

Strategy Alignment with Organizational Culture Assessment Instrument (OCAI) Results of Cellular Industry in Indonesia

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ABSTRACT

This study aims to identify current and preferred organizational culture in the major cellular companies operating in Indonesia so that congruent strategy could be developed accordingly. Using Quinn and Rohrbaugh (1983) 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). Results concluded that culture at the company selluler in Indonesia is currently more on the market, although the culture of clan and the hierarchy is also naturally balanced, while the culture expected by most of the employees of the company celuller in Indonesia is the Market. These results suggest that strategy at cellular company in Indonesia that congruent with cultural style Market should be increased without leaving the culture of hierarchy within the company.

Keywords: major celluler company, organizational culture assessment instrument, competing values framework, current and preferred culture, congruent strategy.

INTRODUCTION

Indonesia's telecommunication sector is a highly competitive, rapidly changing and dynamic industry that has come to reflect significant shifts in social behavior and interaction. The sector has undergone fast paced development since 1993 following the introduction of a scheme by the government in cooperation with all major celluler player in the country to install millions of fixed telephone lines from 1993-1997. Then, the rise of mobile telephony transformed the

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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 five years from 2005-2010, reaching 211 million customers in 2011 (Directorate General of Post and Telecommunications, 2012) with the average Indonesian owning 1.68 sim cards (Nielson, 2009). Cellular companies and cellular 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 cellular industry is dominated by three main players namely PT Telkomsel, PT XL Axiata and PT Indosat. PT Telkomsel that is part of PT Telekomunikasi Indonesia 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 networks, Axis Telecom Indonesia and other smaller players within the code division multiple access technology (CDMA). Price competition between the three main providers of cellular services has been underway since the deregulation of the sector in 1999 intensifying in 2007, however PT Telkomsel has retained a market share of about 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 (Kim and Quinn, 1999). 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; Kimberly and Quinn, 1984; Quinn and Rohrbaugh, 1981, 1983); Kimberly and Quinn (1984) Cameron and Quinn, (1999). 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 (Currie and Shepstone, 2012).

This study was focused on culture assessment of a major cellular company in Indonesia. Total samples of 258 respondents from three major cellular companies was selected proportionally, all of whom are manager level to answer questionnaire. Questionnaire results was analyzed using Organization Culture Assessment Instrument (OCAI) to investigate 6 (six) culture dimensions and 4 (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 industry and for each of the major cellular company.

This paper is organized as follows : Section 2 reviews the literature; Section 3 provides the methodology that lay out the empirical research analysis; Section 4 provides conclusions and recommendations.

LITERATURE REVIEW

Study State of the Art

Organization theory scholars started paying attention to the concept of culture in the early 1980s. 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 DiTomaso, 1992). Classifications of different cultures into different forms have been proposed by many researchers (Cameron and Quinn, 1999; 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

Culture is the strategic resource with value in ensuring the continuing existence and success of organizations (Barney, 1986; Gordon and Di-Tomaso, 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; Kimberly and Quinn, 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:

- A. Clan
- B. Adhocracy
- C. Market
- D. 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 effective while focusing on means at the same time others are effective while focusing the ends (Simamora, B. H., & Jerry, M. 2013). 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.

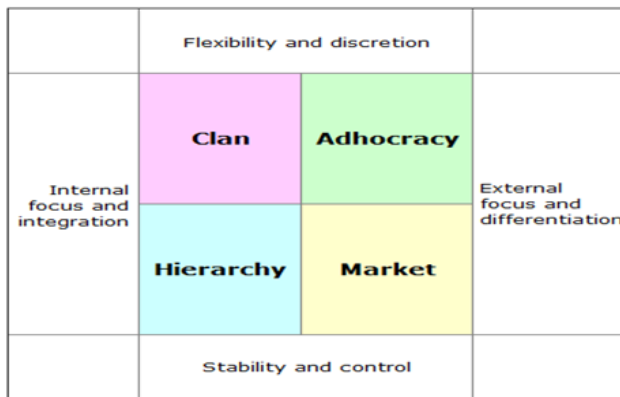


Figure 1 Competing Values Framework (CVF)

RESEARCH METHODOLOGY

The sample composed of the managerial level employees of a major cellular company. A total of 500 questionnaires were distributed proportionally among the three major celluler companies by email to a pre-selected respondents. 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:

1. dominant characteristics,
2. organizational leadership,
3. management of employees,
4. organizational glue,
5. strategic emphasis,
6. and criteria for success

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 218 data. The results are plotted as an example in Figure 2



Figure 2 Sample of plotting OCAI results.

RESULTS AND DISCUSSION

Data taken from the respondent's Human Capital PT Telkomsel, Indosat and XL Group on the recommendation of Vice President of Human Capital and Change Management. 500 respondents are selected representing population. Questionnaire sent out to all selected sample by e-mail and 218 of which returned are valid and analyzed by researcher. The table below shows a breakdown of each major company employees by position:

Table 1 Valid sample breakdown

Position	T'sel	Indosat	XL	Total
Senior Management	5	2	2	8
Middle Management	86	34	36	156
Supervisors	29	11	13	54
Total	120	47	51	218

Source: Researcher (2015)

1. PT. Telkomsel

The questionnaire data results further analyzed with Organization Culture Assessment Instrument (OCAI) using 6 (six) culture dimensions and 4 (four) culture types. OCAI instrument was adapted to describe PT Telkomsel culture profile:

Table 2 Descriptive Statistics of PT Telkomsel

CATEGORY	N	MIN	MAX	MEAN
NOW (Clan)	120	0	100	27,53
NOW (Adhocracy)	120	0	100	21,37
NOW (Market)	120	0	100	27,42
NOW (Hierarchy)	120	0	100	23,68
PREFERRED (C)	120	0	100	27,15
PREFERRED (A)	120	0	100	25,25
PREFERRED (M)	120	0	100	29,65
PREFERRED (H)	120	0	100	17,91

Source: Data analysis (2015)

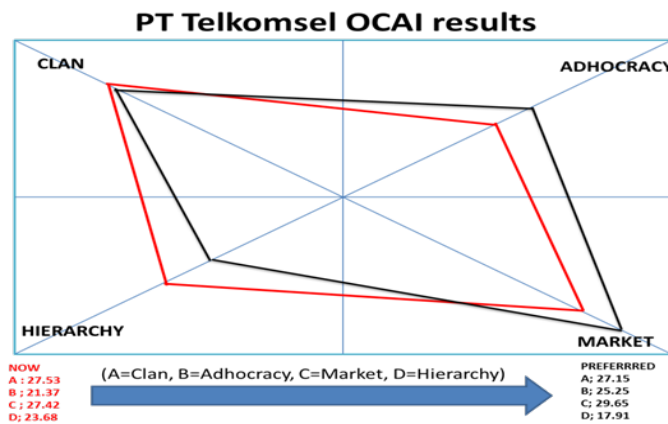


Figure 3 OCAI results PT Telkomsel (2015)

Current Culture

The organizational culture at PT Telkomsel 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 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 TP Telkomsel. It can be seen that the overall culture styles of PT Telkomsel currently almost evenly divided among the 4 (four) competing cultural values with the difference is not too great.

Preferred Culture:

The organizational culture at PT Telkomsel to come (which is preferred), reflected more on the style of the culture market amounted to 31%. It can be explained that PT Telkomsel’s organizational culture style is concentrate on markets and external development with flexibility, attention to people, sensitivity to customers. More organizations expect external development with the need to improve competitiveness, so 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% means in cultural styles of PT Telkomsel expect to improve the performance of employees with focus in the self-sufficiency and greater flexibility. As for the style of the cultural hierarchy of 18% that reduced from currently 23.9% expect a more relax environment that will help employees in improving performance and competitiveness in the increasingly tight competition of the mobile industry today.

2. PT. Indosat

The questionnaire data results further analyzed with Organization Culture Assessment Instrument (OCAI) using 6 (six) culture dimensions and 4 (four) culture types. OCAI instrument was adapted to describe PT Indosat culture profile:

Table 3 Descriptive data PT Indosat

CATEGORY	N	MIN	MAX	MEAN
NOW (C)	47	0	100	23,86
NOW (A)	47	0	100	20,62
NOW (M)	47	0	100	31,17
NOW (H)	47	0	100	24,39
PREFERRED (C)	47	0	60	26,76
PREFERRED (A)	47	0	100	25,07
PREFERRED (M)	47	0	100	29,85
PREFERRED (H)	47	0	40	18,46

Source: Data analysis (2015)

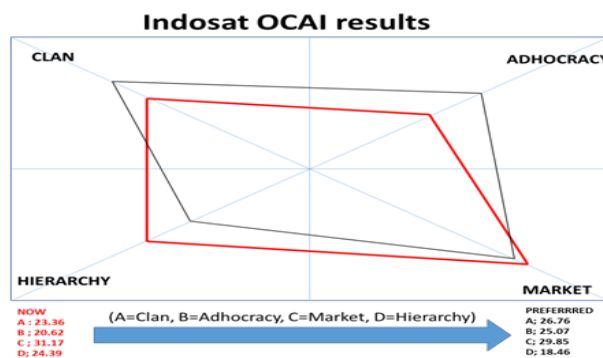


Figure 4 OCAI results PT Indosat (2015)

3. PT. XL Axiata

The questionnaire data results further analyzed with Organization Culture Assessment Instrument (OCAI) using 6 (six) culture dimensions and 4 (four) culture types. OCAI instrument was adapted to describe PT XL Axiata culture profile:

Table 4 Descriptive data XL Axiata:

CATEGORY	N	MIN	MAX	MEAN
NOW	51	0	60	23,39
NOW	51	0	50	19,74
NOW	51	0	80	33,08
NOW	51	0	60	23,67
PREFERRED	51	0	50	28,06
PREFERRED	51	0	100	24,23
PREFERRED	51	0	100	29,93
PREFERRED	51	0	100	17,73

Source: Data analysis (2015)

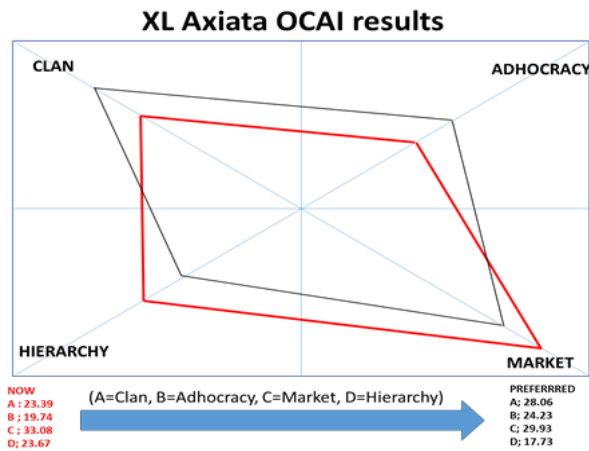


Figure 5: OCAI results PT XL Axiata (2015)

4. All Major Celluler Company in Indonesia

The questionnaire data results further analyzed with Organization Culture Assessment Instrument (OCAI) using 6 (six) culture dimensions and 4 (four) culture types. OCAI instrument was adapted to describe All Major Celluler company culture profile:

Table 5 All Major Celluler Company Indonesia

CATEGORY	N	MIN	MAX	MEAN
NOW	218	0	100	25,77
NOW	218	10	100	20,83
NOW	218	5	100	29,55
NOW	218	10	100	23,83
PREFERRED	218	0	100	27,28
PREFERRED	218	0	100	24,97
PREFERRED	218	0	100	29,76
PREFERRED	218	0	100	17,98

Source: Data Analysis (2015)

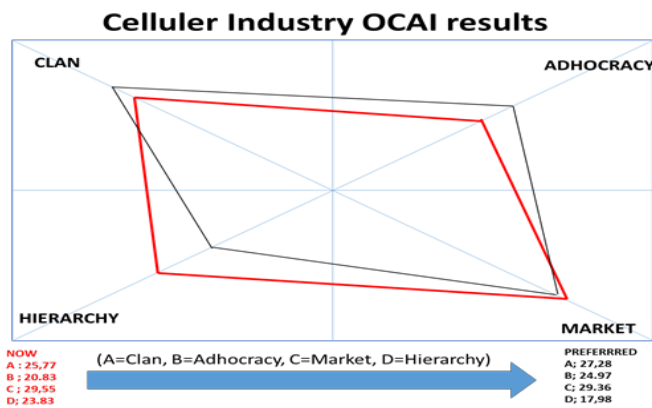


Figure 6 OCAI results All Major Co (2015)

Current data from Table 6 shows that the organizational culture at the selluler company in Indonesia, reflected more on the style of the cultural Market of 29,55%. It can be explained that the overall company selluler in Indonesia focus more attention to factor external customers, suppliers, and other stakeholders. This means the characteristics of leadership, achievement-oriented organization oriented on results, management of employees emphasized the achievements and competitive, and on the victory of the market to compete with market leader. Where to cultural style Clan 25.77% greater than the cultural Hierarchy in organizations where 23.83% company selluler company in Indonesia, a larger Clan style market emphasizing the relationships between members of the Organization were kept as in a family, the leadership of which maintain good relationships among the employees.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The styles of culture at the company selluler in Indonesia is currently more on the market, although the style of the culture of clan and the hierarchy is also naturally balanced. This is in compliance with the reality that more emphasis on stability and control against the employee so that the employee's activities as much as 26.847 employees can be controlled with tight in order to achieve performance as expected. But concern for the interests of the customers have also been developed in selluler companies in Indonesia.

The styles of culture expected by most of the employees of the company celuller in Indonesia is the Market. The selluler company employees in Indonesia want the culture market paying more attention to the interests of the customers than in the achievement of the performance of the Organization (organizational performance). Nevertheless, the cultural style and adhocracy clan is also expected to be developed by most organizations company selluler in Indonesia. Whereas cultural hierarchy that least expected for all companies selluler in Indonesia.

Recommendations

For selluler company in Indonesia in order to win the competition cultural style Market should be increased with further enhance activities that pay attention to external factors among employees, without leaving the culture of hierarchy within the company.

For Telkomsel is almost the same with the suggestions above i.e., paying attention to the culture of the market but also look at the culture of clan and adhocracy can also be observed by the company. It is also suggested to leave the cultural hierarchy.

For Indosat is almost the same with PT Telkomsel and XL Axia.

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