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The Effect of Social Media and E-WOM on Corporate Image of PT. Krakatau Steel (Persero) Tbk.

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ABSTRACT *: On the internet we can access anything like social media. Social media is very useful for life. Many media have now facilitated everyone to be able to express how they feel. In communication science we are familiar with Electronic Word of Mouth. Just as important as E-WOM, the image of a company must always be considered. The purpose of this study is to find out whether there is an influence of social media on a company's image, is there an effect of E-WOM on a company's image, and also its influence simultaneously. The theory used is the Response Stimulus, supported by other communication concepts. The method used is quantitative using a positivistic paradigm and is associative in nature. Data collection techniques using a questionnaire with a Likert scale. The results in this study found the effect of Social Media and E-WOM on corporate image together by 67,5%. Suggestions refer to the results of the study, it is expected that Krakatau Steel can maintain Social Media and E-WOM that have been built so that the company's image is maintained.*

Keywords :*Corporate, E-WOM, Image, Social Media*.

I.   INTRODUCTION

The world's population is increasing by 7.5 billion people, 53% of which, namely 4.21 billion are active users of internet media (We Are Social, 2018). In Indonesia, of the total population data, which is 262 million, 54.68%, namely 143.26 million are internet users (Kominfo, 2018). More and more people are using digital technology to facilitate all kinds of their activities. In terms of Social Media, in Indonesia alone there are 56% of the total population (We Are Social, 2019).

Social media is very useful for us to make it easier for us to socialize. According to Scott (2010, p.38) explaining that part of social media is a social network, this term is used to refer to how people interact. There are various types of social media including Facebook, Twitter and Instagram. Many business actors use social media to make it easier for them to communicate with the public. One example of social media used is Instagram.

In Indonesia, Instagram active users reach more than 45 million people. Indonesia is also the country with the most Instagram Story content creators in the world (Mahbub, 2018). Very wide access, including to convey our opinion about something is no longer confusing, in communication science we know it with the Word of Mouth.

Word of mouth has a huge influence on people who listen to it and from companies affected by Word of Mouth, because from this Word of Mouth the information obtained is considered more trustworthy and more independent. In the current digital era, the Word of Mouth has changed its name to Electronic Word of Mouth. According to Hennig-Thurau et al. (In Cheung &Thadani, 2010, p.330) says "Electronic Word of Mouth communication refers to any positive or negative statement made by potential, actual or former customers about a product or company, which is made available to a multitude of people and institution via internet". Electronic Word of Mouth can be anything. One example is social networking sites. According to Goldsmith (in Cheung & Lee, 2008, p.2) says, "it can be exchanged via the internet through a variety of means such as email, instant messaging, homepages, blogs, listservs, forum, online communities, newsgroups, chat rooms, hate sites, review sites and social networking sites ".

As important as E-WOM, the image of a company must always be considered, it is very important for companies engaged in products or services to create an image of their company. Rosady said (in Apriananta and Wijaya, 2017, p.193) The image of a company or organization (Corporate image) will be formed through a program from Public Relations (PR), because the company will not be separated from stakeholders and

stockholders who interact directly with the company, with so will produce a reciprocal relationship that is received, and among them the company image appears.

Currently, PT Krakatau Steel (Persero) Tbk. has a steel production capacity of 3.15 million tons per year (unaudited). Apart from marketing its products to domestic consumers. The company also markets it abroad / exports. The Company's expertise in producing steel with special specifications, including for national defense purposes, further strengthens its position as one of Indonesia's strategic industries. (Ministry of BUMN).

However, in 2019 the Image of PT Krakatau Steel began to be disturbed by the emergence of various negative issues, one of which was that during 2012 to 2019, according to its financial statements, this company had lost 7 years. According to Uly (2019), PT Krakatau Steel (Persero) Tbk has recorded losses in succession since 2012. Based on its financial statements, the losses of state-owned companies have indeed decreased, namely in 2012 amounting to USD19.56 million, 2013 amounting to USD13.6 million. Then in 2014 it rose to USD154,185 million. The peak occurred in 2015 amounting to USD326,514 million. Meanwhile, starting in 2016, PT Krakatau Steel reduced losses to USD180,724 million and in 2017 it fell back to USD86.09 million (Uly, 2019).

This research is interesting because this research uses the object of research from one of the historical companies in Indonesia which is currently being hit by a negative issue, namely losing money for the last 7 years. The unique thing about this object is, even though it is hit by such issues, the Image of PT. Krakatau Steel remains strong. There are still many people who give positive feedback to the company.

On the basis of this thought, a study entitled "The Effect ofSocial Mediaand E-WOM On Corporate Image of PT. Krakatau Steel (Persero) Tbk." to see whether these variables have a significant influence on each other, and whether it is Image.

II.   LITERATURE REVIEW

2.1. Public Relations
According to Solis and Brickenridge (2009, p.7) Public Relations develops rapidly from the technology used, to changing market dynamics, and also to the increasing demand and empowerment of twenty-first century consumers. Most importantly, the principles and channels we use as PR to reach people, be they influencers or direct customers are changing too.

Rosady (in Apriananta and Wijaya, 2017, p. 187) Public Relations (PR) is part of a distinctive management function and supports coaching, maintenance of common pathways between organizations and the public, and acts as an early warning system in anticipating trends in using research and techniques healthy and ethical communication as the main means.

2.2. Social Media
Scott (2010, p.38) explains that social media provides a way for people to share ideas, content, thoughts, and relationships online. Social media is different from the so-called "mainstream media" where anyone can create, comment on and add social media content. Social media can be in the form of text, audio, video, images, and community.

According to Armano (in Anizir and Wahyuni, 2017) said that 4C social media with a community building approach, namely:
1. Content
2. Context
3. Connectivity
4. Continuity

2.3. E-WOM
According to Blackwell et al. (2012, p.400) Word of Mouth communication is the informal transmission of ideas, comments, opinions, and information between two people, neither of whom are marketers.

Goldsmith (in Cheung & Lee, 2008, p.2) states that wom can exchange via the internet through variations such as email, short messages, home pages, blogs, listservs, various forums, online communities, news groups, chat communication rooms, hatesite , site reviews and social networking sites.

Eaton (in Purnamasari and Yulianto, 2018, p.94) said that the Electronic Word of Mouth is spreading information or carrying out promotional activities quickly in the internet sector, the process of carrying out eWOM activities has negative and positive impacts.

2.4. Corporate Image
According to Rosady (in Apriananta and Wijaya, 2017, p.193) states that the image process of a company or organization (Corporate image) will be formed through a program from Public Relations (PR), because the company will not be separated from stakeholders and stockholders who interact directly with company, thus will produce a reciprocal relationship that is received, and among them the company image appears. Image is the main goal as well as reputation and achievement in the world of PR.

III.   RESEARCH METHODOLOGY

3.1. Research Method

In this study, the researcher wanted to find answers about whether the variable (X1) Social Media and variable (X2) E-WOM could affect the variable (Y), namely Corporate Image. To get the answer, the researcher used the quantitative method based on the positivistic paradigm. This research is associative, namely a research model that intends to explain the influence between the variables studied.

3.2 Populaton and Sample

The population used in the study were male and female residents who knew about PT. Krakatau Steel and follow the company's Instagram. While the samples used were male and female residents in Jabodetabek who followed the Instagram of PT. Krakatau Steel, there are 42000 people more or less (march 2020), and have also seen and also provided feedback on this company's content. This research uses the percentage error rate (e) of 10%, by calculating the sample using the Slovin formula, the result is 100,

3.3. Intrument Analysis

3.3.1. Validity Test

Measurement validity tells us how well the conceptual and operational definitions cooperate with each other, the better the suitability, the higher the validity of the measurement. (Neuman, 2017, p. 238),

3.3.2. Reliablity Test

Reliability (reliability) means the ability to be relied on or consistency. This indicates that the same thing is repeated or recurring under identical or very similar conditions. The opposite of reliability is an erratic, unstable, or inconsistent result that occurs because of the measurement itself. (Neuman, 2017, p. 234).

3.4. Data Analysis

Simple Regression Analysis

According to Sugiyono (2017, p.188) simple regression analysis can be used to predict how high the value of the dependent variable will be if the value of the independent variable is manipulated.

$Y' = a + b X$

Y' = the predicted value

a = constant or when the value of X = 0

b = regression coefficient

X = The value of the independent variable

Multiple Linear Regression Analysis

According to Sugiyono(2017, p.277) multiple regression analysis has the intention of predicting how the dependent variable will be if the independent variable is manipulated, in other words, the value is fluctuated.

This analysis is carried out if the study has two independent variables, and this study has these two variables, namely Social Media and E-WOM.

$$Y = a + b_1X_1 + b_2X_2 + \varepsilon$$

Notes:

Y   = Corporate Image

α   = Constant Coefficient

b1,b2   = Regression Coefficient

x1   = Social Media

x2   = E-WOM

IV.   RESEARCH FINDING AND DISCUSSION

Simple Regression Analyisis X1 - Y

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22,106	7,763		2,848	,005
	Media Sosial	1,577	,153	,722	10,338	,000
a. Dependent Variable: Image						
Source: Data Processed, SPSS Result,2020,						

From the results of the simple regression test above, the test for variable X1 on variable Y can be seen that the constant value of the unstandardized coefficient is 22.106. This figure shows that if there is no Social Media (X1) then the Image value (Y) is 22.106. The regression coefficient value is 1.577. Then put in the regression equation to Y = 22.106 + 1.577 X. This figure means that every 1% addition of Social Media (X1), the Image will increase by 1.577. So from the test results above, it can be said that variable (X1) has a positive effect on variable (Y).

Simple Regression Analysis X2 – Y

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18,000	6,982		2,578	,011
	E-WOM	1,521	,126	,774	12,091	,000
a. Dependent Variable: Image						
Source: Data Processed, SPSS Result,2020.						

From the results of the simple regression test above, testing the variable X2 against the Y variable, it can be seen that the constant value of the unstandardized coefficient is 18,000. This figure shows that if there is no E-WOM (X2) then the Image (Y) value is 18,000. The regression coefficient value is 1.521. Then put in the regression equation to be Y = 18,000 + 1,521 X. This figure means that every 1% addition of E-WOM (X2), the Image will increase by 1.521. So from the test results above it can be said that variable (X2) has a positive effect on variable (Y).

Multiple Linear Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,822[a]	,675	,669	8,523
a. Predictors: (Constant), E-WOM, Media Sosial				
Source: Data Processed, SPSS Result,2020.				

Based on the Model Summary table above, it can be seen that the coefficient of determination or R Square is 0.675. The coefficient of determination (R Square) is 0.675 or equal to 67.5%.

So it can be concluded that this number implies that variable X1 and variable X2 simultaneously have an effect on variable Y by 67.5%. While the rest (100% - 67.5% = 32.5%) is influenced by other variables outside this regression equation.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	685,642	2	342,821	9,756	,000[b]
	Residual	3408,548	97	35,140		
	Total	4094,190	99			
a. Dependent Variable: Image						
b. Predictors: (Constant), E-WOM, Media Sosial						
Source: Data Processed, SPSS Result,2020.						

Based on the ANOVA table above, it is known that the significance value in the F test is 0.000, thus X1 and X2 simultaneously affect Y. Then multiple linear regression has been fulfilled.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,882	6,970		,557	,579
	Media Sosial	,811	,170	,371	4,781	,000
	E-WOM	1,034	,153	,526	6,772	,000
a. Dependent Variable: Image						
Source: Data Processed, SPSS Result,2020.						

Based on the table above, it can be said that the Total of X1 Variable, namely Social Media, is 0.811. While the total of the X2 variable, namely E-WOM, has a value of 1.034.

V. CONCLUSION

From the existing research results, it can be concluded that the results obtained are positive and also significant,

1. Every 1% addition of the Social Media variable (X1) has a positive effect, namely 1.577 on the Image Variable (Y) of PT. Krakatau Steel (Persero) Tbk.

2. Every 1% addition of the E-WOM (X2) variable has a positive effect of 1.521 on the Image Variable (Y) of PT. Krakatau Steel (Persero) Tbk

3. There is a positive influence, namely 67.5% of the Social Media Variable (X1) and E-WOM (X2) simultaneously on the Image (Y) of PT. Krakatau Steel (Persero) Tbk.

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