

# The Impact of Corporate Communication Strategy and Customer Value Toward Reputation Establishment (Case Study)

Syaifuddin Syaifuddin

*Abstract— The aim of this study are to explore and evaluate the strategy of corporate communication, customer value than consider corporate reputation. This study is descriptive statistic and verification with descriptive survey and explanatory with stratified random sampling. The number of sample is 55 respondents. Data collection are include literature review, observation, and spread the questioner. To evaluate data, the author use path analysis. The study affirm that the corporate communication strategy and customer value has impact to the establishment of reputation Len Industri Group is 53.7% simultaneously. The impact of corporate communication strategy to the establishment of reputation is 47.2% partially whereas the customer value does not prominent has impact to the establishment of reputation is 5.1%.*

*Keywords— Corporate communication strategy, corporate reputation, customer value, reputation establishment*

## I. INTRODUCTION

Len Industri is an Indonesian State Owned Company which responsible to produce the strategic products for transportation, information, defense and renewable energy. The management commits to providing a variety of products that can meet expectations of stakeholders, particularly in transportation, defense, and renewable energy information. Strategic alliances with foreign partners and synergy among State Owned Company, Government Institutions, and Academics. Management develops competency based human resources management, a conducive work culture and the application of the principles of Good Corporate Government are all expected to improve the competitiveness of enterprises.

One of strategic action taken by management is by setting up three subsidiaries namely Eltran Indonesia, Surya Energi Indotama and Len Railway Systems. Unfortunately, Management needs additional capital for investing in some areas in this company, include subsidiaries. Management is

responsible for finding funds to invest in various fields, especially those related to the production of a variety of equipment to be provided to consumers. Increased demand for solar energy began to rise and are expected to continue to grow, must be anticipated by management as well as others products.

One source of funding is the capital market. The management had made a strategic plan to conduct an Initial

Public Offering. This strategy is very important for the company in the future. Management expects the company's shares registered in the Indonesian Stock Exchange, will<sup>1</sup> accelerate the progress of the company in which a subsidiary of an injection of cash to conduct its business activities.

Management should focus on corporate reputation. The term "corporate reputation" refers to how good or bad, a company or firm is recognized by its stakeholders like as staffs or workers, clients, journalist, shareholders, suppliers and financial analysts [1]. The corporate reputation becomes a strategic factor for a company to gain a positive perception of the stakeholders and in particular the prospective shareholder of the company. Corporate reputation it existed in the minds of the stakeholders within the company instead. A company intent to register in the financial market, is expected to hold a valuable corporate reputation in the minds of the stakeholders.

Based on interviews with corporate secretary of Len Industri found that stakeholders are not familiar with company. It is associated with major stakeholders such as companies become potential consumers. Moreover, they do not know the company, both from the aspect of the logo, product, location of offices, the company's future plans and management company. This condition would certainly affect the company's reputation in the eyes of stakeholders and ultimately have an impact on the planned IPO. Still, have not explained the company's reputation in the eyes of stakeholders is very influential to the company later on.

This is assumed that relate to corporate communication strategy. Corporate communication as an administration key has responsible to diagnose and handle things and shareholders or communal; establish profitable connections via link with those on whom the company or firm rely on meeting its the objective; and helping the company to comply to its surrounding by reaching a stable amid profitable and community nature [2].

A corporate communication strategy makes corporate communication relevant in the strategic management process

S. Syaifuddin, *Magister Manajemen Program Pascasarjana STIE Sebelas April Sumedang Jawa Barat, Indonesia* (e-mail: [syaifuddin@stie11april-sumedang.ac.id](mailto:syaifuddin@stie11april-sumedang.ac.id))

through its focus on communication with strategic stakeholders, aligning communication goals to organizational goals [3].

Management conducts some programs in the context of communications, such as the web, newsletters, exhibition, seminars, issuing news related to the company's activities through newspaper and press release.

Another factor that assumed is customer value creation and it becomes important to consumers because company strives to achieve the highest value than the product or service provided by these companies. The establishment of client value is necessary duty for salesmen, especially while creating new products and services or initial recent trade [4].

## II. LITERATURE REVIEW

### A. Corporate Communication Strategy

Corporate communication is an important task that made by decision making leader because of the nowadays trade circumstances growing rapidly. Due the changing situation of the retail, right now that not only manufacture, finance and business processes, also the way if connection among business actor must be conducted effective and efficiently [5].

Van Riel said that three types of corporate communication can be maintained: (1) marketing communication; (2) organizational communication; and (3) management communication [6].

According to Van Riel, Marketing communication, oriented to support sales of particular goods and services, contains traditionally the promotional mix and the public relations mix. A central concept here is the need to operate in a "customer-oriented" fashion and to use an "integrated marketing communication" [6].

Organizational communication concerns public relations, public affairs, investor relations, labour market communication, environment communication, internal communication [6].

Management communication will try to persuade individual subordinates that the goals of the organization are desirable. Its specific purpose is to transmit authority and to achieve cooperation with the organization and more precisely: developing a shared vision of the company, maintaining trust in the organizational leadership, managing the change process and motivating employees. In the face of this heterogeneous group of communications, it is essential to obtain a durable coordination amid the various type of inside and outer communication [6].

The role of corporate communication is fundamental to the success of the corporation. And successful professional development of the next generation of corporate communication executives will focus on understanding of

corporate communication functions and on strategic implementation [7].

Corporate communication strategy is based on a definition of corporate communication/public relations as a strategic management function [2].

Benefits of corporate communication strategy for management and company are:

- 1) *It assists the organization to adapt to its environment by achieving a balance between commercial imperatives and socially acceptable behavior;*
- 2) *Identifying and managing stakeholders and issues, as well as the publics/activists that emerge around issues; and*
- 3) *Building relationships through communication with those on whom the organization depends on meeting its economic and sociopolitical goals [2].*
- 4) *The corporate communication strategy is mainly derived from, and influenced by, the organization's enterprise strategy [8].*

In reality, the corporate communication strategy is still applied partially by management. After conducting a study on the professional views of corporate communication practitioners in the Netherlands, [9] concluded that practitioners are not able to cope with abstract strategic planning practices [2].

Moss & Warnaby's conceptual model. Rapper model [10] and provides a framework for linking the development of corporate communication strategy to corporate and business-unit strategy. This model outlines the environmental scanning role of corporate communication at the corporate level, identifying and analyzing strategic issues and stakeholders, and advising top management on how the different strategy options might influence relationships with key stakeholders. At the business level, the role of corporate communication is to "support the development of distinctive capability-based strategies, helping to build and enhance the organization's reputation and that of its products or services [2].

Corporate communication strategies thus focus on key stakeholder relationships and issues that may constrain or enhance an organization's ability to achieve its business goals and "should be viewed in the context of the corporate and business strategies from which they derive their essential purpose" [11]. The communication programmes that operationalise these strategies can be asymmetrical or symmetrical in nature [2].

Moss & Warnaby's major contribution is their conceptualization of corporate communication strategy as adaptive and/or interpretive strategy (rather than the narrow and outdated linear planning approach) as well as linking corporate communication strategy (as functional strategy) to the corporate and competitive levels of strategy formulation. However, they do not mention institutional/enterprise strategy as a 'higher' level of strategy where non-financial goals are achieved, or the obvious theoretical linkage of the corporate communication function to this strategy level [2].

As a functional strategy, the corporate communication strategy provides focus and direction for an organization's communication with stakeholders, building symbolic and behavioral relationships with its strategic stakeholders. It is the thinking, the logic behind the corporate communication function's actions i.e. determining what should be communicated rather than how it should be communicated. It is therefore not the same as communication plans but provides the framework for the communication plans necessary to carry out the strategy [2].

Based on the above concepts, it can be seen that in the corporate communication strategy, emphasis on what should be communicated to the stakeholders of the company with respect to issues relevant to the company.

### *B. Customer Value Creation*

According to Kotler and Keller, the buyer chooses the offerings he or she perceives to deliver the most value, the sum of the tangible and intangible benefits and costs to her [12]. American Marketing Association, value is the beliefs about the important life goals that consumers are trying to achieve.

Customer perceived value is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives. Customer perceived value is thus based on the difference between what the customers gets and what he or she gives different possible choices [13]. Creation of value for customers is a critical task for marketers, particularly when developing new products and services or starting new businesses [4].

The perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering because of the products, services, personnel and image involved [13].

Kotler dan Keller defines total customer cost as the perceived bundle of costs customer expects to incur in evaluating, obtaining, using and disposing of the given market offering, including monetary, time, energy and psychological cost [13].

### *C. Corporate Reputation*

The companies in the world today seeks to manage the corporate's reputation in the eyes of the stakeholders. The expected positive reputation in the eyes of stakeholders. Internal Stakeholder company whereas external stakeholders are customers, competitors, suppliers, and channels of distribution

Companies with good reputations attract good employees, who produce new and innovative products and serve customers well. Earnings grow, employees and customers stay happy, and the strong reputation continues. On the other hand, companies at the bottom of the reputation list with low reputation ratings have their own reasoning. Bad performance causes financial

problems. Both the Company and its employees and the customers lose, which makes the bad performance even worse.

The corporate's reputation is an overall estimate of how a company is run by people therein. A corporate reputation represents the total functional and emotional reactions of consumers, investors, employees, and the public, whether the good or bad reaction to proficiency level, weak or strong.

Church and Dwight, JP Morgan Bank and the silicon chip industry Intel concluded that the company's reputation is a combination of four personal judgment about the Company that involves.

#### *1) Reliability*

Description of customers' expectations to the company to the products offered. Because these products in accordance with customer demand and customers appreciate the service of the product compared to similar products provided by competitors, the reliability is the main principle of the company must be more respectable, credible to be steady with what is offered to the client, therefore, the good of company reputation should be developed by the company.

#### *2) Credibility*

Details of investor confidence or shareholders to the company to be stable with that endorsed and revealed to the media or public as an annual report.

#### *3) Trust worthiness*

Overview of the expectations of customers who want the confidence of information in an open, transparent honesty of the company so that customers feel valued as a human rights stakeholders as well as receive optimum service from the products and services the company will offer.

#### *4) Responsibility*

The realization of the response as a type of social attitude well-being to the neighborhood around the company cover domestic government, domestic organizations, the natural circumstances which goals to make advantages and welfare of the community as a community responsibility and consider for fulfillment of stakeholders expectation. These things are the important target of many identities and profile appear from stakeholder expectation of the action of the company or the manufacture.

### *D. Relationship Among Corporate Communication Strategy, Customer Value Creation And Creation Of Reputation*

We can divide value creation and delivery sequences into three phases: first, choosing the value represents the "homework" marketing must do before product exist. Second, providing the value and third: communicating the value [12].

Discuss the link between strategy and communications, concluding that a company can build competitive advantage not only by creating desired outcomes through the use of material resources but by managing communications to mold the interpretations and perceptions of constituents. Similarly, a company can create competitive advantage by socializing its constituents to its own culture and can use communication

strategy to form long-term relationships with the constituents who shape the organization's image and reputation [2].

Corporate communication strategy helping to build and enhance the organization's reputation and that of its products or services [2]. The task of any business is to deliver customer value at a profit [12].

In a hyper competitive economy with increasingly informed buyers faced with abundant choices, a company can win only by fine tuning the value delivery process and choosing, providing and communicating superior value [12].

#### *E. Frame of Thinking*

Len Industri as one of the state-owned companies in the country is planning to conduct a first community contribution. The necessary way is supposed to assist the growing commerce in future.

Management implementing the corporate communication strategy to deliver a variety of things about the company. Corporate communication strategy is developed within the context of the organization's vision, mission, corporate culture, policies and strategies (the internal environment), but focuses on an assessment of the external environment [2].

Communications strategy company run by management includes three-dimensional marketing communication, organizational communication and communication management.

Value creation is another variable that concerns the management. Management recognizes that in accordance with the characteristics of the products marketed to consumers, the success of keyword value to the company in the market. Consumers are looking for companies that can provide the highest value to them.

References [14]: increasing the customer benefit/reducing customer sacrifice will give stimulates repurchasing activity to build relation, credibility, trust, and loyalty.

Increased consumer benefits and trade offs will be a reduction in driving consumers to repurchase activity and can build relationships with consumers, the company's credibility, customer confidence and ultimately improve the company's reputation. Customer value creation is expected to positively minds of stakeholders.

To execute the strategic plan, management certainly faced with a challenge of how to manage a company's reputation. This relates to how a positive view of the company to the company's stakeholders.

Three specific strategic benefits and goals of strong corporate reputation, first, preference in doing business with a company when products/services are similar, second, support for a company in the time of controversy, and company value in the financial marketplace [15].

Reputation plays an important role in value later on in the stock market. The purpose for raising funds from the capital

market is determined by the good reputation of the company in the eyes of the stakeholders. Reputation will be seen from four aspects, namely reliability, credibility, trust worthiness and responsibility. The advancement of science and technology brought rapid changes in all fields of activities of organizations and companies. This advancement is determined by the development of human resources management. Human resources must be managed in order to realize the balance between employees' needs and demands of the organization.

References [16] said that human resource management is the development and utilization of personnel for effective achievement of individual, organizational, community, national, and international goals and objectives. Human resources management perform the functions of planning, organizing, implementation and control in the areas of production, marketing, finance and personnel. Because of the strategic role of human resources for the successful in the organization, then the existence of human resources in the organization can provide a competitive advantage.

### III. RESEARCH METHOD

Unit analysis of this research is customers of Len Industri Group. Independent variable is corporate communication strategy and customer value creation and dependent variabel is creation of reputation.

This is a descriptive study to despite the response to corporate communication strategy, client value creation, and the establishment of corporate reputation. This study is also to verify the connection amid corporate communication strategy, customer value and the establishment of corporate reputation.

According to Kerlinger, survey method is research conducted on large and small population, but the data are studied data from samples taken from the population so that the relative occurrences are found, the distribution and the relationships between sociological and psychological variables [17]. Then, use the hypothesis testing or explanatory research to see causal relationships between variables in this study.

This research uses primary data and secondary data. Stratified sampling is count data to be collected. The number of samples of Len Industri Group clients consists of 23 private companies and government institution. Each institution is taken 5 people as observation persons.

The objectives of this research are to know and to analyze the corporate communication strategy, the customer value creation, the creation of corporate reputation, and the influence of the corporate communication strategy and the customer value creation toward the creation of corporate reputation simultaneously and partially.

#### IV. RESULT AND DISCUSSION

The results of research data analysis are related to the relationship between the variables as shown in the following figure.

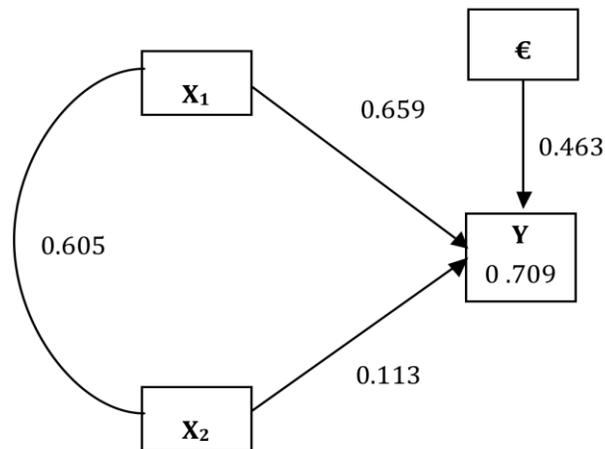


Fig. 1. Path Analysis the corporate communication strategy and the customer value creation towards the creation of corporate reputation  
 Source: Data Analysis

- X1 : Corporate communication strategy
- X2 : Customer value creation
- Y : Corporate reputation

##### A. The Influence of Corporate communication strategy and customer value creation Toward creation of reputation simultaneously

The value of influence of corporate communication strategy and customer value creation toward the creation of corporate reputation is 0.54 or 54% and the remaining 46% are influenced by various factors not studied. Therefore, corporate communication strategy and value creation influence creation of corporate reputation 54% simultaneously.

##### B. The Influence of Corporate communication strategy and customer value creation Toward creation of reputation partially

Direct influence corporate communication strategy toward the creation of corporate reputation is 43.4% whereas indirect influence 3.82%. Total influence is 47.2%. Direct influence customer value creation on the creation of reputation value by 1.27% and indirect influence 3.82%. Total influence 5.1%. It is not significant to the creation of reputation.

The corporate communication strategy has a correlation with the creation of customer value. The correlation between the

corporate communication strategy with the customer value creation is equal to 0.605.

This suggests that there is a connection amid corporate communication strategy with the client value creation and in line with Kotler and Keller statement that the communication is part rather than value creation and delivery sequence [12].

Management Len Industri Group executes corporate communication strategy to support the creation of value for customers. Management executes marketing communication, organizational communication, and management communication. All these forms of communication relevance with the company's strategy to deliver superior value to the consumer.

Management provides the catalog that describes types of product, pricing and distribution of products with the aim to promote the product well. Consumers of Len Industri Group is government agencies and private companies, resulting in marketing communications, management seeks to provide an overview of the product in depth.

Management also communicates the organization with the vision, mission and corporate culture to stakeholders. This can be seen in the profile of the company, either printed or on the website.

Corporate communication strategy and customer value creation influence creation of reputation simultaneously with 54%. And for the rest of 46% is influenced by factors not examined in this study.

Corporate reputation has been positive in the mind of the respondent. The term "corporate reputation" refers to how positively, or negatively, a company or similar institution is perceived by its key stakeholders such as employees, customers, members of the media, investors, suppliers and financial analysts [1].

Partially, corporate communication strategy influence creation of corporate reputation. Benita Steyn said that corporate communication strategy helping to build and enhance the organization's reputation and that of its products or services [2]. The value is 47,2%.

Corporate communication as a management function identifying and managing issues and stakeholders/public; building mutually beneficial relationships through communication with those on whom the organization depends on meeting its goals; and assisting the organization to adapt to its environment by achieving a balance between commercial imperatives and socially acceptable behavior [2].

Management of corporate communication with stakeholders on a regular basis via the web and other media. Management always identifies and manage issues related to the company and stakeholders. In addition, management also builds mutually beneficial relationships through communication with any party that makes the company dependent on them in achieving goals,

and help the company in the company's balance between environmental conditions.

As for the messages conveyed in the communication companies are always linked to how the achievement of the company's strategy for the vision, mission and objectives can be achieved.

The management executes corporate communication strategy through marketing communications, organizational communication, and management communication. Van Riel, three forms of corporate communication can be retained: (1) marketing communication; (2) organizational communication; and (3) management communication [6].

However, not so with the customer value creation. Variable customer value creation does not influence the creation of corporate reputation significantly 5.1%.

It is related to consumer demands that the value of the products Len Industri Group has to be better than those offered by competitors. The products offered to consumers do have better value than competitors' products. Product specifications are very accurate and more importantly is how the consumers can buy at a price that is more competitive than the price offered by a competitor.

Customer value creation has been considered by consumers as something that must be accepted and become a critical task for any company in serving consumers, including Len Industri Group. Customer value creation is a critical task for marketers, particularly when developing new products and services or starting new businesses [4].

The above description illustrates that the expected management of Len Industri Group is able to create the highest value to customers, especially in comparison with the competitors of this company.

Seeing the character of the products produced by Len Industri Group it can be concluded that the value it has become something that must be given by the company.

Kotler dan Keller, the buyer chooses the offerings he or she perceives to deliver the most value, the sum of the tangible and intangible benefits and costs to her [12].

Clear comparison between the offers given by foreign companies creates similar products with Len Industri Group. Therefore, customer value creation has been regarded as something that must be accepted by the consumer in accordance with the contract.

It is related to market conditions. In a hyper competitive economy with increasingly informed buyers faced with abundant choices, a company can win only by fine tuning the value delivery process and choose, providing and communicating superior value [12]. The competitors also offer the same so that the value creation into something that is already

mandatory for consumers in the formation of the company's reputation.

Therefore, the value offered by the management of Len Industri Group is something that should have been received so as not to significantly affect the company's reputation.

The corporate communication strategy has greater influence customer value creation toward the creation of reputation because the advantage is not a technology product but how high tech communicates with consumers. Consumers prefer to know why companies create these products.

## V. CONCLUSION

Based on the analysis and discussion that has been done, then, the conclusion of this study is:

- A. *The corporate communication strategy is responded know enough the vision, mission and IPO plan. In addition, they know the distribution, corporate culture, corporate strategy and policy as well as the scarcity of energy. Promotional activity is responded interested. Other responses are respondents know the product and the price of each product.*
- B. *The customer value creation is benefits of the products and product image to customer is good, then employees are considered friendly and the service is good. Price responded reasonable, fast to get the product as well as the energetic costs and psychology are considered low.*
- C. *The creation of corporate reputation is respondents agree that employees of Len Industri Group has management skills in serving and delivering honest product price. In addition, respondents strongly agree that the products they receive in accordance with the offer, the management has the ability to manage the company, the company has a moral responsibility for products sold, care for the natural environment and the community, honest in delivering products and prices, business conditions and promotion, the Company has the right technology and product master well.*

The corporate communication strategy and customer value creation influence creation of reputation Len Industri Group is 53.7% simultaneously. The influence of corporate communication strategy to the creation of reputation is at 47.2% partially whereas customer value creation does not significantly influence the creation of reputation is 5.1%.

## VI. RECOMMENDATION

Based on the conclusions, suggestion given to companies and academics are:

- A. *Management communicates the vision and mission of the company to the stakeholders. The vision provides a picture of the dream that will be achieved by of Len Industri Group. Likewise, the mission that describes the reason companies*

- B. *run their business. Forms of communication to stakeholders is to clarify the vision and mission of the company profile given to them.*
- C. *Management communicates Initial Public Offering plan that will be implemented by the company. The IPO plan is a strategic plan and prospective shareholders relating to the company.*
- D. *Management needs to explain to consumers about other costs as well as monetary cost. Their response was that the price is cheap enough yet to show the competitiveness of a product compared with competitors' products. Therefore, management is expected to explain the price and its relationship with other benefits as well as cost.*
- E. *For other researchers, to conduct research on how the customer value creation of reputation of Len Industri Group. It is important to see how relevant customer value creation itself.*

#### REFERENCES

- [1] L. Gaines-Ross, "Get social: a mandate for new CEOs," MIT Sloan Manag. Rev., vol. 54, no. 3, pp. 1–5, 2013.
- [2] S. Benita, "From strategy to corporate communication strategy: A conceptualization." University of Pretoria: South Africa, 2009..
- [3] B. Steyn, "CEO expectations in terms of PR roles," Commun. J. Commun. Sci. South. Africa, vol. 19, no. 1, pp. 20–43, 2000.
- [4] J. B. Smith and M. Colgate, "Customer value creation: a practical framework," J. Mark. Theory Pract., vol. 15, no. 1, pp. 7–23, 2007.
- [5] A. Dortok, "A managerial look at the interaction between internal communication and corporate reputation," Corp. Reput. Rev., vol. 8, no. 4, pp. 322–338, 2006.
- [6] J. Goczol and C. Scoubeau, "Corporate communication and strategy in the field of projects," Corp. Commun. An Int. J., vol. 8, no. 1, pp. 60–66, 2003.
- [7] M. B. Goodman, "Corporate communication practice and pedagogy at the dawn of the new millennium," Corp. Commun. An Int. J., vol. 11, no. 3, pp. 196–213, 2006.
- [8] B. Steyn, "A conceptualisation and empirical verification of the 'strategist', (redefined) 'manager' and 'technician' roles of public relations," in 10th International PR Research Symposium, Lake Bled, 2003, pp. 4–6.
- [9] A. A. van Ruler, "Communication: Magical mystery or scientific concept? Professional views of PR practitioners in the Netherlands," 1997.
- [10] J. E. Grunig and L. A. Grunig, "Models of public relations and communication," Excell. public relations Commun. Manag., vol. 1992, pp. 285–325, 1992.
- [11] D. Moss and G. Warnaby, "The role of public relations in organizations," Public Relations; Princ. Pract. Ed. by Kitchen, PJ Thomson Learn., 2015.
- [12] L. K. Keller and P. Kotler, "Marketing management." 2012.
- [13] P. Kotler and K. L. Keller, "Marketing management. 1. vyd. Praha: Grada, 2007, 788 s," 2013.
- [14] A. Raval and C. Grönroos, "The value concept and relationship marketing," Eur. J. Mark., 2015
- [15] S. A. Greyser, "Advancing and enhancing corporate reputation," Corp. Commun. An Int. J., 2017
- [16] I. P. Hartatik, "Buku Praktis Mengembangkan SDM," Yogyakarta: Laksana, 2014.
- [17] Sugiyono, Metode Penelitian Bisnis, CV Alfabeta, Bandung, Indonesia, 2010.

