

# How the Organizational Culture of PT Semen Indonesia Forms the Winning Culture towards World Class Company

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## ABSTRACT

This study aims to determine the perceived and expected organizational culture at PT Semen Indonesia as a reference for Winning Culture to be World Class Companies in the industrial era 4.0. This study used the Organizational Culture Assessment Instrument (OCAI) to map organizational culture through six-dimensional measurement, i.e. dominant characteristics, organizational leadership, employee management, organizational adhesive, and success criteria. Questionnaires were used to collect the data, and the samples are determined with stratified proportional random sampling technique. This study resulted in mapping of organizational culture in both general and each company's level, and organizational cultural gaps of PT Semen Indonesia. It showed that there was a gap between the existing organizational culture with the dominance of hierarchical culture and the expected one with of clan culture. The dominant organizational culture that exists today is a hierarchical culture. The dominant organizational culture expected is a tribal culture. The employees of PT Semen Indonesia as a whole do not have the same mindset for the existing and preferable organizational culture, especially the type of market culture as a general culture to support a winning culture program for world-class companies. However, according to expertise judgment, the expected culture, clan, is considered not fully appropriate with the acquired culture type toward world class company. As the alternative, it should develop market culture among the top manager, and the hierarchy culture among the manufacturing-employees.

**Keywords**—*component, formatting, style, styling, insert*

## 1. INTRODUCTION

The industrial revolution 4.0 momentum, competition between countries is expected to be much tighter. This competition was also perceived by PT Semen Indonesia, which is the market leader of cement industry in Indonesia. SOE Minister Rini Soemarno requested that SOEs, including PT Semen Indonesia, to become global players, and in the next two to three years the companies should be able to enter the ranks of the best Fortune 500 companies.

Yunanto as the Director of Human Resources and Law of PT Semen Indonesia for the 2017-2022 period revealed that currently the company's vision is to become a world class company [1]. Humans as the most valuable assets of the company, have to move in the same mindset to win the competition. Based on a study from Harvard University in Synergy 18th edition, companies that implement corporate culture assuredly will experience hundreds of times more growth than companies that do not focus on corporate culture. Accordingly, for companies who aim to transform into the world class company, building a superior company culture or winning culture is the closest answer [8].

There is no single best type of organizational culture that can be universally applicable. The most important thing is that the organization must know the current organizational culture map and evaluate whether the prevailing culture can match the challenges faced by the organization. The

Organizational Culture Assessment Instrument (OCAI) is an instrument developed by Cameron & Quinn to provide an assessment and to identify the company's current culture, and desires for organizational change [2]. This instrument also accurately proved in diagnosing important aspects of the organization with regard to culture.

Previously there had been research on organizational culture analysis at PT Semen Indonesia using OCAI instruments, conducted by Zulfikar and Gustomo of PT. SI Gresik [10]. The previous research and this research both examine and map the organizational culture at PT Semen Indonesia using the OCAI method. However, there are several reasons on why this research is still needed to be conducted: first, this research uses the company's new vision and mission as the basis for analysis because PT. SI updated them two years ago. With this new vision as a going Global company, an analysis of the organizational culture is expected to produce a culture map that is different from the previous period. Second, this study aims to find out the cultural map of PT. Semen Indonesia in the context of preparedness in entering the industrial revolution 4.0 era and to prepare PT. SI as a going global organization. The industrial revolution 4.0 caused changes in business environment, especially for companies that were going global. Therefore companies need to reread their organizational culture to evaluate whether the prevailing culture could match the challenges faced and to achieve its vision and mission. Third, this research has wider scope of research sample, including employees in Gresik, Tuban, Rembang.

In regard to the mentioned background and urgency, this research aims to answer this following question: What is the more dominant and the expected cultural map of PT Semen Indonesi today based on perceptions from employees of PT Semen Indonesia using the OCAI method to achieve the Winning Culture program target as a foundation towards World Class Company?

**2. LITERATURE REVIEW**

OCAI (Organizational Culture Assessment Instrument) is a tool providing an assessment of the perceived and expected corporate culture of organizational change that were developed and introduced by American researchers, Kim S. Cameron and Robert E. Quinn. The OCAI scale test was conducted by Quinn and Spreitzer (1991) in his study of 796 executives from 86 different public companies. Reliability tests were performed using Cronbach's alpha coefficient values for each type of culture. The results of each coefficient are statistically significant when compared to the normal standard of reliability. The coefficient value is 0.74 for clan culture, 0.79 for adhocracy culture, 0.73 for hierarchy culture and 0.71 for market culture [7].

The research of Cameron and Freeman (1991) showed evidence for the validity of OCAI in their study of organizational culture in 334 institutions of higher education. The evidence for the validity of this cultural instrument is when the type of culture matches the main effectiveness such as decision making, structure and strategy used by an advanced organization. Organizations that have clan culture type have the most effectiveness, namely from the performance related to morale, satisfaction, internal communication and support. All attributes are consistent with clan culture values. As many as 24 organizations with adhocracy culture type have the most important effectiveness, namely from performance related to adaptation, system accountability and innovation, all attributes are consistent with the value of adhocracy culture. Organizations with market culture have the most performance effectiveness related to the better ability to gain and process the required resources and to obtain output. Its all attributes are consistent with market culture values. On the other hand organizations with hierarchy culture type are not superior in the main performance [5].

Evidence of further validity has been proven by Zammuto and Krakower (1991). In their study of college culture, they found that clan culture was strongly associated with decentralization, trust, a sense of justice to fellow members of the organization, high morale, and satisfaction of the leaders. All of these factors are consistent with the core values represented by clan culture. Adhocracy culture is very much related to formality, tendency towards change and proactive orientation towards strategy and change. All of these factors are consistent with the core values represented by adhocracy culture. Market culture is closely related to directive leadership, confrontation and conflict and appreciation for achievement [9].

**3. METHODOLOGY**

This study uses Cameron and Quinn (1999) Organizational Culture Assessment Instrument (OCAI) as the main approach [4]. The data used in this study are primary data and secondary data. Primary data were obtained by distributing questionnaires directly and asking the opinions of experts for their assessment; while secondary data includes company documents. Data collection methods applied in this study include questionnaires and literature studies. The researcher conducted direct interviews with expert respondent using discussion techniques based on findings in previous studies from cultural maps identified by PT Semen Indonesia employees.

The population of this study is all around 750 permanent employees of PT Semen Indonesia (echelon 1-echelon 5), who are placed in several regions such as Gresik, Tuban, Rembang and Jakarta. To determine the sample size of an existing population, the number of samples is determined using the Slovin formula with an error rate of 10%. The sampling technique uses proportional stratified random sampling. The advantage of using this method is that the sample members taken are more representative [6].

Table 1. Population and Sample Research

No.	Level of Employees	Number of Population	Number of sample
1.	Eselon 1/General Manager	49	$49/750 \times 120 = 8$
2.	Eselon 2/Senior Manager	139	$139/750 \times 120 = 22$
3.	Eselon 3/Head Section	206	$206/750 \times 120 = 33$
4.	Eselon 4/ Head Team	251	$251/750 \times 120 = 40$
5.	Eselon 5/ Staff	105	$105/750 \times 120 = 17$
Jumlah		750	120

Source: Company Document (processed)

**4. RESULT AND DISCUSSION**

**4.1. The Currently Perceived Organizational Culture Description**

Table 2 shows the results of OCAI Echelon Employees Scores of 1-5, the first order of type of organizational culture that is most perceived today at PT Semen Indonesia is a type of Hierarchy organizational culture. In the second place, followed by the type of Market organizational culture, the third place is the Clan type of organizational culture and the smallest order is perceived as the type of organizational culture Adhocracy.

**Table 2 OCAI Score Results Currently Perceived Organizational Culture**

Type of corporate culture	Dimensi	Mean of indicator	Std. Deviation	Rangk of indicator	Mean	Rank of corporate culture
Clan (A)	1A	24.83	7.63	2	23.57	3
	2A	22.99	8.13	5		
	3A	23.04	7.99	4		
	4A	25.47	9.19	1		
	5A	21.46	8.35	6		
	6A	23.62	9.91	3		
Adhocracy (B)	1B	22.63	7.84	4	22.82	4
	2B	23.66	7.28	2		
	3B	21.81	7.03	5		
	4B	23.29	8.59	3		
	5B	24.01	7.65	1		
	6B	21.51	6.95	6		
Market (C)	1C	27.95	8.58	1	26.62	2
	2C	27.42	8.42	2		
	3C	26.13	8.31	4		
	4C	25.69	8.83	6		
	5C	26.4	8.39	3		
	6C	26.12	7.92	5		
Hierarchy (D)	1D	24.59	7.81	6	26.96	1
	2D	25.92	8.02	4		
	3D	29.02	9.66	1		
	4D	25.55	8.02	5		
	5D	28.12	9.97	3		
	6D	28.74	9.52	2		

Source: Primary data processed, 2019

Cameron & Quinn (2006) suggested that the type of organizational culture in Hierarchy is more focused on organizations with clear work structures and all members of the organization are controlled by work procedures. This was

confirmed in the results of this study which showed that in the Hierarchy type of organizational culture, the most prominent dimension was the dimension of organizational leadership style (Table 2). The dimension of organizational

leadership style in the type of hierarchy culture here that is perceived by echelon 1 to 5 employees is how PT Semen Indonesia emphasizes the importance of good coordination and control so that the company runs efficiently. Market culture becomes the second priority in the perceived organizational culture score. In the Market culture type, the dimensions most felt in this type of culture are the dominant characteristics (Table 2). PT Semen Indonesia employees perceive that PT Semen Indonesia is a work place that is very results-oriented, requiring work completion with a very competitive work climate [3].

The expected OCAI score results for all Echelon 1-5 employees of PT Semen Indonesia are shown in table 3. Overall employees expect a type of Clan culture. The second expected culture is Market culture, third is Adhocracy culture and fourth is Hierarchy culture. The dominant characteristic dimension is the one that is most expected by employees in the Klan culture. This dimension refers to employee expectations of PT Semen Indonesia becoming a comfortable place to work. For example, the workplace has a strong sense of kinship so employees can share many things about themselves and their lives. On the other hand, employees also like a competitive work culture. This shows market culture becomes the second priority, and the most prominent dimension is the criteria for success. This means that employees like and expect that PT Semen Indonesia is able to compete with competitors and win the competition.

#### **4.2. Descriptions of Organizational Culture Expected**

Table 3. OCAI score results expected by employees

Type of corporate culture	Dimensi	Mean of indicator	Std. Deviation	Rangk of indicator	Mean	Rank of corporate culture
Clan (A)	1A	24.28	7.42	6	25.65	1
	2A	26.69	6.04	2		
	3A	26.44	7.50	3		
	4A	27.03	7.40	1		
	5A	25.30	8.00	5		
	6A	25.60	8.90	4		
Adhocracy (B)	1B	27.64	8.30	1	24.87	3
	2B	25.21	8.22	3		
	3B	22.82	7.75	5		
	4B	25.19	7.90	4		
	5B	26.44	7.98	2		
	6B	21.90	7.10	6		
Market (C)	1C	25.53	8.88	3	25.63	2
	2C	24.93	7.94	6		
	3C	25.60	9.04	2		
	4C	24.93	8.41	5		
	5C	24.98	8.23	4		
	6C	27.80	8.65	1		
Hierarchy (D)	1D	22.50	7.47	6	23.6	4
	2D	23.18	7.84	4		
	3D	25.10	8.65	1		
	4D	22.86	8.27	5		

Type of corporate culture	Dimensi	Mean of indicator	Std. Deviation	Rangk of indicator	Mean	Rank of corporate culture
	5D	23.27	7.60	3		
	6D	24.69	7.83	2		

Source: Primary data processed, 2019

### 4.3. Comparison of Organizational Culture Perceived and Expected by Employees on Every Level of Position at PT Semen Indonesia

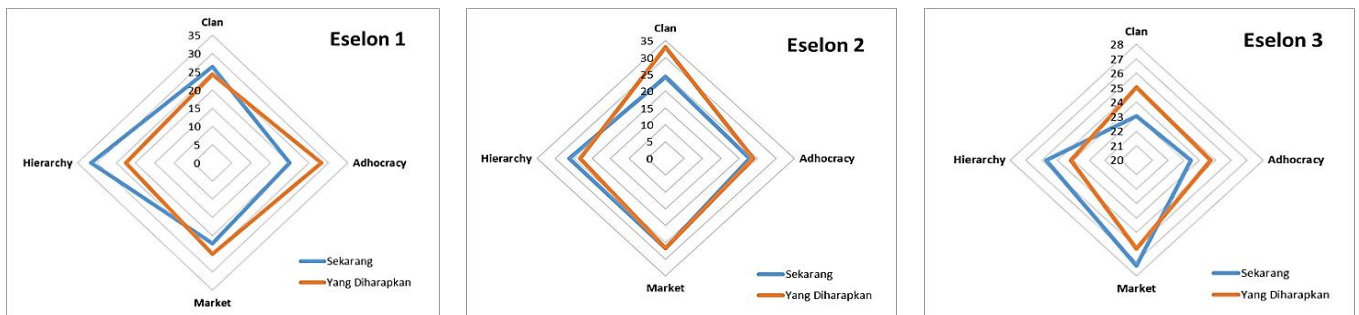
The results of OCAI scores currently perceived by all employees of PT Semen Indonesia proves the level of echelon 1, echelon 4 and echelon 5 positions employees dominantly perceived the type of hierarchy culture. Whereas at the echelon 2 and 3 level, majority perceived the type of market culture. Hierarchy culture type becomes the dominant

organizational culture perceived by all employees. OCAI score results expected by all employees of PT Semen Indonesia, shows that at this time the position level dominantly perceives the type of market culture is the echelon 3 position level, while the echelon 4 and 5 dominant position levels expect a Hierarchy culture type. As shown in table 3 Comparison of OCAI Score Results that are expected of All PT Semen Indonesia Employees, starting from echelon 3 to 5, shows that currently the position level dominantly perceives the clan culture type is the echelon 4 and echelon 5 positions. While the echelon 3 level expects type of market culture.

Table 4. Comparison of OCAI Culture Score Results Expected by All Employees

Tingkat Jabatan	Perceived organizational culture				Perceived organizational culture			
	C (%)	A (%)	M (%)	H (%)	C (%)	A (%)	M (%)	H (%)
Eselon 1	25.97	20.00	22.08	31.90	22.03	28.19	25	22.78
Eselon 2	24.16	22.86	26.70	25.15	27.19	23.80	26.7	23.33
Eselon 3	23.06	23.42	27.29	25.74	25.00	24.70	26.10	24.10
Eselon 4	22.64	22.68	27.14	27.55	25.60	24.50	25.50	24.40
Eselon 5	25.58	21.67	25.40	27.30	27.70	26.50	23.47	22.33

Source: Primary data processed, 2019



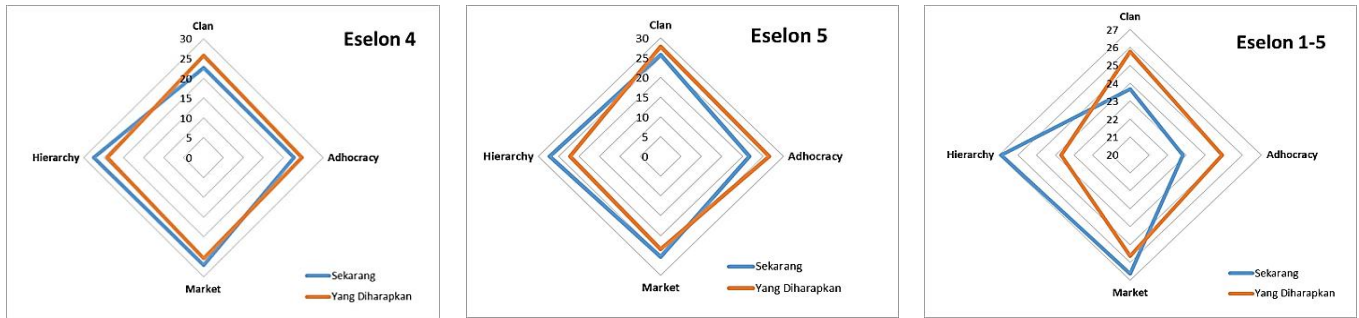


Figure 1. Map of Organizational Culture Currently Perceived and Expected at Each Level of Position of Employees

Source: Primary data processed, 2019

Microsoft Excel radar diagrams is used to figure out the gap in the position of the cultural map from the results of OCAI scores that are perceived and expected by all employees of PT Semen Indonesia (echelon 1 to 5). Comparison of current and expected OCAI Score results based on the perception of all employees of PT Semen Indonesia shows that overall employees expect an increase in clan and adhocracy type organizational culture. Whereas in the type of market and hierarchy organizational culture there is a decrease in the expected value of scores, especially in the type of hierarchy culture. The employees of PT Semen Indonesia expect a cultural shift in the next few years, namely the culture of hierarchy is changing into a clan culture.

Validation of OCAI results regarding the organizational culture that is expected by employees of PT Semen Indonesia, especially regarding company culture is carried out in consultation with experts or HR experts of PT Semen Indonesia. Guntoro as General Manager of the Department of Dynamic Learning (CDL) of PT Semen Indonesia stated:

"... What culture respondents desire or expect is actually a little irrelevant, because the corporate culture or the culture of the company actually is not expected to be originated from employees, but what is expected by management. Organizational culture is created by management, indoctrinated to employees, and directed by corporate strategy. Organizational culture is doctrine of the management, and the company's strategy plays a role in directing and ensuring it is implemented correctly".

Clan Culture values however, are not entirely appropriate as the type of culture aiming world class companies in the industrial era 4.0, as Guntoro (2019) stated:

"... the culture expected by the employees of PT Semen Indonesia or the culture that should be dominant in bringing the company to be the World Class Company is market and hierarchy cultures. The employees of PT Semen Indonesia placed **in holding company and** responsible for strategic development) must be excellent in market culture, while for employees in manufacturing must be excellent in hierarchy culture. As for clan culture, it is clearly not suitable because the culture usually grows in organizations that are family based or corporations that are not family based but the CEO or management **can lead it to be family based**. PT Semen Indonesia is not a company that aims to be family-based, therefore clan culture is certainly not suitable.

In this case, the results of cultural mapping should not encourage the management to adjust culture according to employee expectations, but instead management should unite employees in the culture that management has determined. The expected result is that later the company's strategy can be implemented easily because the whole company has the same mindset. Quoted from the 18th edition of Sinergi (2017), Guntoro stated that referring to the results of research at Harvard University, USA, companies who implement corporate culture properly will experience hundreds of times growth compared to companies that are not focused on corporate culture. Guntoro also explained about the most suitable type of culture or which type of culture should be able to grant PT Semen Indonesia a winning culture program to become a world class company and to face more competition that will emerge in the future. Guntoro (2019), stated that:

"... In my opinion, in the context of going world class company, the answer remains consistent between market and hierarchy, although normally there is a sub culture which is acceptable. However, in principle there should be one big culture, a culture that is the common culture.

In the concept of Semen Indonesia aiming to be word class company, hierarchy culture may suitable for manufacturing management in rather lower level. Echelon 3, 4 and 5 in the factories might have to be in hierarchy culture. Echelon 1 and 2 in the factories might also be in hierarchy culture, however, there should be tendency to pay attention in market too. Therefore, in my opinion, directing the company does not have to be in a single culture. It is possible to combine 2 of the cultures. Semen Indonesia should be in market culture, but in some certain sub clusters, hierarchy culture is also required.

Based on this assessment, it can be concluded that PT Semen Indonesia and its subsidiaries, to compete and become a world-class company, must have a general culture of market culture. Whereas at the level of middle and first line managers (echelon 3, 4 and 5) it must be dominantly in a hierarchical culture, (as a second culture or sub culture). However, according to the results of the study, Semen Indonesia employees as a whole do not have the same mindset related to the importance of market culture as a culture that excels within global companies.

In accordance with the objectives of this research, General Managers or echelon 1 employees who are top managers of companies must have the same mindset and create a competitive cultural atmosphere within themselves so that PT Semen Indonesia can manage its organization to become world-class companies. The existence of this mapping is expected to be an input for management, to enable them to create a more dominant competitive culture and unite employees with a culture that has been determined by management.

## 5. CONCLUSION AND LIMITATION

This study, attempting to investigate the cultural mapping of PT Semen Indonesia using the Organizational Culture Assessment Instrument (OCAI) as a winning culture reference to become world class company, obtains the following conclusions:

The dominant type of culture of PT Semen Indonesia which is currently perceived is the type of hierarchy organizational culture which characterized by an internal focus, clear decision making authority, the existence of regulatory standards, controls and standardized formalization, clear work structures and all members of the organization controlled by work procedures.

The expected type of culture in PT Semen Indonesia is clan culture type, which is dominant in the internal maintenance of a flexible and participatory organization, teamwork, employee engagement program and corporate commitment to employees.

Based on the expert, in supporting PT Semen Indonesia to achieve a winning culture program to become a world class company, market culture is required to be the main culture or common culture, while the dominant second culture or sub-culture is the type of hierarchy culture.

There are some limitations on the study. First, this study was conducted in a specific setting, therefore the results could not be directly generalized for other organizations or industries. As for further research in the future, it is suggested to do an analysis in the organization culture focusing on employees responsible for strategic development.

## Acknowledgment

This research was supported by Ministry of Research and Higher Education (ristekdikti) Indonesia. We thank to our colleagues from PT Semen Indonesia, who provided insight and expertise that greatly assisted this research. We thank to Dr. Erlina Diamastuti, Izzah Nofitasari, Nailul Abror, for their comments that greatly improved the paper. We would also like to show our gratitude to all assistants in this research, specially Reza Melynda Oktavia.

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