

INFLUENCE OF RESOURCE AND PARTNERSHIP OWNERSHIP ON COMPANY'S PERFORMANCE THROUGH REPUTATION

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Abstract

PDAMs are required to meet the principles and principles of a healthy corporate economy especially in the work program is inseparable from the economic dimension of obtaining adequate benefits. However, PDAM is still faced with inefficiency because it tends to prioritize service function (public service oriented). It has implications on the company's performance issues that are indicated by the difficulty of achieving sales targets, low customer satisfaction and efficiency of the company, and there are still PDAMs that are declared less healthy and sick. This condition is thought to be due to reputation and poor strategic orientation. In addition there are weaknesses in the development of partnerships and ownership of resources. Based on this background, this study aims to find new concepts or new methods through the assessment of data and information on ownership of resources, partnership, reputation, in order to improve the performance of PDAMs in Indonesia. This research uses descriptive survey method and explanatory survey with type of investigation causalities. The unit of analysis and observation / observation unit used as object in this research is the management of PDAM in Indonesia. The study was conducted with time horizon is cross section / one shoot. Data were analyzed descriptively and verificatively by using PLS. The results show that the ownership of PDAM resources, partnership, reputation and performance in Indonesia has not been in a good category. Ownership of resources is an aspect that plays a greater role than partnerships in encouraging reputation. Ownership of resources and partnerships affect the performance of PDAMs through reputation.

Keywords: Ownership of Resources, Partnership, Reputation, Performance

INTRODUCTION

The study was inspired by global conditions related to the limited access to improved drinking water, the United Nations embodied in the Sustainable Development Goals (SDGs) document, which is a follow-up to the Millennium Development Goals (MDGs) program, targets universal access and equitable access to safe and affordable drinking water for all, by 2030. This is responded by the Government of the Republic of Indonesia through the National Medium-Term Development Plan 2015 - 2019 by determining the target of access to drinking water in 2019 by 100% . Nevertheless, the fact that BPS data in 2015 shows the realization of the population that has access to urban and rural protected drinking water source is 70.97%.

So, there is still a gap quite far away, therefore in an effort to fulfill access to adequate drinking water is still required hard work of all parties. PDAM performance in Indonesia in 2015 shows that there are still less healthy PDAMs (30%) and pain (20%), thus indicating poor performance of PDAMs in Indonesia in general. While in 2014, out of 359 PDAMs, 51% were "healthy", and the remaining 29% were "less healthy", and 20% were "sick". It shows that PDAM performance in Indonesia is not yet fully healthy. Where based on the criteria of BPPSPAM, the less healthy category is the PDAM that bears the risk of the cash situation and loan payment in developing its services. So it can be said that the performance of PDAM is not yet fully good because there are still problems related to cash risk.

The low performance of PDAM is thought to be due to the low reputation built. According to Fombrun (2001: 16), to help PDAMs establish a strong reputation that will have positive and lucrative impacts, there are several key elements that need to be addressed: credibility, reliability, trustworthiness and responsibility.

In addition, another problem observed is that PDAMs have weaknesses in the ownership and development of resources in PDAMs. In the opinion of Pearce and Robinson (2015: 166), each PDAM has a unique bundle of resources consisting of tangible and intangible assets and organizational capabilities to use those resources. Based on the background of the above research, it is felt necessary to conduct research on efforts to improve PDAM performance through reputation supported by partnership and ownership of resources in PDAM in Indonesia.

LITERATURE REVIEW

Ownership of Resources

Based on resources based view (RBV), in the opinion of Pearce and Robinson (2015: 166-167), each company is fundamentally different because each company has a unique set of resources consisting of tangible assets and intangible assets, as well as organizational capabilities in utilizing these assets. Tangible assets are easily identifiable assets, often found in the

company's balance sheet, such as: production facilities, raw materials, financial resources, real estate, and computer equipment. The intangible asset is a company asset that can not be touched and can not be seen but is essential for the creation of competitive advantage, such as: brand name, corporate reputation, organizational morale, technical knowledge, patents and trademarks, and accumulated organizational experience. Hubbard and Beamish (2011: 105) define resources as "we define resources as the tangible and intangible assets of the organization," resources composed of tangible resources, and the intangible resources of an organization. It is said further, that resources can be a source of competitive advantage (Hubbard and Beamish, 2011: 105). Omerzel and Gulev (2011: 347) argue that the company's resources play a role in creating competitive advantage ". Barney (2010: 83) mentions 4 (four) indicators of the resource companies that produce competitive advantage, are known for value, rareness, imitability and substitutability, which are then updated and known as VRIO models: Value, Rarity, Imitability and Organization (Barney, 2010).

Based on the above description of the concept, as well as considering the PDAM's unit of analysis, constructed a definition of PDAM ownership of resources as a set of assets owned by firms that focus on tangible assets, intangible assets and supported by high organizational capabilities that make it a competitive advantage for companies to achieve superior corporate performance, measured by the dimensions of tangible resources, intangible resources, and organizational capabilities, referring to the opinions of Pearce and Robinson (2015: 166-167), and indicators.

Partnership

According to Cravens (2013: 196) partnership is an effort to cooperate with stakeholders, where strategic alliances are used by many competing companies around the world. Partnerships include vertical relationships consisting of relationships with suppliers and customers (customers) as well as horizontal consisting of lateral and internal partnerships. Based on the presentation of the concept of partnership above, the definition of partnership in this research is the concept of Organizational Relationship (Cravens, 2013: 196) - namely Internal Partnership, Supplier Relationship, Customer Relationship and Lateral Partnership where these four dimensions tend to be very relevant to the object of research industry PDAM .

Company's Performance

According to Best (2009: 66), the company's performance is the output or the result of the implementation of all activities related to business activities, the company's performance indicators are sales growth and profitability.

Gueerini et al. (2010: 553) measures the performance of water management companies through profitability, investments, tariffs, efficiency and financial leverage. Vintila and Gherghina (2012: 47-48) measure performance with dimensions of operational performance (return on equity, net profit margin, sales growth), valuation (Tobin Q) and dividend yield and share buyback.

According to Wheelen et al. (2015: 338) performance is the end result of activity measured by a number of measures as defined in the strategy formulation phase as part of a strategic management process that is related to the profitability of market share, and cost reduction.

Based on some opinions from various concepts and journals above, and consider the unit of analysis in this research is PDAM, PDAM performance in this dissertation research is arranged into a construct that is the result of performance of all activities run PDAM both quantitatively and qualitatively covering aspect finance, service, operations and human resources.

Reputation

According to Fombrun (2001: 16), to help companies establish a strong reputation that will have positive and profitable impacts, there are several key elements to note: credibility, reliability, trustworthiness, and responsibility. the reputation of the company from the view of the client is an accumulation of personal judgments about the company's credibility, reliability, responsibility, and trust.

Reputation promises customers high standards of quality and reliability, according to the price they have to pay. Companies that are well regarded can benefit from premium prices and in the long run can reap a lot of benefits. Having a good reputation can also lower the company's operating costs, because reputation provides leverage at the time of negotiation eg with suppliers, creditors and distributors. Suppliers tend to prefer to negotiate their contracts with a credible company. Likewise the creditor must have confidence in the company that will borrow his money.

According Fombrun (2001: 75) research results show that a good reputation can reduce the cost of the company to obtain capital by increasing its ability to obtain funds from the credit market.

Based on some opinions from various concepts and journals above, and consider the unit of analysis in this research is PDAM, then the reputation variable in this research is arranged into a construct that is representation of public perception of company and prospect of company key stakeholders.

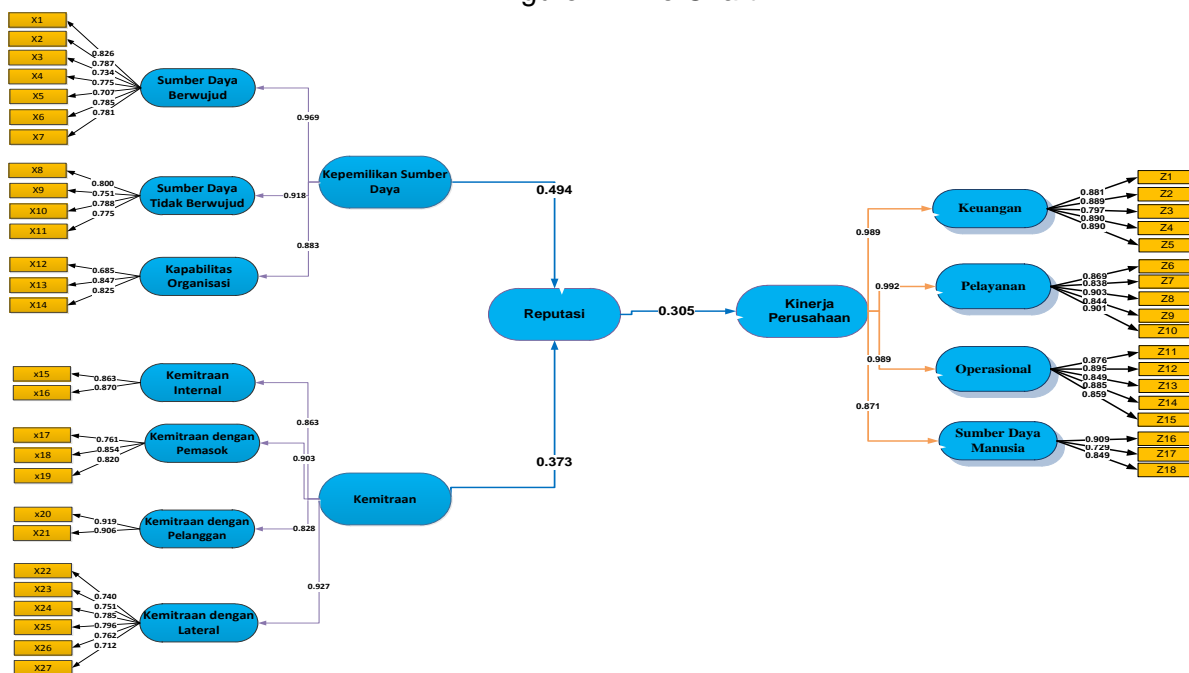
METHODOLOGY

The nature of this research is descriptive and verificative conducted through data collection in the field, the research method used is descriptive survey and explanatory survey method. The type of investigation that is done is causalities because it explains an influence from one variable to another variable. The time horizon is cross sectional, because this research is done at a certain time. The unit of analysis of this research is PDAM while its observation unit is management of PDAM in Indonesia. The design of the analysis used to test the hypothesis and to know the relationship between research variables is Partial Least Square (PLS). According to Imam Gozali (2006), PLS is an alternative method of analysis with Structural Equation Modeling (SEM) based on variance. The advantage of this method is its ability to measure the constructs indirectly, through its indicators and analyzing the indicator variables, latent variables, the following measurement error in small samples and the type of formative and reflective relationship in the measurement model. Data relating to this research were collected through a survey of PDAMs in Indonesia, so the data required were primary data, while secondary data were collected from various agencies and associations.

RESULT

The results of the Effect of Ownership of Resources and Partnership on PDAM Performance in Indonesia through Reputation are shown in the figure below:

Figure 1. Line Chart



The structural model for the above image is:

$$\eta_3 = (0,494 * 0,305) \xi_1 \eta_2 + (0,373 * 0,305) \xi_2 \eta_2 + \zeta_6$$

Test results are shown in the following table:

Table 1. Coefficient of Determination

Structural model	RSquare (R2)
Ownership of Resources and Partnership on PDAM Performance through Reputation	0,264

Test results in the table obtained by R2 means that there is an indirect influence of Ownership of Resources and Partnership on PDAM Performance through reputation on PDAM in Indonesia equal to 26.4% where the influence of other factors is 73.6%.

The following displays the partial test of each path as follows:

Table 2. Partial Test Results

Structural Model	$\gamma\beta$	Standard Error	t count	Annotation
Ownership of Resources on PDAM Performance through Reputation	0.151	0.074	2.041*	Significant
Partnership on PDAM Performance through Reputation	0.114	0.056	2.044*	Significant

*Significant on $\alpha=0,05$ (Sobel test)

The table above shows that partially there is a significant influence both from Ownership of Resources and from Partnership to PDAM performance through reputation where t-count is greater than 1,985 (t table at $\alpha = 0.05$).

The test results show that changes in ownership of resources and partnership will have an impact on improving PDAM performance because of its influence on reputation. So if there is no increase in both aspects, it will not affect the performance of PDAM, because there is no change in reputation.

The indirect effect on PDAM performance through reputation, largely because of the contribution of ownership of resources that gives greater magnitude of influence than partnerships. So that efforts to improve PDAM's performance should be based on increasing the ownership of PDAM resources supported by enhancing partnerships to improve their reputation and impact on implications for PDAM performance improvement.

The dominant influence of the ownership of PDAM resources indirectly through reputation of PDAM performance, especially given the intangible resources of: (1) individual intellectual and skill, (2) development of work culture that support performance, (3) experience and knowledge of operation, and (4) adequate billing system. Then supported by organizational capability embodied in the form of: (1) management competence in managing business, (2) development of internal business process, and (3) management commitment to build business. And also supported by the influence of tangible resources that include: 1) The level of ownership's level of business planning and master plan water supply system (rispan); 2) Level of ease of water payment facility; 3) Level of completeness of facilities and infrastructure; 4) The appropriate level of quantity of experts in the PDAM; 5) Supporting technology; 6) Level of raw water availability; and 7) Level of ownership of PDAM financial resources.

From the research results revealed that PDAM Performance influenced by Reputation. Reputation is more dominantly influenced by Ownership of Resources than by Partnerships. So in an effort to improve PDAM performance, the development of reputation is a very important element. While reputation development is formed by Ownership of Resources and Partnership.

Resilience Aspects Resources that play a dominant role in improving Reputation are Intangible Resources, followed by Organizational Capabilities and Tangible Resources. While the Partnership's dominant role in improving Reputation is partnership with the lateral, followed by partnerships with suppliers, customers, and internally.

Based on the research findings, it can be said that the improvement of PDAM's performance that is finance, service, operation and human resources is influenced by how PDAMs favor themselves through Reputation. The development of Reputation itself is dominantly shaped by Ownership of Resources, so it can be said that Ownership of Resources is predominantly capable of influencing the expected performance of PDAMs especially through reputation.

CONCLUSION AND RECOMMENDATIONS

The development of ownership of resources and partnership together can boost PDAM's reputation in Indonesia. Ownership of Resources is the single most influential variable in promoting PDAM's reputation compared to partnerships. Reputation is a representation of

public perceptions of the company as well as the future prospects of the company that reflect the overall attractiveness of the company to key stakeholders that can be described on four dimensions: company reliability, corporate responsibility, customer trust, and corporate credibility.

Ownership of resources and partnerships affect the performance of PDAMs through reputation. So that changes in ownership of resources and partnership will have an impact on improving company performance because of its influence on reputation. Resource development contributes more than partnerships in improving company performance through reputation.

Referring to the results of research indicating that ownership of resources affects PDAM reputation in Indonesia, PDAMs need to improve / improve their capability in developing company resources related to first tangible resources, in which case it is necessary to increase ownership of business planning and master plan of water supply system (rispan), easy ownership of water payment facilities, availability of facilities and infrastructure, quantity of experts, availability of supporting technology, availability of raw water, and ownership of financing sources. Second, Intangible resources, in this case required individual and intellectual skills improvement, a work culture that supports performance, experience and knowledge of operations, and adequate billing systems. The three capabilities of the organization, in this case needed to increase the competence of the management in managing the business, internal business process, the commitment of the management to build the business.

Referring to the results of a study showing that partnerships have an effect on PDAM's reputation in Indonesia, PDAMs need to improve / improve their capacity in developing partnerships with the first, Lateral, in this case an enhanced partnership with the health ministry, local government, ministry of PUPR , intermediary institutions, educational institutions, and housing developers. Secondly, suppliers are increasing cooperation with suppliers of office equipment, cooperation with suppliers of chemical suppliers, cooperation with suppliers of IT providers. Third, the customer, in this case required the development of customer service that provides convenience for customers, and cooperation with customers in terms of customer loyalty program development. Fourth, internal, in this case is necessary to increase the creation of synergy between departments within the company to serve the needs of customers, intersection collaboration to complement each other in solving problems in improving services.

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