

The Effect of Reputation and Partnership Strategy on Business Performance of Internet Service Provider Company

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Abstract

Internet service provider companies play a crucial role to internet usage. This industry is facing the conditions of hyper competition, so that the profitability growth tends to stagnate and even decline. Refer to the background, the study is aimed to investigate the influence reputation and partnership strategy on business performance of the internet service provider companies in Indonesia. This was a verification study on internet service provider companies in Indonesia as the unit of analysis, with the observation unit was the management of that companies. Samples were taken from 100 respondents. The research data was collected in a cross-section/one-shoot time horizon, in 2023. Data processing and hypothesis testing used Partial Least Square. The results of hypothesis testing show that reputation and partnership strategy have an effect on business performance of internet service provider companies, and partnership strategy has a more dominant influence compared to reputation. It is concluded that to achieve the targeted business performance of the internet service provider companies in Indonesia, it must be support by strengthening the partnership strategy and improve reputation so that it is expected to support growth in business performance.

Keywords: Business, Partnership, Performance, Reputation, Strategy

Introduction

The Association of Indonesian Internet Service Providers (APJII) (2020) conducted a survey that reveals in the period 2019-2020, the internet users in Indonesia were 196.71 million, or 73.7% of the total population. Internet user growth reached 8.9 percent from the previous year. Internet service provider companies play an important role in internet usage. In 2021, there are 611 of internet service provider companies in Indonesia. This number increased by 29.18% from 473 companies in 2020. The highest growth in the number of domestic internet service provider companies occurred in the 2016-2021 period (Sadya, September 14, 2022). Meanwhile, there were 474 companies registered with APJII and holding the Ministry of Information and Telecommunication permits. In 2021, 91.53% of internet service provider customers are individual customers, the remaining 8.45% are corporate customers, and 0.02% are internet cafes (Sadya, September 14, 2022).

Under these conditions of hyper-competition, the profitability of internet service provider company growth tends to stagnate and even decline. Coupled with this, internet access rates have continued to decline from year to year, since 2009 until now. Many kinds of research analyze what factor influence business performance. Some of them are partnerships and company reputation. However, no previous research has been found that examines the effect of reputation and partnership strategy on business performance of the internet service provider company in Indonesia. To fill this gap, this study is formulating the research question, "Do reputation and partnership strategy influence the business performance of the internet service provider companies in Indonesia?".

Literature Review

Reputation is believed to be an important resource for companies in supporting business success. The long-term evaluation of an organization's social and economic potential by its stakeholders (such as customers, suppliers, the general public, etc.) is known as corporate reputation.

According to Barney (1991), a company reputation is a key asset. According to Lombardi et al. (2020), a company's reputation is how stakeholders view it in relation to its operations, behavior, and performance. Refer to Fombrun (1996), reputation is a perceptual representation of a company's past actions and prospects that describe the firm's overall appeal to its key constituents compared to other leading rivals. An organization's firm reputation is a key asset, and it is well acknowledged as a strategic tool and means of gaining an advantage over rivals. A positive company reputation can assist businesses in meeting consumer demand, luring investors, and inspiring employees. It serves as a tool for separating their offerings in the market (Dawit Bahta et al., 2021). One competitive advantage that draws buyers is brand reputation. (Kushwaha, 2020). Corporate reputation, which already today is one of the primary intangible assets for adding value to a firm, is one of the most important but also very delicate non-financial constructs. Reputation is both a measure of value and a source of value for a corporation (Vig et al., 2017). This passage discusses the importance of reputation as a crucial intangible asset that differentiates one company from another and serves as a strategic tool to gain a competitive advantage. emphasizes that a positive company reputation is essential for success and growth in the business world. It shapes stakeholders' perceptions and sets a company apart from its competitors, making it an invaluable and delicate intangible asset that contributes significantly to the firm's overall success.

To get a reputation position from the consumer's point of view, it is necessary to carry out several measurements that will provide an overview of the extent to which consumers perceive reputation of a company. Bahta et al. (2021) used five indicators to measure reputation consisting of how customers see the company as: a very professional organization, a successful firm, highly regarded firm reputation, a stable firm, and a well-established firm. Gardberg & Fombrun (2002) compiled 32 Reputational Quotient (RQ) development items. For this research, company reputation has adapted several company reputation indicators from Gardberg & Fombrun (2002) which cover: the company's products and services are known by the public, the company is well managed, the company offers quality services, the company offers superior value to customers, the company has adequate resources, the company is unique compared to competitors, the company contributes to society, the company carries out activities responsibly. Previous research by Taghian et al. (2010) have revealed a positive relationship between reputation and a market share that focuses on stakeholders. Besides, reputation have a relationship with sustainable business performance significantly. (Feng et al., 2022; Rose & Thomsen, 2004, Hall & Lee, 2014; Fachri et al., 2017).

The current business environment is in a state of hyper-competition. Companies are faced with the problem of lack of resources. To fill these deficiencies, companies can enter into partnerships with various parties. Partnerships can also support companies in improving their performance. A partnership strategy is a long-term agreement between partner companies to achieve common goals (Porter, 1983). Partnership strategies are formal and comprehensive, and cooperation is carried out systematically, to clarify goals, set decisions, and evaluate progress towards goals (Agboola & Braimoh, 2009). The partnership strategy is an effort to collaborate with various stakeholders, which is carried out vertically, namely relationships with suppliers and customers, and horizontally, namely lateral and internal partnerships. (Cravens & Piercy, 2013).

Regarding partnership with suppliers, organizations can operate more productively with a select few significant suppliers through partnerships (Gallear et al., 2017). Creating business partnerships is one of the most efficient strategies for companies to manage technological upheaval and dynamic market circumstances (Jiang, 2014). Besides, partnerships that companies build with suppliers depend on the company culture and also the purchasing strategy set by the company in achieving company goals. Partnerships with suppliers primarily aim to improve quality, reduce costs, and maintain material supplies stability, sharing information, establishing open communication between the two parties, and sharing risks and rewards in its certain period. This strategic partnership has an impact on the purchasing strategy in terms of purchasing raw materials. Partnerships, therefore, are essential in pursuing a sustainable supply of materials at affordable prices. Companies can achieve excellent levels of efficiency and responsiveness while meeting customer demands (Tarigan & Siagian, 2021).

Based on this explanation, the variable of partnership strategy in this study is measured by indicators: partnerships with software suppliers and hardware suppliers, customer loyalty, customer databases, partnerships with government, business associations, competitors, banking, cross-functional coordination, and effective communication.

Prior research has proved that business partnerships influence business performance (Purnomo et al., 2018, Sucipto et al., 2015). Strategic partnerships are needed through collaboration and developing dynamic capabilities to improve business performance (Mustikaningsih et al., 2019). Business partnerships have a moderating effect on business performance in some industries (Kim & Ronto, 2010). Quality of partnership has a mediating and moderating effect on the relationship between resources and capabilities with performance. (Lahiri & Kedia, 2009). The functional behavior of supply chain partnership creation mediates the effect of Company responsibility on firm performance. Facilitating the development of trusting relationships with key stakeholders based on the principles of distributional, procedural, and interactional justice will increase the likelihood of nuanced information sharing, which in turn encourages innovation and enables the organization to better handle environmental change (Gallear et al., 2017). It suggests that when a company takes responsibility for its actions, it can positively impact its performance, and this effect is influenced by the creation of partnerships within the supply chain.

Various efforts made by the company are aimed at achieving the expected performance. Performance represents the results of implementing strategic management that measured by sales volume, market share, and profitability (Wheelen et al., 2015). Business performance is the capacity to meet a business unit's objectives in accordance with predetermined standards or using a balanced scorecard strategy (Kaplan and Norton, 1996). Financial ratios to evaluate strategies are ROI, ROE, Ebitda Margin, Market Share, Debt to Equity, EPS, sales growth, and asset growth (David, 2013). The business's ability to turn a profit during the past two years is the key performance indicator (Blackburn et al., 2013).

They provide insights into different aspects of business performance. It defines performance as the outcomes of implementing strategic management and highlights indicators such as sales volume, market share, and profitability to measure performance. Additionally, it introduces the concept of business performance with the use of the balanced scorecard approach and outlines various financial ratios used to evaluate business strategies. In order to measure business performance, it is necessary to meet profit and sales targets (MartINETTE et al., 2014). Profitability is an indicator of business performance (Alarcón & Sánchez, 2013). Profitability is defined by two indicators, namely ROA and Return on Sales (ROS). ROIC is also an important measure of revenue efficiency and represents management's ability to promote and maintain shareholder value (Damilano et al., 2018). The indicators used in this study to measure

the business performance variables are based on the description above, consisting of achieving the targets: ROA, EBITDA Margin, ROIC, asset growth, and market share in the last year.

Based on the explanation above, companies with a favorable reputation are more likely to have a larger share of the market. The focus on stakeholders in the market share indicates that the company's reputation is linked to how it is perceived and valued by its stakeholders, which includes customers, investors, employees, and other relevant parties. Companies with a good reputation are more likely to perform well in terms of sustainability practices, which may include environmental, social, and governance factors. It implies that a positive reputation can contribute to better sustainable practices and outcomes. Besides, Business partnerships have been demonstrated to impact business performance positively, necessitating strategic collaborations to enhance performance by coordinating supply chains and developing dynamic capabilities within the organization, with a moderating effect observed in certain industries and the quality of partnership playing a mediating and moderating role in the relationship between resources, capabilities, and performance. Then the purpose of this study is to examine the effect of reputation and partnership strategy on the business performance of the internet service provider company in Indonesia. Refer to this purpose, the hypothesis is structured as follows:

Hypothesis 1: Company reputation affects business performance significantly.

Hypothesis 2: Partnership strategy affects business performance significantly.

Methods

Knowing the link between variables and testing hypotheses is the type of causality research that is done using a quantitative approach in this method. The internet service provider company in Indonesia served as the unit of analysis for this study, and the internet service provider company's management observation unit in Indonesia served as the sampling frame. As a result, a sample of 100 respondents (with a 0.05 margin of error) was taken using a random sampling technique.

The research data was gathered in 2023, which is a cross-sectional/one-shoot time frame. The ordinal scale is used to measure the data. The Likert scale's ordinal scale is used to assess knowledge, attitudes, and behavior (Likert, 1932). This scale is appropriate for self-administered questionnaires and can offer respondents several response options (Hair et al., 2006). The data analysis technique uses Partial Least Square -Structural Equation Modeling (PLS-SEM). That is a procedure in statistics used to estimate a series of relationships between latent variables (construct) as measured by several indicators that can be observed (measured variable). According to Hair (2017), PLS-SEM is used to develop theory in exploratory research.

Results and Discussion

The Partial Least Square (PLS) approach was used to assess this study model with SmartPLS 3.0 software. Model Evaluation (Goodness of Fit) in PLS is done by evaluating the inner and outer models. An indicator of how much an exogenous construct can explain an endogenous construct is the coefficient of determination (R Square). Refer to Chin (1998), R Square values of 0.67, 0.33, and 0.19 are classified as strong, moderate, and weak, respectively.

Table 1. R² dan f²

	R Square	f²
Business Performance	0.372	-
Company Reputation	-	0.123
Partnership Strategy	-	0.424

Source: output SmartPLS 3.0 (2023)

A researcher should measure the extent of the influence between variables using the Effect Size or f-square in addition to determining whether or not there is a significant association between them (Wong, 2013). 0.02 is a small, 0.15 is a medium, and 0.35 is a big value for the f square. Values below 0.02 can be disregarded or thought to have no impact (Sarstedt et al., 2017). The SMSR value must be less than 0.05 for the model to satisfy the model fit criterion (Cangur and Ercan, 2015). Standardized Root Mean Square Value (SRMR) 0.10 or 0.08, NFI Value > 0.9, and RMS Theta value (or Root Mean Square Theta) 0.102.

Table 2 below displays the results of the fit model assessment.

Table 2. Model Fit

	Saturated Model	Estimated Model
SRMR	0.045	0.045
d_ ULS	1.501	1.501
d_ G	1.001	1.001
Chi-Square	167.038	167.038
NFI	0.911	0.911
rms Tetha	0.015	

Source: output SmartPLS 3.0 (2023)

The fit model conditions are met based on the two model evaluations when the RMS Theta, or Root Mean Square Theta, value is $0.015 > 0.102$, the NFI value is $0.911 > 0.9$, and the SRMR value, or Standardized Root Mean Square, is $0.045 < 0.10$, as shown in the fit model table above.

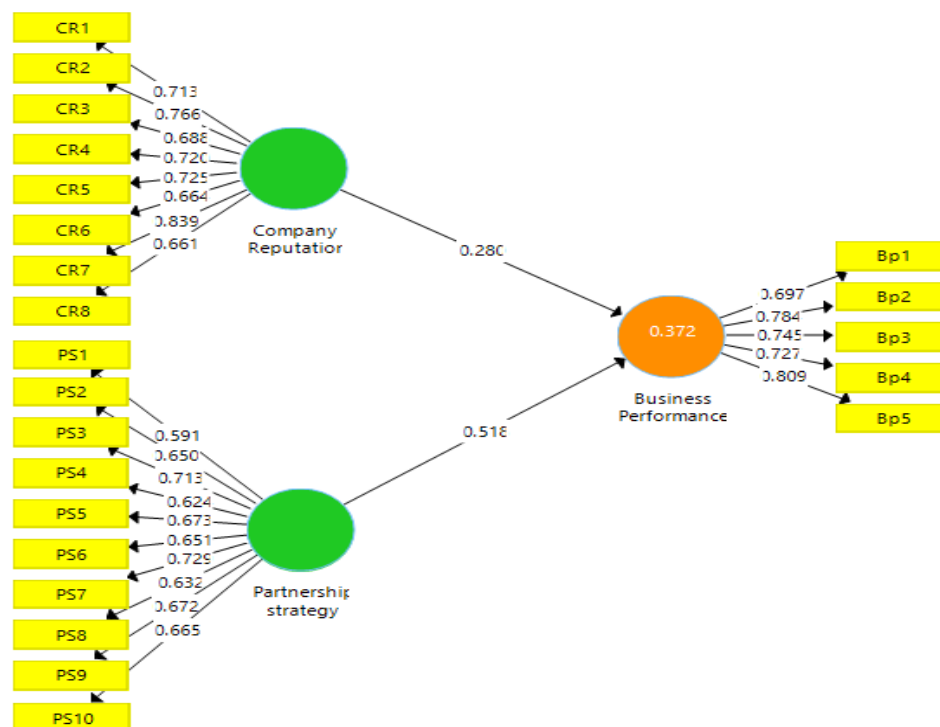


Figure 1. Research Finding

The relationship between each latent and each indicator is described in the outer model, where these values are tested for reliability with Composite Reliability and reliability with Discriminant Validity and Loading Factor. Table 3 displays an analysis of the link between the indicator variables and their latent variables, also known as measurement equations:

According to Hair et al. (1998), a valid loading factor is one that is more than 0.7. However, a loading factor of roughly 0.4 is seen as preferred, and a loading factor larger than 0.5 is typically regarded as noteworthy. If the AVE square root for each construct is higher than the correlation between the two constructs in the model, the model also has better discriminant validity. A value greater than 0.50 is needed for a good AVE value. According to the Construct Reliability (CR) value, all dimensions and indicators have a high degree of consistency, with values greater than 0.7 (Nunnally, 1994).

The findings of first order construct measures are shown in the table above for variables with factor loading (> 0.50) and a prob 0.05, indicating that the indicator's validity to explain latent constructs is good enough (Hair et al., 2010; Ghazali, 2008). The average extracted variance's (AVE) square root value serves as a measure of discriminant validity. The results demonstrate that $AVE > 0.5$, which is the acceptable threshold. Indicators and dimensions so generally reflect all latent factors.

The results of hypothesis testing are shown in table 4 below:

Table 3. Measurement Model Testing

Variable	Indicator	Loading factor	Prob	Composite Reliability	Average Variance Extracted (AVE)
Business Performance	Bp1 <- Business Performance	0.697	0.000	0.868	0.568
	Bp2 <- Business Performance	0.784	0.000		
	Bp3 <- Business Performance	0.745	0.000		
	Bp4 <- Business Performance	0.727	0.000		
	Bp5 <- Business Performance	0.809	0.000		
Company Reputation	CR1 <- Company Reputation	0.713	0.000	0.898	0.524
	CR2 <- Company Reputation	0.766	0.000		
	CR3 <- Company Reputation	0.688	0.000		
	CR4 <- Company Reputation	0.720	0.000		
	CR5 <- Company Reputation	0.725	0.000		
	CR6 <- Company Reputation	0.664	0.000		
	CR7 <- Company Reputation	0.839	0.000		
	CR8 <- Company Reputation	0.661	0.000		
Partnership Strategy	PS1 <- Partnership Strategy	0.591	0.000	0.886	0.537
	PS2 <- Partnership Strategy	0.650	0.000		
	PS3 <- Partnership Strategy	0.713	0.000		
	PS4 <- Partnership Strategy	0.624	0.000		
	PS5 <- Partnership Strategy	0.673	0.000		
	PS6 <- Partnership Strategy	0.651	0.000		
	PS7 <- Partnership Strategy	0.729	0.000		
	PS8 <- Partnership Strategy	0.632	0.000		
	PS9 <- Partnership Strategy	0.672	0.000		
	PS10 <- Partnership Strategy	0.665	0.000		

Sumber : SmartPLS 3.0(2023)

Table 4. Hypothesis Testing

No	Hypothesis	Coeff.Estimate	standar error	t stat	Prob.	R ²
1	Company Reputation -> Business Performance	0.280*	0.079	3.543	0.000	0,091
2	Partnership Strategy -> Business Performance	0.518*	0.068	7.667	0.000	0,281

*Significat at $\alpha = 0.05$ (t table = 1.98)

The results above show the hypothesis testing between Company Reputation and Partnership Strategy on Business Performance where both show a significant influence (Prob <0.05). Partnership Strategy has dominant influence with R² of 0.281. Thus, the two of hypothesis is accepted.

The hypothesis testing results are in line with the findings of prior studies (Taghian et al., 2010; Feng et al., 2022; Hall & Lee, 2014; Fachri et al., 2017) that reputation has a positive impact on business performance. The findings of this study also support (Purnomo et al., 2018, Sucipto et al., 2015; Mustikaningsih et al., 2019; Kim & Ronto, 2010; Lahiri & Kedia, 2009) that partnerships affect business performance.

Internet service provider companies that strengthen their partnership strategy will impact on than the company's reputation on business performance. Companies need to carry out a partnership strategy because every company is increasingly related to one another in today business environment. The changing demands of society and customers for internet service provider company's services that are faster and cheaper require appropriate steps so that internet service provider companies can use their resources to achieve success. Companies cannot only rely on the resources they have. By doing partnerships, companies can take advantage of other companies' resources without having to buy those that require higher costs, of course with a mutually beneficial scheme. Another advantage of partnerships is that they can open up new business opportunities and expand markets, thereby increasing the profit potential that can be achieved by internet service provider companies.

Partnership strategy is measured by indicators: partnerships with software suppliers and hardware suppliers, customer loyalty, customer databases, partnerships with government, business associations, competitors, banking, cross-functional coordination, and effective communication. Those indicators are giving impact on the business performance of internet service provider companies, which the partnership with competitor has a greatest impact because the loading factor is greater than others (0.729).

Partnership is essential for an internet service provider company for several reasons when collaborating with customers, suppliers, and the government. Building strong partnerships with customers fosters loyalty, satisfaction, and trust. Internet service provider companies can offer tailored solutions, address customer needs effectively, and improve their overall service quality through feedback and customer insights. Long-term customer partnerships result in reduced churn rates and increased customer retention. According to earlier research, fostering the development of trustworthy relationships with important stakeholders based on the principles of distributive, procedural, and interactional fairness might improve information sharing. (Gallear et al., 2017).

Partnering with suppliers is crucial for an internet service provider company's success. They rely on hardware and software vendors for network equipment, technology, and services. Strong supplier partnerships ensure access to the latest and most reliable infrastructure, allowing the internet service provider companies to offer cutting-edge services to customers and maintain a competitive advantage in the market.

Collaborating with government entities is vital for internet service provider company due to the heavily regulated nature of the telecommunications industry. Internet service provider company must comply with various laws, regulations, and licensing requirements. Partnerships with government agencies enable Internet service provider company to stay updated on changes in regulations, gain access to necessary licenses, and work together on initiatives to expand internet access and infrastructure. Partnerships with governments and other stakeholders can facilitate the development of necessary infrastructure, such as laying fiber optic cables or installing network equipment in underserved areas. Public-private partnerships can be beneficial for both parties as they share the costs and resources required for infrastructure expansion.

Partnerships open doors to new markets and customer segments that an internet service provider companies might not have reached otherwise. Collaborating with other companies or organizations can lead to cross-promotional opportunities and access to a broader customer base. Partnering with other entities can help internet service provider companies mitigate risks associated with investing in new technologies or entering unfamiliar markets. Sharing resources and expertise with partners can reduce the financial burden and increase the likelihood of successful ventures. Partnerships can also facilitate joint research and innovation efforts. Internet service provider company can collaborate with academic institutions or technology companies to explore new technologies, improve network performance, and develop advanced services that cater to evolving customer needs.

Partnerships between internet service provider company and their competitors, also known as strategic partnerships or cooptation (cooperation and competition), can be important for several reasons. Based on the calculation, it is known that partnership with competitor is the indicator which has the biggest loading factor in the variable of partnership. It means that this indicator gives the biggest impact on the formulation and implementation of partnership strategy and also to impact business performance. This type of partnership has a biggest effect on the achievement of business performance of internet service provider company in Indonesia, regarding this result of hypothesis testing. Commonly people think that competitor is company that we have to compete all the time so we can win the competition. However, this study is giving an unpredictable result that partnership with competitor gives the biggest effect to business performance. There is some reason that can be taken to answer this result.

Partnering with a competitor can provide an internet service provider company with access to new markets or geographic areas where they might not have a significant presence. This collaboration allows both companies to extend their reach and tap into each other's customer base, potentially leading to mutual growth. Besides, internet service provider company often have different strengths and service offerings. By partnering with a competitor, they can leverage each other's expertise to offer complementary services. For example, one internet service provider company might specialize in residential broadband services, while the other excels in enterprise solutions. By combining their strengths, they can create comprehensive packages that appeal to a broader range of customers.

The second reason is that collaborating with a competitor also can lead to resource sharing, which can result in cost savings and operational efficiencies. For instance, they could share network infrastructure, data centers, or back-end systems, reducing overall capital and operational expenses. Partnership also can support to gain a pooling resources and knowledge that can foster joint innovation. Competing internet service provider company might have different research and development capabilities, and by working together, they can develop new technologies, improve service quality, and stay ahead of the competition.

In some cases, forming a partnership with a competitor might offer regulatory advantages. For example, when it comes to bidding for government contracts or securing licenses, a joint bid from two established internet service provider company could carry more weight than individual bids. In intensely competitive markets, cooperation can help stabilize the industry by reducing cutthroat competition. By collaborating on certain aspects of their business, internet service provider company can avoid destructive price wars and focus on providing better services.

Partnering with a competitor can create economies of scale, enabling both companies to negotiate better deals with vendors, purchase equipment in bulk, and achieve cost efficiencies that might not be possible when operating independently. internet service provider company can engage in network peering and traffic exchange agreements with competitors. This allows them to exchange internet traffic directly, improving the overall performance and speed of their networks.

Forming partnerships with competitors also comes with challenges. There may be concerns about sharing sensitive business information, maintaining competitive advantages, and managing potential conflicts of interest. As such, cooperation arrangements require careful planning, clear agreements, and mutual trust to be successful. Partnerships with customers, suppliers, and the government are vital for an Internet Service Provider's success as they enable better customer service, access to essential resources, compliance with regulations, infrastructure development, market expansion, risk reduction, and fostering innovation in the ever-changing telecommunications landscape.

The other partnership is between internet service provider company with banking. Partnerships with banking institutions can have a significant impact on the business performance of an internet service provider company in Indonesia in several ways. Internet service provider company can work with banks to meet related needs of payment solutions and billing. In this case, partnering with banks allows internet service provider company to offer convenient and secure payment solutions to their customers. Integrating with banking systems enables customers to pay their internet bills through various channels, such as online banking, mobile apps, ATMs, or over-the-counter payments at bank branches. This streamlines the billing process, reduces payment delays, and improves cash flow for the internet service provider company.

In the current time, company faces the shifting of customer need and behavior that changed due to the movement of the in the information and communication technology. That is why company need to always understand and adapt with this situation. A movement in customer purchasing habits from traditional retail to online and/or mobile channels has been brought about by the industry 4.0 era, which was sparked by enhanced digital technology and simple access to the global market (Lee & Lee, 2020).

The other reason why partnership between internet service provider company and banking is important, because collaborating with banks can enable internet service provider company to offer customer financing options for purchasing equipment or subscribing to higher-tier service plans. Through credit services, customers can pay for internet services in installments, making it more affordable and increasing customer acquisition and retention. Banks also often have extensive customer bases and marketing channels. Partnering with banks can lead to cross-promotional opportunities, where the internet service provider company services are promoted to the bank's customers and vice versa. This exposure can increase brand visibility and attract new customers for both partners.

In some cases, banks may invest in internet service provider company as part of their diversification strategy or technology-focused initiatives. Such investments can provide internet service provider company with additional capital for infrastructure development, network expansion, or technology upgrades, leading to improved service quality and better business performance. Collaborating with banks can facilitate the internet service provider company digital transformation efforts. Banks are at the forefront of digital innovation, and partnerships can enable internet service provider company to adopt advanced digital technologies, improve customer experience, and enhance operational efficiency.

Overall, partnerships with banking institutions can enhance an internet service provider company competitiveness, customer service, financial capabilities, and market reach. By leveraging the banking sector's strengths and resources, internet service provider company can drive business growth, improve customer satisfaction, and thrive in the dynamic telecommunications industry of Indonesia. Besides, internet service provider company collaborate with banking institution to overcome the problem of lacking capital faced by company.

Internet service provider industry is a service provider industry. A service is an economic activity that, through the acts or performance of the provider, generates a specified value for a customer or advantages for the user (consumer) at a particular location and time (Lee & Lee, 2020). Customers desire a valuable and superior service. Businesses have a vast data-supported knowledge base about their customers' demands, preferences, habits, and even emotional states in order to enable exceptional service and win client loyalty. (Lee, 2018).

Overall, partnership with various parties is needed by internet service provider company to support the operation of their business to give value by meet the customer need with the goals of company so that company can achieve the targeted profit and other indicator or business performance.

As for reputation, the statistical test results also show a positive impact on business performance of internet service provider company. That's because the subjective assessment of consumer perceptions of the company's reputation is related to their assessment of organizational performance. (Taghian et al., 200). In addition, a strong reputation allows companies to set premium prices, lower marketing costs, help attract the best talent, generate word of mouth, and become a barrier against imitation from competitors (Gardberg & Fombrun, 2002).

Reputation affect business performance significantly due to its influence on various aspects of an organization's operations and interactions with stakeholders. A positive reputation builds trust among consumers. When customers trust a company, they are more likely to choose its products or services over competitors, leading to increased customer loyalty and repeat business. Satisfied and loyal customers are more likely to recommend the company to others, driving organic growth through word-of-mouth marketing.

Besides, a strong reputation contributes to a positive brand perception. A well-regarded brand is associated with quality, reliability, and value, attracting more customers and creating a competitive advantage in the market. Companies with a solid reputation can command premium prices for their products or services.

A good reputation can result a positive word-of-mouth and a strong reputation reduce the need for extensive marketing efforts. When customers speak highly of a company, its products, or services, it generates free advertising and promotional opportunities, saving on marketing expenses. The positive reputation also can attract talented employee. Companies with a positive reputation are more attractive to potential employees. Talented individuals seek to

work for organizations that are well-regarded, have a positive work culture, and offer growth opportunities. This, in turn, allows the company to attract and retain top talent, which can contribute to improved business performance.

A good reputation instills confidence in investors and stakeholders. Investors are more likely to invest in a company with a positive reputation, leading to increased access to capital and potential growth opportunities. Companies with a strong reputation for customer service and complaint handling can resolve issues more effectively. Satisfied customers are more likely to have their concerns addressed promptly, which helps in retaining them and avoiding potential negative publicity. Companies with a positive reputation are better equipped to handle crises and negative events. A well-established reputation can act as a buffer, helping the company recover faster and mitigating long-term damage. A strong reputation can serve as a barrier against imitation from competitors. It becomes more challenging for competitors to replicate the trust and positive image that a well-reputed company has built over time.

It is concluded that a positive reputation enhances a company's competitiveness, customer base, employee engagement, and financial performance. It fosters a virtuous cycle, where improved business performance further enhances the company's reputation, creating a self-reinforcing loop of success.

There are reasons why partnership might have a more dominant impact. The first reason is regarding market expansion. Indonesia is a diverse and geographically vast country, which poses challenges for internet service provider company to reach all regions effectively. Partnerships with local internet service provider company or organizations can help expand their market reach and provide services in areas where they might not have a strong presence. This enables internet service provider company to tap into new customer segments and increase their market share more rapidly than solely relying on their reputation.

The second reason is regarding with infrastructure development. This means that establishing and maintaining a robust network infrastructure is crucial for an internet service provider company success. Partnerships with technology companies, infrastructure providers, or government entities can facilitate the development and improvement of network infrastructure in Indonesia. Enhanced infrastructure allows internet service provider company to offer better services and attract more customers, ultimately boosting business performance. The third reason is that partnership can provide resource sharing. In a competitive market, resource sharing through partnerships can lead to cost savings and operational efficiencies. Internet service provider company can collaborate with other providers to share network resources, data centers, or customer support services, which can lead to cost reductions and improved customer satisfaction.

The fourth reason is with partnership, company can enhance a diversification of services. In this context of internet service provider company, partnerships can enable internet service provider company to diversify their service offerings through collaborations with content providers, cloud services, or other technology companies. This allows them to provide bundled services, such as internet and streaming packages, which can attract a wider customer base and boost revenue.

Internet service provider company is one of sector of industry that is subject to government regulations. In Indonesia, government regulations and policies play a significant role in the telecommunications industry. Forming partnerships with government agencies or local authorities can help the internet service provider company to navigate the regulatory landscape more effectively, leading to smoother operations and better compliance. This is the fifth reason for why internet service provider company need partnership more than reputation in

relationship with business performance. The last reason is regarding the innovation and technology. To provide and support the necessary of the latest technology devices to support the services to their customers, then partnerships between internet service provider company with technology companies or research institutions can drive innovation and the adoption of advanced technologies within an internet service provider company operation. Staying at the forefront of technological advancements can lead to improved service quality, attracting more customers and positively impacting business performance.

Based on the description above, while reputation remains crucial for customer trust and loyalty, especially in a competitive market in the internet service provider industry in Indonesia, but partnerships can provide more concrete opportunities for growth, market expansion, cost optimization, and technological advancement.

The statistic calculation shows that the partnership with competitor gives the most influence on the business performance of internet service provider company. This finding of the study can be followed up in further research so that they can explore and find any suitable forms or partnership strategies with competitors that will give the bigger impact for internet service provider company in Indonesia in achieving a sustainable business performance.

Conclusion

The aim of this study was to investigate the effect of reputation and partnership strategy on business performance of the internet service provider company in Indonesia. The results show that reputation and partnership strategy affect business performance of the internet service provider company in Indonesia. Partnership Strategy has a dominant influence over a company's reputation. While reputation is crucial in building business performance, especially in the existing competitive market in the internet service provider industry in Indonesia, partnerships can provide more concrete opportunities for growth, market expansion, cost optimization, and technological advancement that can support the company to achieve the targeted performance of their business.

It is suggested to the internet service provider company management to strengthen partnership strategy to be able to meet changing customer demands for internet service provider services that are faster and cheaper and to open new business opportunities and market expansion. Reputation also needs to be improved to increase consumers' positive perceptions of the company so that it is expected to support business performance growth.

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