

## Reputation in the age of disruption: A case study of PT Pos Indonesia

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### ABSTRACT

**Background:** The age of disruption is inevitable nowadays, forcing companies to adapt to the current challenges and situations to stay relevant. PT Pos Indonesia is one of the companies experiencing negative impacts, resulting in decreased work performance, corporate stability, and even corporate reputation. Therefore, PT Pos Indonesia must swiftly retake the market narrative and improve its reputation. **Purpose:** The present study aimed to analyze the need of PT Pos Indonesia to bring back its reputation in the age of disruption. **Methods:** It is a qualitative and explorative case study. In-depth interviews, participatory observations, and document analysis collected data. **Results:** Pos Indonesia's efforts to be able to move more quickly and precisely is a good step, with three primary reasons, namely to increase profitability, maintain stability, and show good growth prospects for the company. Other elements also accompany these three fundamental reasons due to observations made by Pos Indonesia. **Conclusion:** The company needs to consistently observe emerging gaps because it will significantly help Pos Indonesia stay relevant. In addition, consistency will also keep Pos Indonesia moving on track with corporate innovation, allowing it to improve the company's presence and reputation in a shorter amount of time. **Implication:** Consistency is needed to increase profitability, maintain stability and show good growth prospects. If done consistently and optimally, this will keep Pos Indonesia moving in the corridor of corporate innovation and enable reputation improvement.

**Keywords:** Corporate reputation; disruption; digital transformation; public relations; communication model

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## INTRODUCTION

The age of disruption is an inevitable and unescapable phenomenon today. The unpredictable, massive, and rapid changes have pushed corporates to quickly adapt to stay relevant with times. Theory of disruption was first introduced by Clayton M. Christensen in 1997 (Denning, 2016). The term disruption has become more popular since the advancement of information technology that has changed entrepreneurship into start-up businesses.

Pos Indonesia has experienced disruptions at different times in the past. It has undergone extensive changes to maintain corporate stability and existence. The SOE (State-Owned Enterprise) has tackled and overcome enormous challenges to reach the current state even though it is not the superior distribution service company as it was in the 1980s.

Pos Indonesia is one of the corporates that experience the negative impacts of the age of disruption. It resulted in a decrease in terms of not only financial revenue but also technology use.

In the age of disruption, technology are digitalized, leaving Pos Indonesia behind. The unexpected factors other than the uncertainty-filled age of disruption are listed in Figure 1.

Figure 1 shows at least three factors driving Pos Indonesia to transform and improve its

corporate reputation. The first factor is the fact that COVID-19 pandemic has caused a significant fall in macro-economy in 2020. It slows down a lot of business sectors in Indonesia, which affects the projected economic growth for several years. The second factor is the rapid growth and development of digital services due to the massive changes in public lifestyle during the pandemic. Since people are not allowed to make a physical contact and interaction, many aspects of public life turn to be digital, encouraging businesses to be more flexible in innovation. Lastly, Pos Indonesia's competitors makes a rapid innovation and successfully penetrates the market. Competitors in courier services make innovation in that they deliver the business to customer through digital platforms. For instance, using GPS technology, customers can track the couriers and their packages in real time, promising a sense of security and convenience to the customers. Meanwhile, competitors in financial services, such as payment services make various innovations to digitize their services. Digitization of financial services makes it easier for customers to do transactions. This ease of use is more attractive to many customers compared to the traditional physical ways of transactions. Since the competitors offer something that Pos Indonesia did not provide yet, Pos Indonesia slowly lost reputation. All of these factors forced Pos



Source : PT Pos Indonesia, 2020

**Figure 1** Pos Indonesia's Disruption

Indonesia to make innovation to equalize the competitors to bring back its market share and to improve its reputation in the eyes of customers.

The factors in Figure 1 trigger Pos Indonesia to take swifter and more accurate steps to curb its market-share decrease, so corporate reputation does not fall deeper. The age of disruption rises from new innovations and creativities that affect all element of the society, including organizations/corporates. Realizing that the market is no longer conducive for its business model, Pos Indonesia attempts to innovate to improve its market share and corporate reputation as well as to assure the corporate's relevance to the current time.

In the spirit of transformation, Pos Indonesia is determined to prune the old and irrelevant business models by transformation into a digital corporate to break through the new business practices in the age of disruption.

With better technology, Pos Indonesia becomes

more confident in facing the tighter business competition. As Gimpel & Röglinger suggested, digital transformation put emphasis on the aspects of change, or adaptation, by focusing on changes in work style, role, and business offer brought about by the adoption of digital technology in an organization or its operational environment to ensure creating sustainable values (Gimpel & Röglinger, 2015).

The transformation of Post Indonesia has raised questions regarding the goal after facing all these challenges, the SOE to develop, the business potentials to focus on to improve its market share and corporate reputation.

Regarding the transformation, Table 1 shows how Post Indonesia attempts to level up its reputation, how it changes the old business pattern to the new one, and what aspects are abandoned, maintained, and developed.

Table 1 contains the corporate reputation statistics of Pos Indonesia. The 'abandoned' column represents the condition of Pos

**Table 1** Corporate Reputation Statistics

Abandoned	Kept	Developed
Old business model	Human resources	Sustainable digital corporate
Loser winner	to Mindset change	Winning in the age of disruption

Source: Interview, 2022

Indonesia before and during the transformation program. Having realized that it had to adapt, the corporate abandoned its old ways of business and embraced the new, digitized business. It implemented the loser to winner principle in the transformation process. Pos Indonesia continued to show the spirit of transformation to ensure that the policies and agreements made in the transformation program could succeed as expected. Transformation in business sector, towards the shift from loser to winner, was marked by the release of standardized payment using QR code to make transaction easier, faster, and more secured.

The loser-to-winner transformation of Pos Indonesia was made from physical to digital, manual to automatic, machine to service, resources to capital, and cost to commerce. The physical-to-digital transformation was initiated by the release of mobile apps-based postal services, for both courier and financial services. The manual-to-automatic transformation happened in the shift of all business operations, which were made simpler in digitized and automatic forms, to facilitate easier process for customers and the public. Machine-to-service transformation was implemented in the administration process, from manual system of physical documents to digital and automatic system. It aimed to make information transfer faster and more efficient.

Resources-to-capital transformation was achieved through transparent employee performance management integrated with the corporate goals. Cost-to-commerce transformation was realized by improving corporate performance in regional and work unit levels, which focused on satisfying business needs, faster decision making, and winning competition. Meanwhile, behavior-to-character transformation was reflected in employee's attitude as well as internal and external corporate image.

The 'kept' column in Table 1 showed aspects that Pos Indonesia maintained from its old business practices. Human resources, which are related closely to people's mindset, are the focus of change in the current transformation of Pos Indonesia. Although they have similar human resources, their mindset has changed. The President Director of PT Post Indonesia, Faizal Djoemadi described that the change of mindset would let corporate sustainable in the age of disruption (Rochmad, 2021).

Correspondingly, Limeri explained the terms 'Growth Mindset and Fixed Mindset' and 'future practices and best practices' by Carol Dweck's *Mindset: The New Psychology of Success* (Limeri et al., 2020). The first aspect of mindset change is growth mindset, not fixed mindset. A person with growth mindset believes that success will come through hard work. When

the reality does not meet expectation, he or she must learn more to achieve the best result. In contrast, the one with fixed mindset believes that talent is the source of success. Therefore, he or she might excuse for the lack of competence once finding him/her unsuccessful.

The second mindset change is future practices, not best practices. Those with future practices mindset are driven to create innovations to adapt to changes, while those with best practices mindset tend to stick to the best practice they know. Therefore, they are commonly too late to create an innovation. Pos Indonesia's transformation is congruent with both mindset changes. The SOE adopted growth mindset and future practices upon its transformation and left behind the old ways of fixed mindset and best practices to win the tighter business competition in the age of disruption.

The 'developed' column in Table 1 contains aspects that Pos Indonesia develops. Based on pre-survey data, regarding the business potentials, they make transformation in seven sectors, which are business, product and services, operational processes, technology, human resources, and corporate culture. Of the seven, transformation in business sector is the focus of discussion in the present study.

Business transformation is a sector that can significantly affect a company. In business,

Pos Indonesia focuses on four points for digital transformation, courier services, logistic services, financial services, and property. Regarding courier services, Pos Indonesia initiates an expansion with partner companies, such as recruiting *O-Ranger*. Besides, courier services also include several programs that operate excellently every day, namely *Q-Pos-in-aja* application, 24-hour services program, free shipping program, and 1000 postal agents in 1000 Islamic boarding schools.

In terms of logistic services, Pos Indonesia has *Pos Logistik* program. The program has three portfolios, supply chain (transporting and warehousing), domestic logistic including logistic contracts, and international cargo project which has been growing rapidly. For the financial services, Pos Indonesia creates *Pos Pay*, the latest application that signifies a real transformation of Pos Indonesia into the digital age. The application has been downloaded over two million times. *Pos Pay* transforms the interaction from analog or physical in the past into digital. Lastly, Post Indonesia also makes transformations in properties, such as optimization and reformulation of Pos Indonesia buildings as creative hubs.

These programs were business potentials that Pos Indonesia develops to sustain and become a strong company in service and distribution and to win the competition in the

market. Pos Indonesia keeps making innovations in the four focuses to be more competitive and profitable, so it can survive. It focuses on business sector to bring about changes from an integrated people-process-tools aspect so that the public could directly enjoy the better services.

The present study views Pos Indonesia's effort to improve its reputation from Fombrun's corporate reputation model (Setiawati et al., 2022). This model is deemed appropriate to capture this phenomena. Fombrun explained that the factors that could help a company build a strong and profitable reputation are credibility, reliability, trustworthiness, and social responsibility. Meanwhile, to discuss innovation in disruption, this study utilized Christensen's theory of disruption (Denning, 2016). This theory suggested three types of innovations to improve growth in the age of disruption, namely market-creating innovations, sustaining innovations, and efficiency innovations.

Some studies on Pos Indonesia have been carried out. Mayangsari discussed the innovations Pos Indonesia had made for competitive advantage in public service sector (Mayangsari et al., 2018). They described the types of innovation by PT Pos Indonesia Sidoarjo survive, the success and failure of those innovations, and factors supporting and hindering those innovations.

Other research measured the quality of services that affected customer satisfaction (Oktamala & Zuraidah, 2021) and innovations Pos Indonesia had made for its competitive advantage in public service sector (Sitinjak, 2021). Sitinjak studied Pos Indonesia in Bandung, which has 40,000 offices, to discover the most dominant problems, the factors causing those problems, and steps to take to minimize them.

A study on the transformation of PT Pos Indonesia in the digital age has not been conducted. Hence, the present study is novel and expected to contribute ideas in the academic and professional settings.

## RESEARCH METHOD

This study employed qualitative approach. The data were gathered through direct observation or interaction with the subject. Qualitative approach provides the researchers verbal, visual, olfactory, and gustatory data in narrative, such as field notes, recording, audio transcript, video, and pictures. With a rich and complex data, the researchers comprehend the phenomenon with a hidden side which could not be described in statistical procedures (Marvasti, 2018).

In research of reputation case study at Pos Indonesia in the disruption era, samples



and informants were collected by purposive sampling technique. The selected key informants were three officers of public relations at Pos Indonesia. Three officers from strategic planning and business transformation, and one from public service obligations.

Direct observation with the research subjects is necessary to reveal their personal experiences, introspection, and life stories. In fact, such interaction could involve observation of visual text that described moments and meanings in life (Aspers & Corte, 2019).

This approach is deemed appropriate to know the urgency of PT Pos Indonesia to bring back reputation in the age of disruption. This approach allows the researchers to gather data through interviews, and visual and textual analysis of documents provided by PT Pos Indonesia.

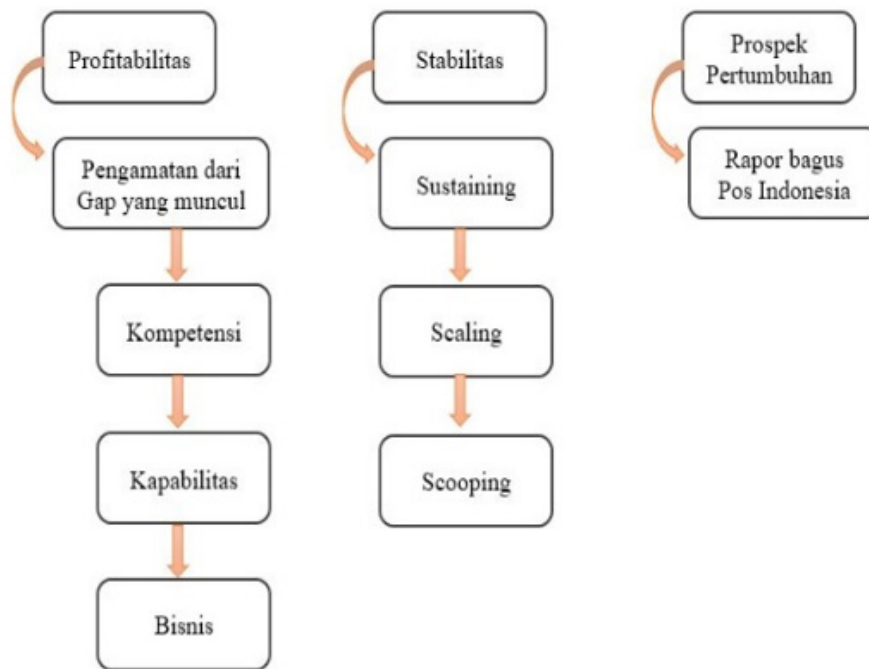
This study implemented explorative case study to explore a complex matter through detailed data collection. Explorative research affected the research design in that the latter was quite biased due to the unavailability of initial concept because the observed phenomenon flowed normally without any control. To solve this bias problem, the researchers analyzed the interview data, field observation data, and document, so a more comprehensive result could be yielded.

The present study employed interviews, field

observation, and document analysis. Interview is a common data collection technique. It is a form of consultation in which the researcher attempts to explore more deeply about an information from the informants (Adhabi & Anozie, 2017). Several important steps to consider before interview: (1) writing open-ended questions, (2) identifying informants, (3) selecting interview methods that suit the need, either directly or through media, (4) using proper recording equipment, (5) writing an interview guidelines, (6) determining interview site, and (7) using proper procedure and good attitude to ask the questions (Creswell, 2013).

Observation is another data collection technique of the present study. It refers to the data gathering with senses (listening, observing, feeling) in a systematic and directed way to get information concerning a phenomenon (Jibril, 2018). By observation, a researcher can involve himself to record characteristics, events, occurrences, individuals, et cetera. During the observation, the researcher does not give direct question, yet physically observes activities and watches processes in their natural environment.

Like observation, document analysis is required so that researchers can cross-check the data and interpret them to understand their meaning in deep (Armstrong, 2020). A document may contain texts or images and may be in the



Source: Data Flow Chart Model Design to Measure Website Quality using Webqual 4.0

**Figure 2 Flow Model of Qualitative Data Analysis**

form of advertisement, journal, attendance list, brochure, et cetera.

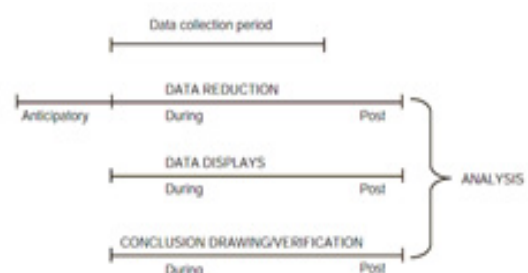
In qualitative study, data management and processing are parts of data analysis. Data analysis organizes and compiles data into manageable units to find conclusion (Moleong. J Lexy, 2018). The present study analyzed data the flow analysis model with three steps at the same time: (1) data reduction, (2) data display, and (3) conclusion drawing. Figure 2 shows the flow chart model for qualitative data analysis in this study.

## RESULT AND DISCUSSION

To determine the appropriate path, the researchers employed Fombrun's corporate

reputation model. In addition to Fombrun's corporate reputation model, this study also employed Christensen's theory of disruption. Figure 3 shows the chart of the research finding model.

Pos Indonesia keeps innovating to improve



Source: Processed Data, 2022

**Figure 3 Research Finding Model**



corporate reputation. The SOE improves the corporate reputation as it has fallen down for several factors. The COVID-19 pandemic had caused an economic decline in 2020, which let Pos Indonesia's reputation down. In addition, digital services had increased in both number and quality during the pandemic. It had changed the way people used services, which made Pos Indonesia's business rather irrelevant. Moreover, its competitors had presented tighter competition in the market, through innovation and acquisition. Consequently, there was a great demand for Pos Indonesia to make swift and accurate moves to regain the market share and improve corporate reputation.

There are three reasons behind PT Pos Indonesia's urgency to improve the corporate reputation: firstly, to maintain and even increase profitability; secondly, to maintain corporate stability; and thirdly, to demonstrate good growth prospect. Profitability is the corporate's ability to earn profit (Natalia, 2015). Large profit reflects the company's ability and opportunity to develop and grow the business in the future. In addition, a stable profitability also provides external parties an idea about the corporate's value. Hence, profitability affects the corporate's growth and capital structure (Ferliana & Agustina, 2018).

The efforts of Pos Indonesia to improve profitability includes observation of emerging

gaps. The strategic and business transformation manager of Pos Indonesia, in one of the interviews, outlined, "the gaps we are talking about are identified from market demand, such as gaps in marketplace and applications system. Marketplace gap included cashless system (courier transaction in the marketplace), service level agreement of fulfilling 95% courier service, package pick-up feature, and 24/7 operational services. Meanwhile, the gaps in application system included several points, such as easily accessible and stable network and rating system."

He also added, "the next gap is identified from internal capability, covering how the business and operation systems work. Business gap includes 24/7 operation and pick up service, while operational system gaps include inefficient cost, delivery couriers who have not been performance-based, and customer complaint handling which is still single-channelled."

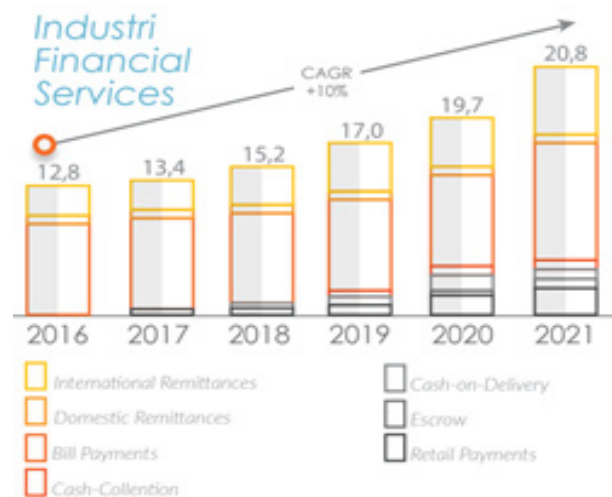
To grow in the marketplace, several of these gaps had been handled to cater to customers' needs. It included implementation of cashless transaction in the marketplace, pickup service, 24/7 outlets in certain locations, and switching the network into a cloud-based system to keep it stable.

Discovering the emerging gaps provides an overview of steps to take to determine future policies and strategies. Based on PT Pos

Indonesia's observation, gaps in profitability consisted of three aspects: competency, capability, and business. Gap in competence means the ways in which the corporate recognizes internal and external interactions, skill, and technology involved in its operation. This is important because recognizing these aspects can promote better performance and opportunities to handle problems. Competence is one's behavior to interact effectively with one's environment as well as one's capability to satisfy individual or social needs to perform an operation (Schneider, 2019).

Capability and competence share similar meaning, which has to do with ability to perform. However, capability focuses more on how the corporate can analyze the emerging problems in details to determine the appropriate solutions. The last gaps are concerned with business from competitors with similar retail activities.

Another reason for improving profitability is provided by the transformation in business sector. Pos Indonesia makes an innovation to improve the market share in courier, finance, and logistic business. As we know, in the age of disruption, more and more players enter the courier and logistic industry. It offers greater challenges for Pos Indonesia to overcome. The interview result revealed several factors why Pos Indonesia faced greater challenges in the age of disruption:



Source: PT Pos Indonesia, 2022

**Figure 4 Financial Service Industri**

First, lack of reliability in that deliveries are sometimes late. Competitors do better in this regard, so Pos Indonesia needs to catch up. Second, its cost model is not competitive due to high cost of labor and assets. Third, the low price of e-commerce and courier services from competitors put pressure to Pos Indonesia. Fourth, A lot of SOEs still focus on in-house logistic.

Therefore, Pos Indonesia must transform to increase its profitability. Profitability in financial service sector is supported by the global economy development. The latter affects international remittance market, which keeps growing with great potentials. This market targets Indonesian migrant workers who send money overseas. Figure 4 shows the growth of financial service industry.

Pos Indonesia as a company that provides

financial services sees a significant opportunity in this industry and is ready to take advantage of the momentum. It has a wide network and strong bases, reaching to the most isolated parts of the nation. It makes SOE superior to its competitors. Based on the interview, payment transaction is the biggest market in financial service industry. Therefore, Pos Indonesia keeps making innovations by developing an easily-accessible payment system with competitive cost. One of such innovation created in its transformation program is integrating financial services into an application called *Pos Pay*, with the expectation to increase company's profitability amidst tight competition in the digital payment industry.

Digital transformation is a strategy to build the foundation for success (Mugge et al., 2020). It is a strategic initiative to achieve long-term goals. It is a future business system that a company should adopt, particularly in the current age of disruption. It allows for new organizational characteristics and more efficient performance, which will enable the company to survive and sustain (Abbu et al., 2020).

One of the factors driving Pos Indonesia to improve its reputation is the company's need to maintain corporate stability, the company's ability to maintain a stable condition (Clampit et al., 2021). Pos Indonesia's efforts to maintain stability include implementation of sustaining, scaling, and scooping principles in its three

main businesses, namely courier, financial service, and logistic.

Pos Indonesia is committed to managing and improving the existing businesses even though it is open to new businesses relevant with time. In this regard, Pos Indonesia implements some sustaining practices. In courier business, it adds more open hours and improves the quality service. In financial service sector, it distributes cash social assistance as a program.

This is in line with the opinion of Sarjana et al. (2020) that sustainable efforts are important to maintain certain programs and partnership. It serves as a collaborative process to solve problems. To sustain, it is also important to develop and manage the flow of grant and other financial supports to facilitate an effective sustainable programs. Pos Indonesia implemented sustainable program by regular maintenance to discover any problems.

Another goal of this practice improving customer satisfaction and keeping them using Pos Indonesia's services. Maintenance is a promotional tool in the form of personal selling. This strategy creates good relationship between producers and consumers, which will benefit the company, such as facilitating the sales.

Maintenance is important, as suggested by Edwin B. Flipppo (cited in Hamdani & Syaiful Sagala, 2017), "the maintenance function of personnel is concerned primarily with

preserving the physical, mental, and emotional condition of employees”.

A company who implements strategic maintenance should focus on the following aspects: 1) benefit and efficiency, maintenance should be efficient and provide the utmost benefit for company and its employees. It should improve performance, achievement, security, health, and loyalty of the employees to achieve company goals. This principle should be designed optimally so that it does not turn to waste. 2) Need and satisfaction, which is important for maintaining security, health, and attitude so that employees work efficiently and effectively. 3) Fairness and expediency, which will make employees calm and focused in doing their duties, so they can increase their discipline, cooperation, and motivation.

Scaling is an effort to expand a business. Pos Indonesia implements scaling to maintain its existence. Scaling also facilitates Pos Indonesia to regain market share. Scaling in Pos Indonesia includes several programs. In courier business, it is manifested into additional number of pick-up couriers in potential regions, corporate customer management, and better customer experience.

Better customer experience is the most important programs because customers directly experience the effects. Positive customer experience is critical for business sustainability.

A satisfying experience can build their loyalty to the company, increase customer satisfaction, and provide words-to-mouth marketing through positive reviews and recommendations.

Recognizing the rapid growth of financial industry and logistic businesses, Pos Indonesia decides to move swiftly and accurately. The age of disruption indirectly provides Pos Indonesia new challenges and opportunities. The time and the customer have changed, demanding Pos Indonesia to direct its services towards adoption of new technology. The business model should also be transformed to suit the current age.

In terms of logistic business, Pos Indonesia implements Transport Management System, an application to optimize operational route of the workers. It also has real time tracking of its couriers. In addition, warehouse management system is released to optimize the management of inventory storage, which can increase efficiency.

As a form of synergy and collaboration between the government and industrial stakeholders, Pos Indonesia expects that the government play a good role, providing regulations and policies regarding data security and customer privacy, for instance. Pos Indonesia creates an attractive and efficient supply-chain logistic ecosystem to improve the growth of relevant sectors in that ecosystem.

By prioritizing best customer experience,

Pos Indonesia believes that it could realize cost-saving, reducing cost of stocks and others, to attract customers' interest. It will positively impact the company and the customers at the same time.

In financial service sector, Pos Indonesia expands its payment sell, including financial service from and to other countries. It also releases *konsfila* application, that all employees of Pos Indonesia can use to input data online. In logistic sector, Pos Indonesia signs a partnership contract to supply logistic needs of State-Owned Enterprises.

Scaling is important because it affects company's growth towards a more competitive path (Piaskowska et al., 2021). Scale-up by a mature company with high level of growth includes maintaining and rejuvenating its competitiveness, expanding innovations, and creating sources of profits.

Scooping is an effort to grow the company. It strategically integrates programs and activities that have synergic potential (Trent & Chavis, 2009). It is also a useful way to analyze problems, to explore their causes, and to identify solution required to solve them. Pos Indonesia implements scooping in three main programs. In courier business, it added the number of Pos agents in Islamic boarding schools, micro and small businesses, traditional markets, and industries. It also expands partnership program

**Table 2 Nett Income in the last 10 years**

Year	Net Income	Average
2011	144,44	
2012	174,04	
2013	247,372	
2014	159,334	
2015	29,989	
2016	429,986	35746,08
2017	355.093	
2018	127,45	
2019	123,43	
2020	342,03	
2021	589,76	

Source: Annual report Pos Indonesia

through *O-ranger*. In financial services, Pos Indonesia releases *Pos Pay Ramadhan berkah* program and develops Pos Pay digital service. In logistic business, it collaborates with various parties to expand its sales force and distribution channels.

To find new prospective customers, scooping is implemented by analyzing existing customer database that had yet built a partnership with Pos Indonesia. Based on the result of this customer database analysis, Pos Indonesia then signed a partnership contract with PT Pertamina Persero for logistic supplying service.

The next point of why Pos Indonesia needs to improve its reputation is because should demonstrate good growth prospect. Pos Indonesia struggles for reaching good prospect by transformation program to keep the company

relevant with the time. Krisnando & Novitasari (2021) described a company's growth prospect as the strategy to make the company valuable and sustainable in the future. With a good prospect, a company will be more trusted by its investors and stakeholders.

Pos Indonesia shows a good rapport in terms of growth prospect for the innovations in the transformation program to keep the company relevant in the age of disruption. Based on the data, Pos Indonesia shows a good growth prospect, increasing its net income to IDR 500 billion in the last 10 years. Therefore, the transformation program has the potential to drive the corporate to record good rapport.

To develop innovation and increase a good reputation, the role and function of public relations is needed. Public relation is considered a problem-solving facilitator when the company is experiencing a communication crisis (Rosmala, 2021).

The transformation program is carried out by Pos Indonesia to increase customer interest in the products and services, and it is closely related to public relations. Customers are the main buyers of certain products or services (Umma et al., 2016). The good relationship between the two must be harmonious.

The findings suggested that Pos Indonesia's efforts to improve the reputation is congruent with Clayton M Christensen's theory of

disruptive innovation (Denning, 2016). Disruptive innovation can help a company create new market or disrupt existing market. In short, it replaces the previous technology.

Disruptive innovation develops a product or services in an unexpected way. Clayton M Christensen outlined the requirements to create disruptive innovation:

First, an innovation does not develop in a linear manner from technology. Second, it must be able to fully utilize any emerging market opportunity when the old innovation no longer works. Customers expect simpler and cheaper solution. Today, disruptive innovation enters to satisfy the market's needs. Third, The resulting innovation is not more sophisticated. Rather, from a functional perspective, it is inferior compared to the old innovation. Once a company successfully enters the market with disruptive innovation, it will continue to perfect its products and services, until the performance and functionality are comparable with those of the old products, but with a cheaper price.

In disruptive innovation theory, Christensen observed three types of innovation to increase growth in the age of disruption: market-creating innovation, sustaining innovation, and efficiency innovation. Market-creating innovation means exploring new opportunities outside the traditional paradigm of innovation. It most likely destroys the existing business model. The



process of market-creating innovation is not simple. It involves high level of uncertainty in terms of success. Market-creating innovation requires a lot of experiments and iterations. However, when it succeeds, it will create new growth, new customer behavior, and new business model.

Market-creating innovation, by definition, can create a market. For instance, it may involve an innovation to transform a complex and expensive product into one that is easily accessible and affordable. Pos Indonesia implements it by transformation program. Specifically, it transforms its practices from the old business model to the new one and from manual to automatic processes. It also creates various technology-based applications to promote corporate growth. The release of applications, such as Pos Pay, Pos Aja is expected to result in re-acquisition of market share, in easier access for the public to use Pos Indonesia's products and services, and an increase in company profitability.

Sustaining innovation means exploration to find opportunities that could strengthen the existing business model. Generally, it is implemented by creating latest product, latest services, and new distribution channels, as well as by adapting new technology.

In sustaining innovation, a company is required to create a better product, maintain an

interesting margin, and maintain a competitive and dynamic market. Pos Indonesia implements sustaining innovation by increasing its profitability through observation of emerging gaps; optimization of business transformation which included courier, logistic, and finance businesses; and optimization of human resources transformation, which included mindset, character, and behavioral changes to build a sustainable company.

Efficiency innovation focuses on creating an efficient and effective process. It is characterized by low risk and highly predictable success. It aims to yield more output through more efficient practice: gain more by doing less. Pos Indonesia implements efficiency innovation in several sectors within its transformation program. For instance, in human resources sector, Pos Indonesia no longer recruits organic workforce. Rather, it expands its partnership programs. The corporate expands its partnership program to reclaim the market share and to reach market acquisition.

Pos Indonesia implements theory of disruption to improve its corporate reputation in the age of disruption. These three types of innovation play a crucial role in developing its business, increasing profitability, and growing the company. Market-creating innovation results in development, sustaining innovation yielded better product, and efficiency innovation

created performance optimization.

## CONCLUSION

The current study concluded that Pos Indonesia has a great potential to rejuvenate its falling reputation by transformation programs in the age of disruption. The spirit of transformation makes all business lines move together to push the company forward. Pos Indonesia take appropriate steps by improving profitability, maintaining stability, and demonstrating good prospect of growth. The three foundations are also followed by observation. The company needs to consistently observe the emerging gaps because it will significantly help stay relevant. In addition, consistency also keeps Pos Indonesia moving in the corridors of corporate innovation, allowing it to improve the company's presence and reputation in a shorter amount of time.

To turn into a leading and reliable digital company, Pos Indonesia implements seven transformation programs with a focus on transformation towards a more digital, more easily accessed, and more efficient use. Pos Indonesia needs to maintain strict supervision and monitoring for each transformation program to ensure its implementation yields the expected result and improvement.

Considering the stricter competition dynamics in the business, the constantly

emerging and improving new competitors, the higher demand for satisfying information needs, the rapid development of information and communication technology, and the bigger effects of public opinion, attitude, action, and perspectives, Pos Indonesia needs to optimize its public relations. The efforts to improve its reputation by transformation programs can run well if the company manages its public relations well. Optimization of public relations requires a well-developed plan, well-constructed programs, and continuous implementation. Pos Indonesia also needs to optimize its public relation functions that directly relates to and promotes its transformation programs. Pos Indonesia's public relation division needs to develop an appropriate communication strategy to influence the public.

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