

Organization Assessment Using Organizational Culture Assessment Instrument (OCAI) of PT XYZ a Celluler Company in Indonesia

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Abstract: Celluler industry is one of the fastest growing businesses in Indonesia. PT XYZ is one of the largest member of PT XYZ group that serving Indonesian celluler market about 60%. The assessment of organizational culture is needed to develop a culture congruent strategy to cope with increasing market demand as well as continues fierce competition among the companies serving the celluler market in Indonesia. This study describes research in the major celluler companies operating in Indonesia namely PT XYZ aimed at identifying its current and preferred organizational culture. Using Quinn and Rohrbaugh competing values framework, the overall cultural profiles and dominant characteristics of the organizations was determined through a personally emailed survey employing the Organizational Culture Assessment Instrument (OCAI). The results show that clan culture almost no difference between current and preferred, adhocracy currently 21.25 is expected become 23.81, market currently 27.7 is expected become 30.23 and hierarki currently 23.97 is expected become 18.14. These results clearly explain what are the dominating hierarchy culture in company and the most preferred cultural archetype in majority of people in the company. The results could be used be PT XYZ to design its' strategy that congruence with this results and to explain if there is indication of a misalignment between what employees think is needed and what is perceived to exist.

Key words: Celluler company, organizational culture assessment instrument, competing values framework, current and preferred culture, PTXYZ

INTRODUCTION

Indonesia's telecommunication sector is a highly competitive, rapidly changing and dynamic industry that has come to reflect significant shifts in social behaviour and interaction. The sector has undergone fast paced development, since 1993 following the introduction of a scheme by the government in cooperation with state owned enterprise PT XYZ to install millions of fixed telephone lines from 1993-1997. Then, the rise of mobile telephony transformed the communication landscape across the archipelago by connecting friends, relatives and business users in both major islands and far flung areas of the country. In 1997, the country only had 1 million cellular phone subscribers which grew dramatically to reach 11.3 million subscribers in 2002 surpassing the number of fixed line users and driven by increased price competition in the sector as a result of its deregulation in 1999. The cellular phone sector continued to grow at a dramatic pace with the number of users tripling in the 5 years from 2005-2010, reaching 211 million customers in 2011 with the average Indonesian owning 1.68 sim cards (Nielson *et al.*, 2009). Celluler companies and celluler phone manufacturers now face a

stiff competition in attracting and retaining users the majority of which are young being aged between 10-39 years and therefore, very price sensitive as well as quick to switch brand or provider. The Indonesian celluler industry is dominated by three main players namely state owned enterprise PT XYZ that is part of PT XYZ which previously held the monopoly over the sector, Indosat which is also partly state owned and XL Axiata which is a private sector company, however all three companies have significant foreign shareholdings. Other competitors include Hutchinson Telecom's 3 network, Axis Telecom Indonesia and other smaller players within the Code Division Multiple Access technology (CDMA). Price competition between the three main providers of GSM services has been underway since the deregulation of the sector in 1999 intensifying in 2007, however PT XYZ has retained a market share of 60% followed by Indosat with 21% and XL Axiata at 19%.

Diagnosing and changing organizational culture is becoming more and more critical for the overall effectiveness and development of organizations (Cameron and Ettington, 1988). Most of the corporate reengineering, downsizing and total quality initiatives of late 20th century, ended up in little or no improvements,

mainly due to poor understanding about the culture as a root metaphor and the life blood of all Organizational Development (OD) interventions. The notion of corporate culture is an outgrowth of the basic assumption that organizations are culture-producing phenomena as much as they are goods and services producing entities. The identity and image which an organization produces of itself and the way it is positioned in the minds of its internal members and its external environment is commonly referred to as its corporate culture (Deal and Kennedy, 1982). The empirical investigation into the nature of corporate culture has been conducted across industries and countries in the context of quality management, leadership styles, productivity, management processes, employee behavior and so forth (Al-Khalifa and Aspinwall, 2001; Igo and Skitmore, 2006). However, no prior research has been conducted, particularly in Indonesia to diagnose the corporate culture and the way members of organizations perceive and prefer it to be in cellular companies. This study will conduct research in several major cellular company of Indonesia aimed at diagnosing the forms of prevailing cultures in organization and the extent to which people within the organizations perceive these cultures to be appropriate. Using Organizational Culture Assessment Instrument (OCAI) based on Competing Values Framework established by Cameron and Quinn (1999), Quinn and Kimberly (1984) and Quinn and Rohrbaugh (1981, 1983). It is expected that this study will help explain about the current and expected dominant culture hierarchy in the major cellular company. The results will be very important to develop strategy to the cellular company to improve overall organizational performance that congruent with its perceived culture.

This study was focused on culture assessment of a major cellular company in Indonesia. Samples of 100 respondent was swlwtcted proportionally from manager level to answer questionnaire. Questionnaire results was analyzed using Organization Culture Assessment Instrument (OCAI) to investigate six culture dimensions and four culture types. This research objective is to analyze and determine the dominant existing and preferred cultures in the company. The results would be necessary for the company to develop a culture congruence strategy and policy for the company.

Literature review

Study state of the art: Organization theory scholars started paying attention to the concept of culture in the early described by Ouchi (1980)'s. Different concepts of culture led organizational scholars to absolutely different research directions and themes. The view that

organizations are cultures, a metaphoric representation of culture in organization theory, led researchers to inquire about the phenomenon of meaning creation and modes of expression and the construction of social reality in organizations. On the other side the view of culture as an internal variable in organizations led researchers to an entirely different direction to investigate into the phenomenon of social order and patterning in organizations (Smircich, 1983). Culture is considered to be a root metaphor in one type of organization theory discourses like organization cognition, organizational symbolism and organizational unconscious and it is considered to be an independent and internal variable in other discourses like comparative management and corporate culture, respectively (Smircich, 1983). Taking culture as a variable within organizations, researchers further established that different belief and value systems within and or among organizations tend to produce differing levels of performance and productivity (Deal and Kennedy, 1982). Organizations are taken as culture producing entities at the same time where they are considered to be embedded in wider national or regional cultural contexts. This type of view about culture is called corporate culture. Corporate culture is usually described as social or normative glue that holds an organization together. It is the value and belief systems prevailing among the workforce. Myths, rituals, stories, legends and jargons are some of the symbolic representations of culture within organizations. As put by Cameron and Quinn (1999):

“Organizational culture refers to the taken for granted values, underlying assumptions, expectations and definitions present in an organization of course there are many kinds or levels of culture at a broader level the global culture at a less general level the national culture or subgroup culture such as gender-based culture, ethnic group cultures, occupational cultures, socioeconomic group cultures. Still less broad is a culture of a single organization”

Researchers have identified various types of organizational culture, depending on the nature and form of relevant industry and size of the organization (Gordon and DiTmosa, 1992). Classifications of different cultures into different forms have been proposed by many researchers Cameron and Quinn (1999) and Hofstede (1983). Culture is a very strong metaphor about organizations as it is deep rooted into the day to day routines of a particular organization and it is the way the organizational reality is being shaped. The nature of

organizational symbols has much more deep rooted implications on the way an organization is performing and its members are behaving. The nature of organizational culture is sometimes too subtle and all pervasive that it goes beyond the level of slogans and it becomes very hard to clearly understand that how exactly the reality is being shaped at a particular workplace (Morgan, 1998). This subtleness and all-pervasiveness of the nature of organizational culture calls for an equally all-pervasive framework of study to diagnose it within organizations and moreover to investigate into the fact that to what extent the prevailing culture equals the one desired by its members. Various quantitative and qualitative approaches have been proposed, so far to investigate this phenomenon (Igo and Skitmore, 2006). It is widely believed today that the corporate culture provides managers with the basic framework to implement different strategic options; hence managers need to be very conscious about the nature of culture and how it can potentially hinder different change efforts (Recklies, 2001). It is however, realized that the corporate culture is normally very hard to successfully change and it is confirmed from the notion of congruence between espoused and observed values (Schein, 1992). Therefore, organizations ought to focus not only on the current but also the preferred culture within the organization, so as to understand the level of congruence between observed and espoused values (Fyock, 1999). Taking into consideration the above discussion of subtleness of culture and the problem of congruency it is required to adopt a very comprehensive frame to study culture in organizations. Competing value framework of organizational culture diagnosis is one of the most commonly used and validated frameworks for this type of research.

Culture definition: A strategic resource that has value in ensuring the continuing existence and success of organizations (Barney, 1986; Gordon and DiTmosa, 1992).

A pattern of basic assumptions invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems (Schein, 1996):

- It is the culture that connects employees. The only way to change the culture is to change the way individuals perform on a daily basis

- Organization's culture can be guided and influenced by the policies, practices, skills and procedures that are implemented and reinforced
- Culture that are in trouble display high turnover and low morale, lack of consistency, lack of focus on the external environment and other undesirable characteristics
- The roots of an organization's culture are driven by the founder's and senior leaders' values, the culture of the nation and the particular industry and business environment

Competing value framework: The Competing Value Framework (CVF) (Cameron and Quinn, 1999; Quinn and Kimberly, 1984; Quinn and Rohrbaugh, 1981, 1983) tends to provide a validated, reliable and concentrated method which by considering the cultural values and comparing them to those values which are preferred, allows a comparison of desired with the actual state of an organization's culture. Quinn and Rohrbaugh (1981, 1983) and Cameron and Quinn (1999) project the CVF as a framework which provides the linkage of cultural characteristics of an organization with its effectiveness and success. According to CVF organizations can depict one or more or any combination of four prominent organizational cultural types which are:

- Clan
- Adhocracy
- Market
- Hierarchy

Before exploring these four cultural types in further details, it is necessary to briefly explain the premises for the definition and development of these cultural types. CVF was developed initially by Quinn and Rohrbaugh (1981, 1983) by using thirty indices of measurement of organizations clearly based on literature. Then these prominent criteria were located graphically on a three dimensional spatial model, resulting in three dimensions of organizational effectiveness which provide the basis for finally describing the four cultural types.

The very first dimension of organizational effectiveness describes the extremes of flexibility that emphasize discretion and dynamism and control that emphasize order and stability. Second dimension reflects the extremes of internal orientation, integration and unity and external orientation, differentiation and rivalry while the third dimension encapsulate the extremes of organizational focus on means versus ends. These dimensions of organizational analysis are reflective of the fact that some organizations are effective while they are flexible and the others are effective while they are controlled, some are effective with internal orientation and others are effective with external orientation and some are

	Flexibility and discretion		
Internal focus and integration	Clan	Adhocracy	External focus and differentiation
	Hierarchy	Market	
	Stability and control		

Fig. 1: Competing value framework; effectiveness indicators adopted from Cameron and Quinn (2006)

effective while focusing on means at the same time others are effective while focusing the ends. The Organizational Culture Assessment Instrument (OCAI) was then developed by Cameron and Quinn (1999), based on these three dimensions to diagnose six key facets of cultural subsystems of organizations. CVF amalgamate these subsystems to establish four theoretical cultural types noted above. These cultural types are briefly described in Fig. 1.

Clan: Oriented organization looks like a very personal place, employee relations are shaped around mentoring and nurturing, workplace looks like an extended form of family, a general encouragement of participation is the building block of day to day routines of organization and work is designed around flexibility and self-sufficiency. Human development with high trust and openness is the basic agenda of clan oriented organizations.

Adhocracy: Represents the dynamic and entrepreneurial side of organization where people take risks and they value innovation and creativity. Organization emphasizes acquiring new resources and creating new opportunities. Striving for new ways and rushing for opportunities are valued in this cultural archetype. Leaders are visionary and innovative. Creating unique and original products and services determines the success in this type of culture.

Market: Is a result oriented organizational culture which emphasis on getting the job done. Key attributes of this cultural archetype are achievement orientation and competitiveness of employees. The term market here is not to be confused with the marketing function rather it represents the transactional focus of organization in this type of cultural archetype (Igo and Skitmore, 2006).

Hierarchy: Archetype of organizational culture favors structure, control, coordination and efficiency. Stability and internal maintenance, through clear tasks setting and enforcement of strict rules are key determinants of success in this culture. The domination of this cultural facet in any organization ensures high value of economy, formality, rationality, order and obedience (Igo and Skitmore, 2006).

Organizational Culture Assessment Instrument (OCAI): The criteria used in OCAI to distinguish four culture types result in a useful organizational contour based on perceptions and preferences related to six cultural subsystems. These cultural subsystems are briefly described below:

Dominant organizational characteristics: This subsystem investigates whether an organization is:

- An extension of family
- A dynamic and entrepreneurial place
- Very result oriented
- Controlled and structured

Organizational leadership: This identifies whether leadership style is:

- Mentoring and nurturing
- Entrepreneurial innovative and risk taking
- Aggressive and result oriented
- Coordinating, organizing and smooth running

Management of employees: Whether employees are being managed through:

- Teamwork and participation
- Individual risk taking, freedom and uniqueness
- Hard-driving competitiveness and high demands and achievement
- Security, conformity, predictability and stability in relationships

Organizational glue: It identifies what holds the Organization together:

- Loyalty and mutual trust
- Commitment to innovation and development
- Achievement and goal accomplishment
- Formal rules and policies

Strategic emphasis: This is to identify whether organization emphasizes:

- Human development, high trust and openness
- Acquiring new resources and creating new challenges
- Competitive actions and achievement
- Permanence, stability and control

Criteria of success: Determinant of success are:

- Development of human resources, teamwork and concern for people
- Having most unique or newest products and being product leader and innovator
- Winning in the marketplace and outperforming the competition
- Efficiency, dependable delivery, smooth scheduling and low cost

MATERIALS AND METHODS

The descriptive research method is used to facilitate the description of the prevailing cultural type of major cellular company operating in Indonesia. The overall culture of cellular industry is also described by using the data from the largest cellular organizations. Since, the data consisted of the perceptions of respondents, gathered through personally administered survey questionnaire, it will be more logical to adopt descriptive methodology of research.

Population and sample: The sample composed of the managerial level employees of a major cellular company. A total of 100 questionnaires were distributed by email to a pre-selected respondent and 53 of which returned and valid.

Instrument and data analysis: For the purpose of this study, we personally administered Organizational Culture Assessment Instrument (OCAI) to managerial level. OCAI is an established tool used to provide data to identify cultural types and leadership roles within the Competing Values Framework (CVF) Model. OCAI is based on four classifications of culture (Clan, Adhocracy, Market and Hierarchy) proposed by Cameron and Quinn (1999). OCAI consists of twenty four declarative statements arranged in six sections that solicit responses for the following content dimensions (Cameron and Quinn, 2006), namely:

- Dominant characteristics
- Organizational leadership
- Management of employees
- Organizational glue
- Strategic emphasis
- Criteria for success

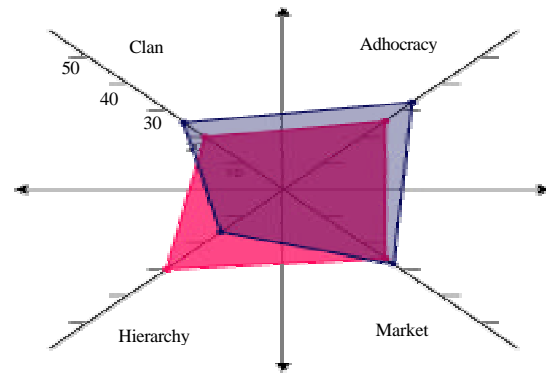


Fig. 2: Sample of plotting OCAI results

Each of the six areas consist of four questions in which respondents asked to describe their perception of current and desired organizational culture for a total of twenty four responses. OCAI used constant sum scale to collect data. The respondents asked to spend 100 points among four alternatives for each cultural dimension described above. The intent was to identify the organization's current culture. The respondents then be asked to use same method and give their responses on same instrument about their desired organizational culture. Scores by the respondents recorded and the averages computed for different alternatives representing the respective culture type of their organization both for current and future situations. These averages then be plotted on a radar graph consisting of four quadrants with a scale of 0-100 with intervals of 10. The four quadrants represented the clan, adhocracy, market and hierarchy culture types, respectively. The scores plotted in each quadrant represent the strength of culture type for the present and future situations exhibited by organization. The reliability of the instrument was tested. To assess the reliability of the scales used in the questionnaire, a coefficient of internal consistency was calculated both for current and preferred situations using cronbach's alpha methodology. The cronbach's alpha score for statements relating to each culture type on the OCAI was calculated for the organization. The alpha score also calculated for all 48 statements. The results are plotted as an example in Fig. 2.

RESULTS AND DISCUSSION

Data was taken from Human Capital PT XYZ group with recommendation from Vice President of Human Capital and Change Management. As of December 31, 2011, the PT XYZ Group employed a total of 26,023 people, consisting of 19,780 PT XYZ employees and 6,243 employees of it's subsidiaries. This represents

Table 1: A break down of PT XYZ group employees

Position	PT XYZ	Subsidiaries	PT XYZ group	Percentage
Senior management	136.000	76.000	212.000	0.8
Mid management	2.497	1.157	3.654	14.0
Supervisors	9.694	2.162	11.856	45.6
Others	7.453	2.848	10.301	39.6
Total	19.780	6.243	26.023	100.0

Table 2: Descriptive statistics of PT XYZ

Categories	N	MIN	MAX	MEAN	SD
A now	53	0	100	26.943	14.685
B now	53	0	100	21.355	11.269
C now	53	0	100	27.726	12.735
D now	53	0	100	23.974	13.931
A preferred	53	0	100	26.578	13.489
B preferred	53	0	100	25.069	12.010
C preferred	53	0	100	30.235	15.931
D preferred	53	0	100	18.147	11.343

a decline of 3.1% from the December 31, 2010 position of 26,847 employees, reflecting the implementation of our multi exit programs since 2005. Table 1 shows a breakdown of PT XYZ group employees by position.

The stratified proportional random sample of 100 respondent was selected representing population. Questionnaire sent out to all selected sample by e-mail and 53 of wich returned are valid and analized by reseracher.

The questionnaire data results further analized with Organization Culture Assessment Instrument (OCAI) using six culture dimensions and four culture types. OCAI instrument was adapted to describe PT XYZ culture profile within the six organizational culture, namely (Table 2):

- Dominant characteristics
- Organizational leadership
- Management of employees
- Organization glue
- Strategic emphases
- Criteria of success

The OCAI instrument is a simple questionnaire that has six categories in which 100 points will be distributed between the four sub-items where each representing four competing values culture.

Current culture: From this data, it looks that the organizational culture at PT XYZ today, 28% reflected more on the style of the cultural market. It can be explained that the organization is more focused on market orientation and effective leaders coordinate and organize activities to sustain the organization running smoothly with stability, predictability and efficiency that characterized by long-term internal maintenance needs to

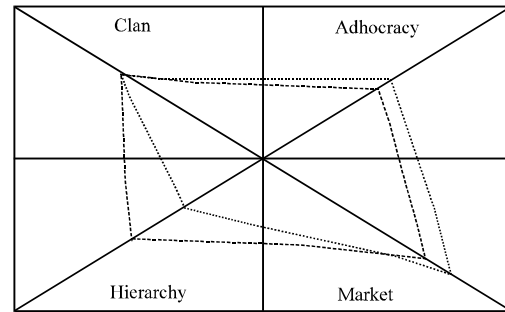


Fig. 3: OCAI results PT XYZ in 2014; Now: C; 26.94 A; 21.35 M; 27.72 H; 23.97; Preferred: C; 26.57 A; 23.81 M; 30.23 H; 18.14

be able to beat competitors who are getting tougher. This is also in accordance with the demands of modern organizations where a large organization should use culture market style to be able to do the activities of the organization effectively and efficiently. As for the cultural style clan 26.9 and hierarchy 23.9% reflect a culture style which concentrates on the maintenance of internal flexibility, attention to people and organizations that focus on external treatments with the need for stability and control seen in a balanced way. While the cultural style of adhocracy only 21.35% of organizations that concentrate on the external position with a high level of flexibility and individuality are also in the organization of TPT XYZ. It can be seen that the overall culture styles of PT XYZ currently almost evenly divided among the four competing cultural values with the difference is not too great.

Preferred culture: From this data, it looks that the organizational culture at PT XYZ to come (which is expected), reflected more on the style of the culture market amounted to 31%. It can be explained that PT XYZ's organization between the organizational culture style which concentrates on markets and external development with flexibility, attention to people, sensitivity to customers. More organizations expect external development with the need to improve competitiveness. Where the expected Organization could promote a humane working environment with the aim of managerial empowers employees to gain their participation, commitment and loyalty. As for the cultural style, hierarchy 23.7 and adhocracy 21.35% where in the Organization's approach to the cultural styles of PT XYZ as a family to be able to improve the performance of employees and focus in the self-sufficiency and greater flexibility. As for the style of the cultural hierarchy of 18%

that reduced from currently 23.9% because of the structure and control that flow from a strict chain of command and control culture style can increase employees' stress and weaken employees in improving performance and competitiveness with the increasingly tight competition in the mobile industry today. Below is the plot of results of current and preferred culture PT XYZ (Fig. 3).

CONCLUSION

The cultural style in PT XYZ is currently more on the market and the clan, although the cultural style hierarchy and adhocracy also there are balanced. This is in compliance with the fact that a greater emphasis on family and the orientation of the market against the employee in order that the employee's activities as much as more employees can maintain. Clan currently at 26,847 expected to remain almost the same and family and market orientation in order to improve performance as expected.

The cultural style expected to increase by most employees of PT XYZ's market. It is the employees of PT XYZ want a market-oriented culture that increasingly tight competition in the cellular industry. Though, so the cultural style clan and adhocracy are also expected by the majority of both organizations for PT XYZ. They really do not expect cultural hierarchy that high that would make them in to stress condition, it is expected to be reduced the most. This is in line with the vision and mission of PT XYZ "To become a leading Telecommunications, Media and Information, Edutainment ('TIME') company in the region".

RECOMMENDATIONS

PT XYZ need to decrease the cultural hierarchy and keep the current clan culture style as is and desired activities oriented among employees at both the corporate level, the level of the department or at the level of a section or sections. This is to add to the spirit of the work which currently is pursued with targets assigned by the leadership as portrayed in the style of the cultural moment that PT XYZ adhocracy so that it can be reduced.

PT XYZ needs to increase the cultural style of market and adhocracy to achieve the vision and mission of PT XYZ to pay attention to external factors in the development of employees by sending employees to perform further studies abroad and to further improve their potential and business acument.

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