

Implementation of GCG In Making Reputation And CRM, Toward Customer Loyalty

(Case Study At Socials Assurance Labour Company Limited Branch East Priangan)

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Abstract—this research is based on the problem ineffective implementation of law enforcement in the implementation of assurance program, the newspaper and electronic reporting on the management of participant funds stored in Socials Assurance Labour and conflicts in the board of directors brings unfavorable effects to the image of Socials Assurance Labour, the lack of good relationship between the managers of the Socials Assurance Labour with the participating companies and number of complaints both from employers and from workers who do not feel the benefits during the Social Security participants. The research method used in this study was survey method. The data collected by questionnaires distributed to 100 companies. Schedule whereas the data analysis used path analysis. The research concluded that Good Corporate Governance, Reputation, and Customer Relationship Marketing (CRM) was significant influenced on customer loyalty partially. Simultaneously Good Corporate Governance, Reputation, and Customer Relationship Marketing

(CRM) have significant influenced on customer loyalty. So the hypothesis was verified.

Keywords - Good Corporate Governance, Reputation, Customer Relationship, Marketing (CRM), Customer Loyalty

I. INTRODUCTION

Socials Assurance Labor, which is one of the social security providers appointed by the government, has main task function to provide protection for the workforce, against the risks that may occur during the workforce is still active work in the company, that is, if it happens work accident, death, sickness treatment and protection in old age. The rise of private insurance gives companies a wider choice, here reputation plays an important role. In the service industry, the reputation of the company depends on how the service provider satisfies the consumer's needs. Good corporate reputation can increase the customer's confidence to buy products or use the services of a company, so reputation can be a

strategic factor to generate more profit for the company [1].

The lack of companies that participate in Social Assurance Labour is a challenge for the Social Assurance Labour people in order to gain the trust of employers and workers. Social Assurance Labour must be able to ensure that the Social Assurance Labour program is useful, not just an obligation for the company. So people do not need to be forced again to join Social Security. Therefore, in order not to lose in business competition, Social Assurance Labour immediately make improvements in services such as by increasing the value of the company (reputation), improve corporate governance and customer relations. Company behavior depends on how managers manage the company (corporate governance). Good Corporate Governance (GCG) is a set of rules governing relationships between shareholders, managers, creditors, government, employees and other stakeholders to balance their rights and obligations. GCG aims to set the company to create added value for all its stakeholders.

The company should pay attention to it because in its operation the company does not live alone, but with the environment. Therefore, the company must maintain its environment for reciprocity, both companies and society no one is harmed. There are 4 (four) main components needed in the concept of GCG, namely transparency, accountability, responsibility, and fairness. These four components are important because the application of the principle of good corporate governance has been consistently proven to improve the quality of service [2]. In addition, the principle of responsibility in the implementation of GCG can also encourage companies to maintain a mutually beneficial relationship between customers and companies that will shape public opinion and become the company's reputation. The company's reputation reflects the customer's valuation of the company, whether it is their own assessment of the company as a whole or derived from comparing with a competitor. Company's reputation is the perception of the characteristics, corporate behavior, and performance hence can be constructed factors forming company reputation sourced from the perception. The impact of negative news is not directly visible on market share or the company's ability to develop new products in the short term, but it will damage the company's image and reputation [3].

News coverage on both funds management and chaotic about management that impact on the dismissal of the president director and the change in the board of directors of Social Security affects the public image of Social Assurance Labour. In addition, there are still complaints of participants (employers and workers) to the services both in the office of Social Security and the Center for Health Services has injured the reputation of Social Security in the eyes of participants.

Marketing is one of the major activities that a company must undertake to maintain its survival, yet in modern marketing today the marketing paradigm has shifted, where marketing objectives not only create a

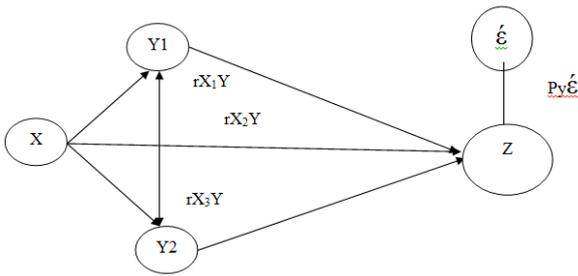
transaction to achieve marketing success, but the company must customers in a long time. The paradigm is called customer relationship marketing (CRM). The rationale in this marketing practice is, fostering closer relationships by creating two-way communication by managing a mutually beneficial relationship between customers and companies [4]. Information received from the Planning and Development Division of Social Assurance Labour, showing the number of labor participants per year does not reflect an increasing number of active participants. This can be seen from the number of active participants from year to year that fluctuate and tend to decrease in the last 6 (six) years. Companies that participated in Social Security as much as 1201 while not active as much as 493. The trend of decreasing the number of active participants in recent years is caused by several things, including:

1. Ineffective implementation of law enforcement in the implementation of assurance program.
2. The newspaper and electronic reporting on the management of participant funds stored in Social Assurance Labour and conflicts in the board of directors brings unfavorable effects to the image of Social Assurance Labour.
3. The lack of good relationship between the managers of the Social Assurance Labour with the participating companies.
4. Number of complaints both from employers and from workers who do not feel the benefits during the Social Security participants.

II. METHODS

This study uses a quantitative approach. When viewed from how the variables studied will explain the existing phenomena and relationships among variables, then this study includes descriptive correlational. The population in this study was all companies that participated in Social Assurance Labour in East Priangan Branch which amounted to 1201 active participants. This research homogenous population (participant BPJS Labor), then this research is sample research. The sampling method used is simple random sampling that is the way of sampling from the population member by using random way without considering strata (level) in the member of the population and obtained 100 companies.

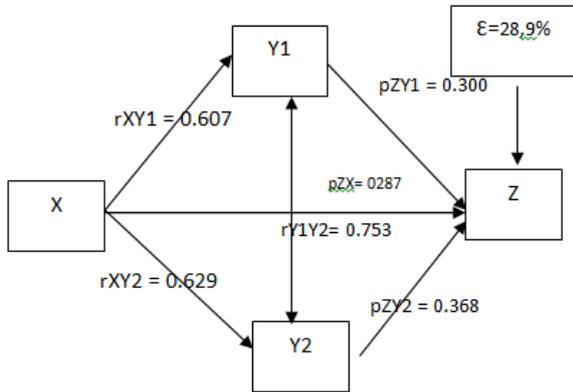
The analysis used in this study is econometric model, while the method used is the least squares method (Ordinary Least Square) and path analysis (Path Analysis) which aims to know how the influence of independent variables (X, Y1, Y2) to the dependent variable (Z) either directly or indirectly which can be described as follows:



The structure of the relationship above shows that (X), (Y1), and (Y2) affect (Z). In addition there are other factors that influence the relationship is the residual variable and denoted by ϵ but in this study the variable is not considered. The structure of the relationship is tested through path analysis.

III. RESULT

The results of data processing can know the influence of GCG on reputation and CRM and its impact on customer loyalty can be seen in the picture below:



To know the direct and indirect effects can be seen in the table below: Direct and Indirect Influence Table X, Y1, Y2 Against Z

DESCRIPTION	Value
Influence X	
Influence Direct X to Z	0.082
Influence through Y1	0.105
Influence through Y2	0.133
Total Influence X to Z	0.320
Influence Y1	
Influence direct Y ₁ To Z	0.090
Influence through Y ₂ =	0.083
Influence total Y1 to Z	0.173
Influence Y2	
Influence direct Y ₂ To Z	0.135
Influence through Y ₁	0.084
Influence Y2 to Z	0.219
Influence X, Y1, Y2 to Z	0.711
Epsilon	0.289

Based on the data in the picture above is known that the effect of X on Y1 and Y2 and its impact on Z of 0.711 or 71.1%. The result of hypothesis test shows that $F_{count} > F_{table}$ is $78,583 > 2,69$ so it can be concluded

there is a significant influence of good corporate governance towards reputation and CRM which impact to customer loyalty with $p\text{-value } 0.000 < \alpha 0,05$.

The results of this study strengthen previous research that is [6] that some things that can cause corporate governance have an effect on company value that is: 1) high awareness of company to apply GCG as a requirement, not merely compliance to existing regulation, 2) the management of the company is interested in the long-term benefits of GCG implementation, 3) increased share ownership by management and institutional investors causing pressure on the company to implement greater GCG, 4) the existence of the board of commissioners and audit committees within the company can monitor the company in implementing GCG, 5) cultural elements that develop in the national business environment greatly support the development of GCG implementation.

Various studies have mentioned that to gain competitive advantage that appears to be of good reputation, depends on how the company manages its management [5]. The principles of corporate governance are transparency, which includes honesty is an important element of reputation. Shows that GCG has a positive effect on Corporate Value with Size and Leverage control variables on companies listed in IDX 2007-2010 period. They established a governance index as a measure of CG quality. While the size for the market value of the company is to use two variables namely Tobin's Q and PBV. The findings show that there is a positive and significant effect of CG quality on the market value of the company.

Reputation is a tool that can be used to support the success of corporate strategy. Strategy should consider all resources owned by the company as a package, especially where a competing company does not own and cannot produce it. By knowing the factors that affect the company's reputation then the company is expected to create a strategy with respect to maintaining reputation and improve the image of Socials Assurance Labour as a whole.

The results of this study linked the previous research phases of Puente [7] that the company's reputation (X1) and trust (X2) had a positive and partial positive effect on customer loyalty of post-cybercrime clients (study of BCA Purworejo customers), and trust (X2) is the dominant variable affecting customer loyalty of ATM user after cybercrime event.

Customer Relationship Management (CRM) comes from concp relationship marketing (Relationship Marketing) is a concept where the company establishes relationships with Stakeholder Company. Customer Relationship Management concept (CRM) the company only emphasizes the customer because in this case the customer is regarded as the spearhead of a business. Along with the current business development, the role of consumers is constantly changing, where consumers are increasingly engaged in effective and explicit communication with the company as a producer of products or services. More importantly, today the

communication is no longer controlled by the company. The individual consumer may know the company he or she is facing with their own knowledge or from other consumer knowledge of the enterprise.

Loyal customers are one of the company's ultimate goals, because customer loyalty can ensure long-term sustainability of the company. Basically customer loyalty is defined as a person's loyalty to something. According to Oliver [8] customer loyalty is a commitment to persist in depth to re-purchase or re-subscribe selected products or services consistently in the future, even though the influence of the marketing situation and efforts has the potential to cause behavioral change. Oliver's definition can be said that loyal customers have a relatively permanent fanaticism in the long run against a product / service or a company that has become the choice.

The results of this research reinforce previous research that is Munadar [9] that Customer Relationship Management implemented by the company through Continuity Marketing, One to One Marketing, and Partnering Program included in the category is quite good. The loyalty of the company's business customers is included in the client category, is repeat customers who have loyal attitude towards the company and support the company passively 86%. Customer Relationship Management positively and significantly influence to Loyalty Customer business, with big influence of 0.4822, so based on data from research result in know that 23.25% change happened at customer loyalty company directly caused by change at implementation of Customer Relationship Management.

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

There is a positive influence of good corporate governance on reputation. There is significant influence of good corporate governance towards CRM. Partially there is a significant influence of reputation and CRM on customer loyalty. Simultaneously there is a significant influence of reputation and CRM on customer loyalty. There is significant influence of good corporate governance on reputation and CRM as well as having a positive impact on customer loyalty.

Recommendations

1. Corporate governance needs improvement in improving the knowledge and ability of the work to be more competent and transparent.
2. Social Assurance Labour needs to improve the professionalism of its employees by frequently conducting education and training. The management of reputation is a shared responsibility, not enough to be charged only to the public relations department or even to the head of the company.
3. The services available at this time have not been able to reach all participants, therefore it is necessary to schedule ongoing socialization of the participants in several marketing coverage areas, and need to be

followed up with appropriate services to the needs of the participants, such as the distribution of environmental development programs to participants who are in disadvantaged areas or implementation of continuous membership orientation week.

4. Social Assurance Labour needs to build the quality of human resources by means of continuous education and training, and small-scale workshops such as seminars or training.

It needs a communication forum that discusses the needs of participants who have been evaluated before and the problems that exist, so that will be born a work program that will be followed up by each employee to meet the needs of participants

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