the importance of these insights for managers to recognize their strengths and weaknesses, allowing them to take advantage of opportunities. It concludes that by implementing effective market orientation strategies, SME owners can enhance their competitiveness and viability in a challenging economic environment. The study also recommends that managers prioritize providing quality products and services that align with customer preferences. (Oniku, 2009)

### **Research Model Proposal**

Drawing from various studies conducted by multiple researchers, this proposal presents a comprehensive conceptual model (Figure 1), to investigate the interrelationships among strategic leadership, intellectual capital, marketing orientation, innovation, and corporate performance. A key aspect of this model is human capital. It is critical for driving innovation and enhancing organizational capabilities. By prioritizing the development and management of human capital, airline executives can cultivate a culture of continuous improvement and creativity, which is vital for adapting to market changes and achieving sustainable growth. Additionally, marketing orientation, which emphasizes the importance of understanding and responding to customer needs and preferences. By embracing a strong marketing orientation, airlines can align their services with market demands, ultimately enhancing customer satisfaction and loyalty. This strategic focus not only provides a competitive edge but also fosters innovation by revealing new opportunities for service improvements and differentiation. This model aims to offer valuable insights for airline executives focused on long-term success. By understanding the interplay of these elements, leaders can better strategize and implement practices that improve overall performance and adaptability in a competitive landscape. The proposed model serves as a foundation for further empirical research and practical application within the airline industry.



Figure 1  
Comprehensive Conceptual Model



Source : Previous Research Analysis

## CONCLUSION AND RECOMMENDATION

In conclusion, this research model underscores the intricate connections among strategic leadership, intellectual capital, human capital, marketing orientation, innovation, and corporate performance in the airline industry. By emphasizing the importance of human capital, the model highlights its crucial role in fostering innovation and enhancing organizational effectiveness. When airline executives prioritize the development and management of their workforce, they can create a culture of continuous improvement and creativity, essential for adapting to market fluctuations and achieving sustainable growth. Furthermore, adopting a strong marketing orientation is vital for effectively addressing customer needs. Airlines that successfully align their services with market demands not only boost customer satisfaction and loyalty but also gain a competitive advantage. This strategic focus can reveal new opportunities for service enhancements and differentiation, further stimulating innovation within the organization.

To leverage these insights, airline executives are advised to invest in human capital

by implementing training programs and initiatives aimed at improving employee skills and knowledge. Such investments foster an innovative culture and equip the workforce to handle industry changes. Additionally, embracing a customer-centric approach will help airlines prioritize customer feedback, ensuring their services meet the evolving demands of the market. Encouraging collaboration across departments is also critical. By facilitating communication and cooperation, organizations can share insights that drive innovation throughout the company. Moreover, regularly monitoring market trends and utilizing data analytics will help airline leaders stay informed about industry developments and consumer behaviors, enabling proactive strategic decisions.

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