Public Relations' Awareness of Corporate Reputation in Service Companies

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ABSTRACT

Reputation is one of the most important elements for service companies. There are two objectives of this study (1) to explore awareness of corporate reputation in 4-star and 5-star hotels; (2) to examine corporate efforts to gain corporate reputation in 4-star to 5-star hotels. The hotels studied are Grand Aston Yogyakarta (5-star hotel) and Swiss-Belinn Makassar Hotel (4-star hotel). The research uses a descriptive qualitative method; data was collected using semi-structured interviews and virtual observation. Results showed that both hotels are aware of corporate reputation in the service industry, and have implemented Grunig's two-way asymmetrical model. However, both hotels do not have a particular strategy and seem to be overwhelmed with the information in social media. Each hotel needs to implement social media policy and strategy to gain insight into stakeholders' feedbacks and current trends.

Keywords: Corporate Reputation, service companies, reputation awareness

INTRODUCTION

One of the main task of public relations practitioners is managing corporate reputation. Reputation is the most important element of a company, especially service companies. Without positive reputation, companies will find it difficult to be trusted by stakeholders.

Fombrun (1996) defined reputation as a perceptual representation of a company's past actions and prospects and describes the firm's overall appeal of its principal constituents when compared with other leading rivals. By definition,

corporate reputation is the summary of how stakeholders perceive performances of a company. This definition proposes that a reputation is the synthesis of stakeholders' perceptions, and it creates a persona that can be formulated, implemented and managed (Neville, Bell, & Mengüç, 2005; Taghian, D'Souza, & Polonsky, 2015).

For service-based companies, high-quality service can provide an organisation with a competitive edge. A reputation for excellent service generates satisfied and loyal customers and favourable word of mouth advertising (Evans & Lindsay, 2013). Kandampully and Hu (2007) stated that there are two main components related to corporate image; the first is functional components such as the physical characteristics that can be measured and evaluated quickly. The second is emotional elements such as feelings, attitudes, and beliefs ones have towards the organisation. These sensitive components are the result of customer accumulative experiences.

Bennet and Kottasz (2000) set forth the historical dimension as a key forming characteristic that distinguishes the two. Corporate image was created in a shorter time compared to corporate reputation, hence the latter should be well thought. Jackson (2004) asserted that the main target of corporate image and corporate reputation is different. Corporate image targets consumers, while corporate reputation targets all stakeholders in organisations, like consumers, employees, investors, business partners, communities, and so forth. Furthermore, corporate reputation has been referred as a collective judgment of a corporation over time (Barnett, Jermier, & Lafferty, 2006). It requires deep thinking, and it is the result of the work of the organisation.

Reputation is a collection of images that often become intangible assets for the company. Although reputation is an intangible concept good reputation brings great profits to an enterprise. On the other hand, it will show how a company focuses on its business performance. Business performance can also be assessed based on industry norms, the historical firm's performance or established objectives and expectations (Herremans & Ryans, 1995; Homburg, Krohmer, & Workman, 1999; Thagian et al., 2015).

Based on the above description, it can be concluded that companies need efforts to maintain or increase corporate reputation. They also need to have higher awareness of the relationship between corporate image and corporate reputation. These efforts and awareness would be well-translated and focused on the target group concerned. This study will discuss awareness of corporate reputation in Grand Aston Yogyakarta, a 5-star hotel and Swiss-Belinn Hotel Makassar, a 4-star hotel.

The objectives of this study are: 1) To explore awareness of corporate reputation in 4-star to 5-star hotels; 2) To examine corporate efforts to gain corporate reputation in 4-star to 5-star hotels.

LITERATURE REVIEW

Public Relations and Reputation

Morissan (2010) gave a definition of public relations used by The British Institute of Public Relations, as an effort to build and maintain an understanding between an organisation and its publics. Morissan also stated that the scope of public relations included publicity, marketing, public affairs, issue management, lobbying, and investor relations. Using this definition, Grunig developed four types of the public relations model (Grunig, Grunig, Sriramesh, Huang, & Lyra, 1995), namely: (1) Press Agentry. The name derived from a press agent in the 19th century who worked to make headlines to persuade public opinion. Credibility and accuracy was not a priority in this model; there was a one-way communication from the press agents to the public; (2) Public Information, this model still relies on one-way communication, but message accuracy is the main factor to gain trust. This model ignores audience's profiles in the organisation message strategy; (3) Two-way asymmetrical. Audiences' feedback is becoming the main concern for an organisation. Although feedback was not used to enhance performance, it is mainly used to persuade public's behavior. The goals of this model are to create audience's psychological profile so that messages could be set up to gain reactions; (4) Two-way symmetrical is the ideal and ethical model. The goal of this model is to build dialogue between the organisation and their publics. Feedback was sought to enhance the organisation's performances. The models of public relations from Grunig are still relevant in today's digital era. Grunig (2009) stated that modern public relations practitioners were still using the 'old way' for the new media.

Managing Reputation and Performance

Sometimes corporate reputation is not well established with stakeholders, and it can develop into issues within an organisation. Companies need to know how to handle problems in organisations wisely to gain a positive corporate reputation. One of the strategic roles of public relations is how to manage the issue into something that can benefit the company. Prayudi (2007) defined issues as a discrepancy between public expectation and organisational practice. Issues can include problems, changes, events, situations, policies or values. Issues can be either positive or negative and if it is not managed properly will lead to conflict. Moreover, a prolonged conflict will ultimately become a communication crisis resulting in chaos. Conflict is occurred when there are parties that are pro and contra of a problem. The conflict becomes uncontrollable if there are parties that feel aggrieved by the existence of the conflict. On the contrary, well-managed issues will certainly have a positive impact of the company.

The understanding of issue management and knowing how to manage reputation will bring businesses to performance excellence. Issue management defined as an integrated approach to organisational performance management that results in

(1) delivery of ever-improving value to customers and stakeholders, contributing to be organisational sustainability (2) improvement of overall organisational effectiveness and capabilities (3) organisational and personal learning (Evans & Lindsay, 2013).

Hatch and Schultz (1997) argued for a link between reputation and performance; organisations need to align the internal and external views of corporate reputation. The arguments for alignment go beyond the cost-benefit of communicating similar messages to internal and external stakeholders, to the idea that how external stakeholders see the firm is linked to the views held internally, and that gaps between the two are potentially damaging to an organisation. A crisis can be caused by the internal values within an organisation differing substantially from the public's expectations. These differences can lead to conflicts resulting in demonstrations or negative publicity.

Prayudi (2007) sees that issue management is a management process where the main objective is to help maintain markets, reduce the risk, create opportunities, and manage the organisational image. It is done by anticipating, researching, and prioritizing issues. Besides, the organisation must also be able to see the impact on the issue. The result from this study is four approaches that can be used in analysing management issues, namely system approach, strategic reduction of uncertainty approach, rhetorical approach, and a new approach developed by Taylor, Vasquez and Doorley (2003), engagement

approach. Prayudi emphasizes Public Relations need to explore management issues as additional expertise, as well as to be a plus for public relations practitioners. Yang and Grunig (2005) on reputation measurement systems in five Korean-based organisations suggested that relationship outcomes between an organisation and public lead to favourable representations of an organisation and positive evaluations of the organisational performance. The result reinforces the importance of corporate reputation.

Davies, Chun and Kamins (2010) stated that managing reputation by elevating employee perceptions Repeated Stem of a company's reputation above those perceived Repeated Stem by customers holds the potential to enhance future sales. Their study was conducted in nine service organisations in 2005. It can be concluded that alignment between internal and external perceptions of reputations is important, and a source of competitive advantage (Hatch & Schultz, 1997). Another study stated that conflict handling was one dimension that has a positive influence on customer loyalty (Hidayat, Zalzalah, & Ekasasi, 2016). Moreover, by focusing on employees and internal culture, organisations can achieve higher performance standards (Caesar, 2016).

MATERIALS AND METHODS

This research used a descriptive qualitative method. The qualitative method explores the way people interpret their social worlds and how they express these understandings

(Daymon & Holloway, 2002). It means the reality where people live is built up over time through communication. The qualitative research is a set of interpretive material practices that make the world visible. These practices transform the world into a series of representation, field notes, interviews, conversations, photographs, recordings, and memos to self. They study things in their natural settings, attempting to make sense of or interpret phenomena regarding the meanings people bring to them (Denzin & Lincoln, 2011).

The qualitative method was used to explore on how aware service companies about corporate reputation for performance excellence and examine corporate efforts to gain corporate reputation in service-based companies. Data were collected using semi-structured interviews and virtual observation through company's website, social media, and other online resources. Initial interview questions on how PR determined their stakeholders, what tools they used to communicate to their stakeholders, who were their target audiences, how to identify messages for external publics, were fielded. Moreover, interview questions related to handling issue, including how PR monitors issue in various media, how PR uses social media to communicate to audiences, and how they measure feedbacks. From these initial interview questions, this research developed findings.

Interview data were transcribed and coded based on respondent's answers and a data interpretation draft were prepared to validate the findings. After

that, respondents were asked to re-read our written interpretation for confirmation.

RESULTS AND DISCUSSIONS

Swiss-Belinn Panakkukang Makassar is an international hotel located in Makassar, Indonesia, with the quality standards of Swiss-Belhotel International. Grand Aston Yogyakarta is a 5-star hotel located in one of the main roads in Yogyakarta, Indonesia. Both Swiss-Belinn Makassar, Grand Aston Yogyakarta are managed by Archipelago International (formerly known as Aston International).

This study is conducted by interviewing Senior Manager Public Relations in Grand Aston, Yogyakarta and Sales & Marketing Manager Swiss-Belinn Makassar. For Swiss-Belinn Makassar, public relations is responsible for taking care of promotion, overseeing feedback from clients, planning and implementing a marketing plan for the hotel. Messages issued by public relations to internal and external publics are always discussed internally. For creating a message to the external public, the target audience profile becomes the primary consideration for achieving the right target. Public relations at Swiss-Belinn Hotel are under the Sales & Marketing Division and are also in charge of monitoring the conversations in digital media, such as social media. If there were negative comments about hotel services, both in print and social media, it would be taken seriously as it relates to external perception regarding the hotel's reputation. When an issue begins to develop, such as negative comments on social media that

are not yet addressed, the public relations of Swiss-Belinn Makassar Hotel must reach directly to the audience through various means and media. From the interview, public relations in Swiss-Belinn Makassar Hotel knows the importance of feedback for corporate reputation. The process of collecting feedback should be done directly, either through the guest comments cards or social media. Overall, feedback from visitors for Swiss-Belinn Makassar Hotel has been positive. For Grand Aston Yogyakarta, stakeholders are external stakeholders, including partners, media, individual and corporate guests, and the public at large. Grand Aston Yogyakarta determined these stakeholders through a series of surveys and observations. Anyone who needs intensive communication from the hotel can be categorized as key stakeholders. PR uses various media, including digital media, radio, newspapers, and TV, to communicate with these stakeholders. The target audience of each media also varies, thus radio is used for discussions with specific communities, and newspapers for advertising and TV for review and socialization of hotel programs.

PR in Grand Aston Yogyakarta can be defined into two types, (1) PR who is managed by head office in Jakarta and (2) PR in each property. Each unit within the hotel also performs PR functions primarily for image formation and enhancement through hospitality and excellent service programs. PR in Aston head office deals more with corporate communication, whereas PR in property helps more with hotel activities related to marketing, such

as communicating products to consumers, partners, and media. Before each message was published, it should be approved by Unit Manager and General Manager. The existence of the two-stage approval is to ensure the outgoing messages have been under Aston's image and purpose.

Awareness of Corporate Reputation for Performance Excellence

To explore how service-based companies perceive corporate reputation, we will first see how they interpret their stakeholders. Freeman and McVea (2001) state that managers need to consider the values, sentiments, and expectations of their stakeholders. Both hotels defined stakeholders as those who have a significant influence on business continuity. However, when asked who the stakeholders are, there is a difference in perspective that Swiss-Belinn Hotel Makassar sees stakeholders as an internal public, such as the board of directors. In another hand, Grand Aston Yogyakarta defines stakeholders as external partners, such as radio and television, print media, guests, corporations, communities, Aston's chain and society in general.

Nevertheless, they both agree that public relations must know how to map issues and manage issues appropriately. Reputation in serviced companies is considered as very important. All parties within the company are responsible for the enterprise's reputation, especially public relations division.

Based on the research, both companies are aware on how to get the best corporate

reputation. They realize to give excellent performance they need to evaluate results and secure feedback from stakeholders. In this feedback scanning, online and offline issues were not seen as separate entities. This is in line with Lim's opinion that in the urban community there is no difference between the online and offline world (Lim, 2015).

In Yogyakarta, for example, the hotel industry faces an excess of room supply caused by a great number of new hotel establishments. This condition leads to unhealthy competitions among existing hotels. Therefore, a moratorium of hotel establishment license needs to be implemented to maintain sustainability of business. PR in Grand Aston Yogyakarta must take part and manage the issue, since the moratorium would be beneficial to the hotel. Thus, PR in Grand Aston Yogyakarta conducted through research about the issue, from social conditions to corporate recommendations. This issue is discussed and routinely reported to management as well as to headquarters. In short, PR should first classify the issue, whether it was urgent, or whether should be addressed. Not every issue is worth for significant attention from public relations.

Information on the hospitality business, social life, and travel category are part of the Grand Aston Yogyakarta PR environmental scanning. If an issue is important and needs to be addressed, it is common for PR to seek third party involvement to resolve it.

According to Grunig (2009), public relations practitioners still use new media in the old way that is simply to provide information to the public rather than using it as a strategy to interact.

Both hotels have started using new media to build storytelling and improve engagement in online conversations. They agree that the use of digital media is significant when information needs to be released to the public within 1x24 hours after an incident. Based on the interview at Swiss-Belinn Hotel Makassar, social media it appears social media can form at least 60% of the hotel's external image. Grand Aston Hotel views social media as a "miracle." It helps a business grow faster than before. Companies find it easier to read trends and customer's behaviour.

Both hotels have also implemented the two-way asymmetrical model of Grunig. This model reads audience feedback for more efficient message-writing. Both Grand Aston Yogyakarta and Swiss-Belinn Panakkukang Makassar are aware of the importance of feedback, but feedback collection is only done to read trends in the community and to detect issues. In dealing with problems and managing image, this model is effective but needs to be studied its long-term effectiveness. PR can interact better with the audience with an effective message.

Corporate Efforts to Gain Corporate Reputation

In general, PR oversees social media monitoring, which includes listening to conversations and resolving questions or problems that arise in social media.

Therefore, PR in both hotels mostly uses a strategy of telling, listening, and responding for their social media management strategy. However, this strategy is not without a challenge. The constant development of social media and freedom of expression are the main challenges for PR.

To communicate with the target audience, PR in Grand Aston Yogyakarta relies heavily on social media, including Facebook, Line, company's website, and WhatsApp group. However, Swiss-Belinn Makassar uses Facebook, Twitter, Instagram, YouTube, and website. Social media is seen as a media campaign, a medium for acquiring feedback, reading trends, finding information, and searching for ideas for PR activities and continuous communication media. However, when asked whether they have a special strategy, both hotels claimed to have no particular strategy.

Constant technological development offers urban society plenty of media options to express their opinion. Digital media, including social media, became fragmented which pose a challenge for PR. To overcome this challenge, PR should be diligent, willing to learn, and always up-to-date. With the advancement of social media, PR must be ready for 24 hours, because no one can guess when negative issues will appear and whether it will be viral.

Feedback from audiences is considered necessary for evaluation purposes. Grand Aston Yogyakarta still collects qualitative feedback from the guest's comments card or social media feedbacks. There are plans to conduct a wide range survey in order to gain a more measurable data. These customer's feedbacks are still needed aside from social media analytics, since a good evaluation serves as the base for upcoming reputation management strategy.

The reputation of a hotel is considered the responsibility of all parties, from cleaning service to General Manager. Both hotels also have strict rules to maintain corporate reputation. The special assignment of PR is to scan feedback from the public because PR is regarded as the closest party to stakeholders. According to the results from the interview, public relations in the future will be even tougher, because, in the hospitality business, one hotel can be distinguished from other hotels only from its reputation.

CONCLUSION

Both companies are aware on how to get the best corporate reputation in the service industry. They realize to give excellent performance to the public they need to evaluate their results and require feedback from their stakeholder. While Grand Aston Yogyakarta prioritizes external stakeholders, Swiss-Belinn Makassar views internal stakeholders as their main concern. This perception of interested parties will influence how they scan feedback and map their issues. Both hotels have implemented the two-way asymmetrical model from Grunig. They have a clear understanding of their target audiences and the importance of feedback. However, the feedback was sought to create an appealing message, not dialogue with the audiences. Results showed

that both hotels have prioritised in a different type of stakeholders which led to different translation of corporate reputation. The various perceptions of corporate reputations can lead to corporate issues or conflicts. So, it is better for organisations to focus on all their stakeholders and given the same effort to all of them.

It was found that PR uses a strategy of telling, hearing, and completing. To gain corporate reputation, they make several efforts, both online and offline, using social media, radio, printed media, and guest comments. PR is also in charge of listening to conversations in social media and resolve questions or problems that arise in the conversation. Social media viewed as tools for public relations, and both hotels intensively used several social media for this purpose. However, they do not have a particular strategy while corporate reputation is viewed as the responsibility of all parties, ranging from cleaning service to the general manager.

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