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## The Effect of Company Image and Word of Mouth on Consumer Decision-Making in Private Recruitment Agencies

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### Abstract

This study aims to analyze the effect of company image and Word of Mouth (WOM) on decisions to use Indonesian labor services at PT Alwidah Jaya Sentosa, Batang Regency, Central Java Province. The research population is Indonesian migrant worker who have worked abroad through the labor the company. This study uses multiple linear regression methods with a sample of 60 people. The results showed that partially, company image and WOM had a positive and significant effect on the decision to use the company. The significance value obtained ( $p < 0.05$ ) indicates that the better the company's image and WOM generated from the positive experience of migrant workers who have left abroad, the more likely prospective workers choose to use the company's services. This shows the importance of the company's efforts in building a good image and utilizing WOM to strengthen the decision of prospective migrant workers to use the company's services. This study implies that companies should focus on improving their image through effective branding and communication strategies, as well as maximizing WOM as a marketing tool to increase the number of workers who use labor distribution services in the future.

### Keywords

Company Image, Word of Mouth, Decision-Making, Migrant Worker.

## 1. Introduction

Indonesia is known as a country with abundant human resources. However, one of the main challenges faced is the low educational background of most of the workforce, which results in many of them not being skilled workers (Dewa, 2023). This condition is exacerbated by the imbalance between the number of workers and the availability of jobs, leading to high unemployment rates in various parts of Indonesia. Although the 1945 Constitution of the Republic of Indonesia Article 27 paragraph (3) has guaranteed the right of every citizen to work and a decent livelihood, the reality is that there are still many citizens who do not enjoy this right (Febriyanto & Rohman, 2018; Alkadrie & Khairunnisa, 2023). As a solution, the government has launched the Indonesian Migrant Workers program to improve the welfare of workers through training and work experience abroad (Purwanti et al., 2022).

The role of labor brokers is crucial in ensuring the protection and safety of workers abroad. One of the factors that influence consumer decisions in choosing a labor channeling service is the company's image and Word-Of-Mouth (WOM). A good company image gives consumers confidence, which in turn affects their decision to choose a labor channeling service (Anggriani, 2012). In addition, Word of Mouth, as a form of recommendation from other parties, also plays an important role in influencing consumers' perceptions and decisions towards a channeling service (Shah, 2022; Sunarya & Jamaludin, 2022). For example, PT Alwidah Jaya Sentosa, as one of the official distributors with a legal entity, has been operating since 2005 in Batang Regency and continues to build a positive image by offering safe and reliable services for migrant workers. This is reinforced by positive recommendations from workers who have used the service, which then increases consumer interest and decisions in choosing this company (Nuryani et al., 2023). The results of a preliminary survey of 10 workers who had used the company's services can be seen in Table 1:

**Table 1.** Pre-survey to 10 workers

No	Question	Answer		Answer Respondent
		Yes	No	
1	Is the release of PT Alwidah Jaya Sentosa's personnel in accordance with the procedure?	6	4	10
2	Is the information about the company real?	2	6	10
3	Is the distribution of labor at PT Alwidah Jaya Sentosa in accordance with the rules?	8	2	10
4	Is the company image of the company good in your opinion?	6	4	10

Based on a pre-survey of 10 workers, there is a perception gap regarding the performance the company. While 60% of workers agreed that labor procedures and distribution were in line with regulations, only 20% believed that information about the company was authentic. In addition, while 60% rated the company's image as good, there were still 40% who disagreed. This gap shows that although the company's operations are considered good, trust in information is still low.

Company image is the impression that the public has of the company, reflecting the perception that the company is good, trustworthy, and professional. Corporate image is an intangible asset that is unique, easily recognized but difficult to imitate (Suprapti & Suparmi, 2022; Riyadi, 2022). This image is formed from customer experiences, which then generate beliefs, memories, feelings, and knowledge about the company, and ultimately form an emotional connection between customers and

the company. However, there are differences in research findings regarding the effect of company image on service usage decisions. Research by Yudha et al. (2015) shows that company image has a positive and significant effect on service usage decisions. Although corporate image has a positive influence, its influence is not significant on the decision to use the service (Ullah (2018). This indicates the possibility of other factors moderating the effect of company image on consumer decisions (Triandewo & Yustine, 2020).

Word of Mouth (WOM) or word of mouth communication, it is a marketing activity where two or more people exchange information directly, through media or electronic devices, based on their experience in using a product or service (Noerhartati et al., 2023). WOM is considered the oldest yet most effective marketing method in increasing consumer awareness, as the information disseminated usually comes from the experiences of other people who can be trusted. WOM is very effective because recommendations often come from people who are known and have positive experiences, resulting in more trust in a product or service (Wanto, 2022). However, the results of research related to the influence of WOM on service usage decisions show a gap. WOM has a positive and significant influence on service usage decisions, while it was reported that WOM has a negative and insignificant influence on service usage decisions (Sunarya & Jamaludin, 2022; Purwanti et al., 2022; Fauzi & Purnomo, 2023). This gap indicates that there are other factors, such as conditions or moderating variables, that can influence how much WOM influences consumer decisions, as can be seen in Table 2:

**Table 2.** Summary of Research Gap

No Influence Variables	Between Image	Researchers from the Year	Research result
1 Company Against the Decision to Use Services	Image	Yudha et al., (2015)	Company Image has a positive and significant effect on Decisions Use of Services
		Go et al. (2014)	Company Image has a positive and insignificant effect on Decision to Use Services
2 Word Of Mouth to the Decision to Use Services	Image	Purnawan & Suarmanayasa, (2021)	Word Of Mouth has a positive and significant influence on Decision to Use Services
		Lukiana (2018)	Word Of Mouth has a negative and insignificant effect on Decisions Use of Services

## 2. Literature Review and Hypothesis

Company image refers to a set of perceptions held by customers, where they recall, describe, and link their experiences to form beliefs, memories, emotions, and knowledge. A study by Yudha et al., (2015) found the impact of company image and service quality on the decision to use the delivery services. The findings indicate that company image has a positive and significant effect on service usage decisions. The company can use the company's image to offer and give a better impression than other companies. The better the company image, the more people decide to use the service.

**H1:** There is a positive and significant influence between the company's image and the decision to use labor channeling services.

Word of mouth, or word of mouth communication, refers to a marketing activity where two or more people share information through direct conversation, media, or

electronic devices based on their experiences with a product or service. The influence of word of mouth and service quality on the decision to use Gojek services in Denpasar City (Pamela & Indrawati, 2022). The study's findings indicate that word of mouth has a positive and significant impact on service usage decisions. The company can use word of mouth to introduce the company to the wider community. The more people know and understand the company's activities, the greater the opportunity for people to find security and professionalism.

**H2:** There is a significant positive influence between word of mouth and the decision to use labor channeling services

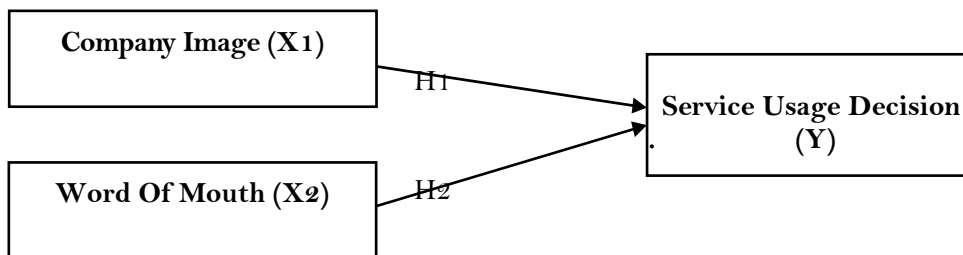


Figure 1. Research framework

### 3. Research Methods

The population in this study are workers who have worked abroad through PT Alwidah Jaya Sentosa Batang Regency. The sample used in this study is; 60 people. all Indonesian workers who go abroad using the Indonesian Labor Service Company. The type and method of data collection used in this study are primary data in the form of questionnaires. The variable measurement scale uses a Likert scale. Hypothesis testing using SPSS (Statistical product and service solution) 22 software tools. The results of the research instrument accuracy test, namely the validity test and reliability test, show that all instruments used have met the established standards. This shows that the data generated can be trusted and can be used in data analysis. This can be seen from the calculated correlation coefficient values which are all greater than the Table correlation coefficient, as well as the Cronbach Alpha value which exceeds 0.60. Thus, it can be concluded that all investigative instruments implemented in this study have been tested for validity and reliability.

### 4. Results and Discussion

The results of data processing using SPSS (Statistical Product and Service Solution) 21 software, obtained the regression equation equation as follows:

$$Y = 0.214X_1 + 0.583X_2$$

$$\text{Sign.} = 0,002 \quad 0,000 \quad 0,016$$

This means that all variables (company image and WOM have a positive and significant effect on decisions to use labor services).

The results of the normality test, Kolmogorov - Smirnov value of 0.108 and a significant level of p-value (asymp.sig) of 0.081 which means more than 0.05, then the data is normally distributed and worthy of parametric testing. The multicollinearity assessment indicates that all Variance Inflation Factor (VIF) values are below 10, and tolerance values exceed 0.10, suggesting the absence of multicollinearity among the predictor variables). Additionally, the heteroscedasticity test reveals that the significance values for both company image and word-of-mouth (WOM) variables are greater than 0.05, indicating no heteroscedasticity issues in

the regression model. Therefore, the regression equation is deemed appropriate for hypothesis test.

The adjusted R-squared value is 0.899 or 89.9%, indicating that company image and word of mouth (WOM) explain 89.9% of the variance in service usage decisions, while the remaining 10.1% is influenced by other factors not discussed in the study. The F-statistic is 263.539, with a significance value of 0.000. Since this significance value is less than 0.05, it can be concluded that the regression model is suitable or fit for explaining the effect of the independent variables on the dependent variable.

Hypothesis testing is done using the t-statistic procedure (bootstrapping). Basically, this test shows how far the influence between exogenous variables on endogenous variables can be seen in Table 3.

**Table 3.** Hypothesis Test Results

No	Model	Standardized Coefficients	t- statistics	Sign.
1.	Company Image (X <sub>1</sub> ) □ Decision to Use Services (Y)	0.290	3.178	0.002
2.	Word Of Mount (X <sub>2</sub> ) □ Decision to Use Services (Y)	0.683	7.492	0.000

*Source: Processed data (2024)*

The results of the hypothesis test show that the partial test calculations for the variables (corporate image and WOM) have a significant positive influence. Partial test results for the company image variable obtained the t value of 3.178 (positive value). The significance value is 0.002 (0.000 < 0.05). So the hypothesis that has been formulated states that there is a significant positive effect of the company's image on the decision to use services statistically, accepted. Partial test results for the shopping experience variable obtained a t value of 7.492 (positive value). The significance value is 0.000 (0.000 < 0.05). So the hypothesis that has been formulated states that there is a significant positive effect of shopping experience on buying interest is statistically, accepted. It is known that WOM has the strongest influence compared to other variables, this can be seen from the Standardized Coefficients value of 0.683, meaning that the WOM variable has the strongest influence among the Company Image variables.

The results of hypothesis testing the effect of company image on decisions to use labor services at PT Alwidah Jaya Sentosa. These results explain that the company's image has a positive and significant influence on the decision to use labor services with the t-test result obtained of 3.178 and sig. 0,002 < 0,05. This shows that an increase in company image will increase the decision to use the services of the company in Batang Regency. These results strengthen the relationship between company image and the decision to use labor services. This shows that a good company image will have a very good influence on attracting job seekers who use Indonesian Labor Service Providers. The results of this study support Rustandi et al. (2024) who in the study explained that company image has a positive and significant effect on service usage decisions. However, it does not support the research of Go et al. (2014), which states that company image has a positive and insignificant effect on service usage decisions (Oppong et al., 2023).

Based on the results of hypothesis testing the effect of WOM on decisions to use labor services at the company. Hypothesis testing proves that word of mount (WOM) is proven to have a positive and significant effect on service usage decisions with the t-test result of 7.492 and sig. 0,000 < 0,05. This shows that an increase in WOM will increase the decision to use services at the company (Sulistianingsih & Santi, 2023). These results strengthen the relationship between WOM and the decision to use labor services. This shows that good WOM will have a very good

influence on attracting job seekers who use Indonesian Labor Service Providers. The results of this study are supported by the results of research conducted by Purnawan and Suarmanayasa (2021) which explains that WOM has a positive and significant effect on service usage decisions. However, it does not support the results of research from Pramono et al. (2023) which states that WOM has a negative and significant effect on service usage decisions.

## 5. Conclusions

The results of research on company image and WOM on Service Usage Decisions at the company show that Company Image and WOM are proven to have a positive and significant effect on Usage Decisions. This means that a good image and strong WOM increase the likelihood that consumers will choose the company's services. The managerial implications of this research emphasize the importance of managing corporate image and optimizing Word of Mouth (WOM). Management should focus on effective branding strategies to build a positive reputation. Utilizing digital WOM through customer testimonials, online reviews, and loyalty programs will help strengthen consumers' decisions to use the company's services. In addition, active engagement on social media is also important to improve interaction and the company's image in the eyes of consumers. This step is expected to increase customer satisfaction and expand market share. First, the research was only conducted in one area, namely PT Alwidah Jaya Sentosa in Batang Regency, so the results may not be generalizable to other areas or companies. Second, the data collection method used is only based on questionnaires, so the existence of biased answers from respondents cannot be completely avoided. The use of additional qualitative methods such as in-depth interviews can provide a more comprehensive picture. Third, this study only focuses on company image and WOM, while other factors that may influence service usage decisions, such as price or service quality, are not discussed. Therefore, further research is expected to expand the scope of the area, use more diverse data collection methods, and consider other variables that are relevant to service usage decisions.

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