

## CRISIS COMMUNICATION OF PT ALCOMEX INDO IN MAINTAINING COMPANY REPUTATION (Case Study: Impact of PT. Alcomex Indo Efficiency Policy in 2022)

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**Abstract.** Manufacturing companies are one of the backbones in the global economy, where a manufacturing company plays a role in creating products that are used by the wider community, including in Indonesia. Indonesia's manufacturing Purchasing Managers Index (PMI) reached 53.7 in September 2022, higher than the previous month's PMI of 51.7 in August 2022. However, despite their important role in the economy, manufacturing companies are also vulnerable to various crises that can affect the company's operations. This happened to PT Alcomex Indo in 2022, the crisis that occurred was the impact of the covid-19 pandemic which forced the company to make efficiency policies. Of course there are pros and cons related to the policy but with the implementation of the right crisis communication PT Alcomex Indo managed to survive and maintain its reputation from the tragedy of the crisis that occurred. The purpose of this research is to find out how the crisis communication of PT Alcomex Indo in maintaining the company's reputation. This research uses a qualitative approach with a case study method. Then the researcher uses the Apologia theory to see how PT Alcomex Indo responds to all criticisms, demands, accusations, and assumptions both accompanied by empirical data and those that have not been proven. The results of this study show that PT Alcomex Indo only applies 2 of the 4 Apologia Theory strategies, the first of which is Bolstering where the company makes a commitment to call back employees affected by layoffs to return to work when the company's condition has improved and Coinciliation, which is offering apologies to the public and compensating aggrieved parties.

**Keywords:** Crisis; Crisis *Communication*; Reputation; Efficiency Policy; PT. Alcomex Indo

### INTRODUCTION

Manufacturing companies are one of the backbones in the global economy, where a manufacturing company plays a role in creating products that are used by the wider community, including in Indonesia. Airlangga emphasized that the manufacturing industry has increased, through data from Indonesia's manufacturing Purchasing Managers Index (PMI) reaching 53.7 percent in September 2022, this figure is higher than the previous month, namely in August 2022, the PMI figure was 51.7 percent. (Ekon.go.id: 2022).

*"The manufacturing industry sector remained as the largest contributor to national economic growth in the first quarter of 2023. Its contribution was up to 16.77 percent, an increase compared to the previous period (quarter IV-2022) of 16.39 percent," Agus said, as quoted from the Ministry of Industry's official website, Monday (8/5/2023).*

The performance of the base metal industry has been consistently above national economic growth since 2020. This shows that the base metal industry is one of the sectors that was able to weather the storm of the Covid-19 pandemic at that time. However, despite their important role in the economy, manufacturing companies are also vulnerable to various crises that can affect their operations. (Indonesia.go.id: 2023). Manufacturing PMI (Purchasing Managers' Index) measures the performance of the manufacturing sector based on five

individual indices with the following weights: new orders (30 percent), output (25 percent), employment (20 percent), suppliers' delivery times (15 percent) and stock of items purchased (10 percent). There are other potential reasons that can affect the decline in production capacity, including a decrease in demand that results in the closure of factories, a slowdown in the delivery time of goods from suppliers which then pressures the supply chain, to cash flow constraints that result in the need for additional working capital. As happened a few years ago, the Covid-19 pandemic hit the manufacturing industry globally, including Indonesia. In addition to being caused by external factors, the crisis that occurs in a manufacturing company can also be caused by internal factors such as a lack of qualified labor, management of customer demand and efficiency policies to maintain company operations. The layoff policy taken by a number of companies in Indonesia is based on various reasons, ranging from efficiency to bankruptcy. Quoted from detik.com.

PT Alcomex Indo is working hard enough to maintain the company both during the pandemic and post-covid pandemic. Just like several cases in other manufacturing companies, PT Alcomex Indo implemented an efficiency policy in the form of layoffs caused by the Covid pandemic which is still felt until 2022. PT Alcomex Indo has passed the pandemic phase and this company is quite stealing the spotlight, in the range of 2020 to 2021 when other manufacturing companies made massive layoffs due to the Covid-19 pandemic. PT Alcomex Indo still retains its workers. Seeing this situation, of course, it becomes a question of how PT Alcomex Indo can still retain workers when the covid-19 rate is high. But this did not last long. Right in April 2022 the issue of layoffs that will be carried out by PT. Alcomex Indo spread. This issue was further strengthened by the emergence of news of a decrease in the amount of production that occurred. From a total of 500 employees, only 300 people are left.

The management of PT Alcomex Indo said that the layoffs were a form of efficiency carried out by the company, this had to be done so that the company could continue to operate. Not only layoffs, management also made several policies to support this efficiency policy. This crisis situation certainly received responses from various parties such as labor unions and the community around the company. In the end, PT Alcomex Indo managed to get through the crisis period and can survive to this day. In situations like this, an understanding of crisis management is important and necessary, with the right steps the crisis that occurs in a company can be resolved and so that the company is able to maintain its reputation. In a crisis situation, management needs to carry out crisis communication in order to maintain the company's reputation. In the book *The Handbook of Crisis Communication*, Coombs & Holladay (2010) wrote that crisis, crisis management, and crisis communication are closely related to each other. All three are closely interrelated and must be considered. The definition of crisis and the causes of crisis will drive the creation of crisis management. Within crisis management, there is crisis communication (Coombs & Holladay, 2010, pp. 17-18). Almost 80% of crisis management activities are communication efforts.

From the explanation and exposure above, the researcher wants to see how the implementation of crisis communication carried out by PT Alcomex Indo in maintaining the company's reputation in the case of the impact of PT Alcomex Indo's efficiency policy in 2022. Researchers hope that this research will be able to provide input to the management of PT Alcomex Indo in implementing crisis communication and can be used as a reference if PT Alcomex Indo experiences another crisis in the future. In addition, researchers also hope that the results of this study can be used for other companies experiencing similar cases. For this reason, the title of this research is: "*Crisis Communication of PT Alcomex Indo in Maintaining Company Reputation (Case Study: Impact of PT Alcomex Indo Efficiency Policy in 2022)*".

## LITERATURE REVIEW

**Corporate Communication.** Corporate communication is the ways in which organizations communicate with different groups of people. Corporate communication is a way to establish communication within organizations. Corporate communication connects the application of communication theory that makes the relationship between corporate communication and the company's overall corporate strategy (Argenti, 2009, p.31). Van Riel also mentions corporate communication as a way of communication used by organizations in addition to marketing communication. Here Van Riel distinguishes between corporate communication and marketing communication. This is clearly stated by Van Riel in his book "Essentials of Corporate Communication: Implementing Practices for Effective Reputation Management".

*"Corporate Communication encompasses marketing communications, organizational communications, and management communications. By "corporate communication", we mean a coherent approach to the development of communications in organizations, one that communication specialists can adopt to streamline their own communications activities by working from a centrally coordinated strategic framework. Corporate communication adopts a "corporate" point of view. Derived from Latin "corpus" meaning body or "the whole", it invites communication specialists to focus, first and foremost on the problems of the organization as a whole. Corporate communication therefore addresses the fulfillment of organizational objectives. Developing a corporate communication perspective does not require establishing a new function in organizations" (Van Riel, 2010, p.22).*

According to Paul Argenti (2013, p. 50-51), the task of Corporate Communications is to oversee communication functions consisting of internal and external communications, corporate social responsibility, recruiting and retaining superior talent, overcoming crises, launching products, managing the company's image, reputation and brand, and raising investor perceptions or analysis. From the explanation above, it can be seen that Corporate Communications has a role that is closely related to the overall management of the company and is the basis for the success and failure of a strategy that has been set by management.

**Crisis.** A crisis is a major problem that comes unexpectedly and can have a negative or positive impact on the organization. Michael Regester & Judy Larkin (2003: 131) "define a crisis as an event that causes the company to become the subject of widespread attention (tending to be unpleasant) from national and international media and groups such as customers, shareholders, employees & their families, politicians, trade unions and pressure groups who, for one reason or another, have a justified interest in the activities of the organization." (Regester & Judy Larkin, 2003: 131). A crisis can be formed through a series of stages, Coombs divides the stages of the crisis into three "the three stages as precrisis, crisis event and post crisis." (2007:15). Each stage has its own signs that certainly need to be handled properly. The causes of a crisis in a company vary. Wulandari divides them into further impacts of a crisis that occurs in a company, including (Wulandari, 2013, p. 6) :

1. Causes of crisis events that do not leave problems.
2. Causes of crisis events that leave further problems.
3. Causes of crisis events caused by regulation.

In the crisis response phase, each company or organization will carry out crisis communication according to the crisis response trend. The strategy of this crisis response is for the company to deny, reduce, or resolve the crisis. The following are some of the crisis response strategies discussed by Coombs & Holladay (2010):

1. **Tactical advice** This crisis response is tactical. Coombs & Holladay (2010) refer to this response as a "how to" instruction when public relations meets with the mass media.
2. **Strategic advice** This crisis response focuses more on information that improves the company's reputation. Public relations seeks information through various media, then adjusts the information, and the information is compiled to improve the company's reputation.
3. **Corporate Apologia** This crisis response is a rhetorical concept that explores the use of communication for self-defense.
4. **Image Restoration Theory** This crisis response is used when there is a crisis or attack that can threaten the company's reputation. The attack is an attack that has a component of offensive actions and accusations of responsibility for these actions.
5. **Rhetoric of Renewal** This crisis response emphasizes a positive outlook on the future of the organization rather than dwelling on the present. In addition, this crisis response also discusses the responsibility of the company to help victims affected by the crisis.
6. **Content Analysis** This content analysis study is an analysis of actual messages related to crisis communication. Research with this content analysis response explains how strategies used by public relations in dealing with crises.

**Crisis Communication.** Crisis communication is a process of information delivery activities that aim to explain a crisis, whether caused by natural disasters, technical disruptions, human error, or due to a communication crisis. Muhammad Saiful Aziz & Moddie Alvianto Wicaksono (2020) emphasized that crisis communication is a dialogue between the government and the public both before the crisis, during the crisis, and after the crisis. Apologia was originally used by individuals as an effort to defend themselves against accusations of mistakes that have been made. In its development, this theory has been offered as an effort for organizations to deal with crisis situations, namely in the study of crisis communication or crisis response. In this study, researchers will focus on the response of the organization, namely PT Alcomex Indo for this Apologia Theory will be discussed in Corporate Apologia. Keith Michael Herrit said that through corporate apologia the organization/company has the intention of maintaining its reputation by conveying a discourse containing a denial, explanation, or apology which is a response or accusation that the organization/company has done wrong or has violated the code of ethics (ethical misconduct). (Hearit and Heath, 2005: 103). According to Dionisopoulos & Vibbert (1988) and Ware & Linkugel (1973), there are four apologia strategies, namely denying strategy, bolstering, re-definition, and conciliation that organizations can use if they are facing a crisis.

**Reputation.** The reputation of a company is the result of all the perceptions that a person has of a company (Elving, 2013: 280). Corporate reputation can be said to be customer perceptions of quality associated with the company name. This means that the company name has a positive influence on customer responses to products or services. Apart from corporate reputation, product quality can be another factor that can build consumer trust. Corporate reputation is also defined by Cornelissen (in Elving, 2013: 280) as a person's collective representation of the organization's image at a time.

A strength of reputation is that it is a source that drives competitive advantage. Especially in for-profit companies, competition is more pronounced when companies have gaps in reputation value. It becomes an advantage if a competitor company experiences a decrease in trust from the public, causing the company to have difficulty operating as before (Van Riel, 2004) in Ardianto (2011). As a supporter of this statement, there are three reputation paradigms written by Davies, et al (Ardianto, 2011: 73-74) which explain how important a reputation is for a company, namely :

1. Reputation is precious and valuable. A reputation is not easy to value, but it is not as difficult as valuing tangible assets such as land or buildings. There are still many companies that do not always "get" the importance of a reputation that in reality seems abstract. At its core, reputation has value and is substantial to most organizations.
2. Reputation can be measured as a strategy. Generally, companies have instruments to measure identity or image by taking a customized approach to reputation measurement that is common in the field.
3. Reputation is easier to lose than to create, it takes a lot of time to build and develop a reputation, but it can be lost in just a few minutes.

## METHOD

This type of research is descriptive research with a qualitative approach. According to Sugiyono (2010; 11), descriptive research is research conducted to determine the value of independent variables, either one or more (independent) variables without making comparisons, or connecting between one variable and another. The paradigm in this study uses Post-Positivism which is naturalistic because the research is conducted in natural conditions (natural setting). The data analysis carried out is inductive based on facts determined in the field and then constructed into hypotheses or theories.

The method used in this research is a case study method with a single case study design. In general, a case study is a strategy that is more suitable when the subject of a research question concerns how or why, when the researcher has little opportunity to control the events to be investigated, and when the focus of the research lies on contemporary phenomena (present) in the context of real life (Yin, 2019).

In this study, the research subjects chosen by the researchers were employees of PT Alcomex Indo ranging from manager level to staff. The researchers have specific criteria as a basis for determining research subjects. The criteria are as follows :

1. Informants are part of the management of PT. ALCOMEX INDO
2. Informants are aware of existing events/problems
3. Informants are involved in the crisis resolution process that occurs
4. Informants feel the impact of existing events/problems
5. Informants are willing to be researched and explain their experiences during the events and problems that occur.

Researchers collected data through the interview method conducted in Bekasi as well as literature studies to support or complement existing data.

## RESULT AND DISCUSSION

**Implementation of Organizational *Communication* at PT. Alcomex Indo.** In the application of organizational communication at PT Alcomex Indo, the flow of communication is an important thing that needs to be maintained to support the achievement of organizational goals. At PT Alcomex Indo itself, there are differences in communication styles when viewed from horizontal and vertical aspects. For the Horizontal aspect, namely fellow employees, of course the style of speech will be different from the vertical aspect, namely between employees and superiors. Vertical speaking styles tend to be more formal. The communication that exists is also structured where to communicate with top management employees will be represented by the head of their section and vice versa, when top management gives directions to employees, it will involve the head of the section as an intermediary.

The application of organizational communication that occurs certainly cannot be separated from the obstacles that often arise during the communication process. For obstacles

that are very pronounced are HR factors or the employees themselves. There are several aspects that can raise these obstacles including environmental aspects and educational background. It can be felt a very significant difference where employees with higher levels of education such as undergraduate, have abilities not only intellectually but also emotionally. In contrast to employees whose education level is equivalent to high school or lower, they are easier to be provoked and tend to be more emotional. Researchers see that PT Alcomex Indo itself does not have a special public relations division so that no one ensures that the company's communication activities can run well, both internally and externally.

**Crisis Analysis Process at PT Alcomex Indo.** In analyzing a crisis, it is generally divided into 3 phases, the first is pre crisis where the company is able to detect signals of a crisis so that the company can take precautions and be prepared when the crisis occurs. What happened at PT Alcomex Indo during the Covid-19 Pandemic, the company did not take preventive measures such as layoffs or a 50% salary policy as is done by several companies in general. This is indeed an instruction from the Board of Directors so that when in the post-pandemic phase the Company only felt the magnitude of the impact of the Covid Pandemic - 19 on company operations.

In the second phase is the crisis, starting with a trigger that marks the start of the crisis and ending when the crisis is recognized as over by the company. In this phase PT Alcomex Indo finally learned that the impact of the Covid Pandemic - 19 was very much felt for the company's operations. At the beginning of 2022 PT Alcomex Indo experienced a decline in production at its peak in April, PT Alcomex Indo began implementing efficiency policies such as layoffs and several other policies. Finally, with the existing situation, of course, various responses emerged. The peak was when the employees who were members of the Labor Union held a demonstration at PT Alcomex Indo. The action which began on November 17, 2022 involved hundreds of workers who are members of the Federation of Indonesian Metal Workers Unions (FSPMI) Bekasi Regency / City. Where they sent 7 demands to PT. Alcomex Indo. the demands include:

1. Immediate implementation of PKB
2. Rehire 8 members of PUK SPL FSPMI PT. Alcomex Indo who were unilaterally terminated
3. Restore the deduction of union dues Cos and secretariat of PUK SPL FSPMI PT. Alcomex Indo
4. Stop intimidation of administrators and members
5. Restore trade union bargaining rights
6. Return the facilities you used to receive
7. Stop layoffs on the grounds of efficiency

Demonstrations carried out by labor unions have an impact on protests carried out by residents around the company, the emergence of citizen unrest caused by demonstrations that interfere with residents' activities such as working, selling or going to school. In this position, the company must act quickly to solve the existing problems. So that in a fairly short period of time, mediation was carried out between the company and the residents and the labor union. The result of the meeting was that the company was committed to resolving the 7 demands made by the trade unions.

The last stage is post-crisis, crisis management does not end here. There are several activities that must be carried out at this stage as stated by Coombs that in this stage the company must evaluate the crisis management that has been carried out, learn from the crisis that has occurred, and post-crisis activities must continue to be established with stakeholders and monitor issues related to the crisis. PT Alcomex Indo then cleaned up by starting to resolve the 7 existing demands. As well as building a good relationship with the PT. Alcomex Indo

labor union management and local residents.

**Crisis Communication Implementation at PT. Alcomex Indo.** Implementing effective crisis communication can provide many benefits to a company. By having a well-thought-out crisis communication plan and training employees to communicate effectively, companies can minimize the negative impact of the crisis, build a positive reputation, and increase their preparedness to deal with unexpected situations. At PT Alcomex Indo itself, the crisis communication used is the Corporate Apologia strategy, where this strategy is a focus on rhetoric that explores the use of communication to defend itself. According to Dionisopoulos & Vibbert (1988) and Ware & Linkugel (1973) there are four apologia strategies, namely denying strategy, bolstering, re-definition, and conciliation that organizations can use if they are facing a crisis.

1. The deny strategy contains a message that rejects or denies all allegations and demands, and considers these allegations and demands to be false and have no basis. Researchers found that this strategy is contrary to what was done by PT Alcomex Indo, when the efficiency policy was enacted the company explained to employees about the situation that did occur in the company. Which explains this policy was taken because of the company's condition which is indeed in a bad condition in terms of finance and a decrease in production figures.
2. Bolstering strategy is an organizational effort to remind the positive things done in previous times to reduce negative perceptions of the organization. This strategy plays a big role at PT Alcomex Indo where to maintain conduciveness while enforcing the company's efficiency policy, the company says that this policy is only valid temporarily until the company has recovered, employees who have been laid off will be called back. The narrative is strengthened by conveying the condition of the company during the Covid-19 situation, at which time the company really tried not to reduce employees. This is the company's effort to retain employees.
3. The redefinition strategy is the most widely used rhetorical method in corporate apologia. The meaning of this redefinition is that when the company is accused of making mistakes, the company redefines the accusation as incompetent or immoral behavior to be competent and moral. Researchers did not find any attempt to redefine the issues that occurred at PT. Alcomex Indo, because basically what really happened in the company was fully conveyed transparently to employees.
4. Conciliation strategy is basically an attempt to work with the other party. Through this strategy, the organization states that all allegations are accepted and expresses an apology. Usually this reconciliation effort is followed by corrective action from the organization, namely efforts to repair damage and promise not to reoccur and provide compensation to the injured party. This strategy was used by the management of PT Alcomex Indo to approach the union leaders as a follow-up to the company's commitment to resolve the demands raised during the demonstration. Management asks union leaders to participate in monitoring employee responsibility and discipline.

**PT Alcomex indo's Post-Crisis Reputation.** Corporate reputation is the result of all the perceptions that a person has of a company (Elving, 2013: 280). Corporate reputation can be said to be customer perceptions of quality associated with the company name. This means that the company name has a positive influence on customer responses to products or services. If we look at the case at PT Alcomex Indo, the efforts made by the company are more focused on more specific audiences such as the community around the company and labor unions.

PT. Alcomex Indo does not make efforts in building reputation through mass media because the company feels that publication is not something urgent to do. PT Alcomex Indo

itself is more concentrated on responding to a smaller audience so that the message conveyed is more targeted. However, publication efforts were made by the union through the *Perdjoeangan* newspaper, which contained an agreement between the company and the union as the perpetrator of the demonstration.

## CONCLUSION

From the data collected, the researcher made the following conclusions:

1. The crisis management efforts made by PT Alcomex Indo still need improvement, it can be seen from the absence of a special division that manages when a crisis occurs so that in the pre-crisis phase PT Alcomex Indo does not take anticipatory steps.
2. The implementation of crisis communication carried out by PT Alcomex Indo is quite good as seen from the company that focuses on the Bolstering and Conciliation strategies. Bolstering itself is needed to create an emotional connection between the company and employees and Conciliation where the company involves the labor union to play an active role in keeping employees more responsible and disciplined at work. As a result, the company will answer and resolve the existing demands.
3. In maintaining its reputation, PT Alcomex Indo prefers to approach through mediation directly with related parties, in this case the labor union and the community. PT Alcomex Indo does not publish through the mass media because the approach taken is considered sufficient to answer what the protesters want.

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