

## ANALYSIS ON PT. SEMEN INDONESIA ORGANIZATIONAL CULTURE BASED ON ORGANIZATIONAL CULTURAL ASSESSMENT INSTRUMENT (OCAI)

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Abstract - Up until now, PT. Semen Indonesia has been dominating the cement industry competition in Indonesia. In the other sides, the South East Asia region will encounter a new phenomenon in 2015 which is ASEAN Economic Community (AEC) with the mission of making ASEAN region as a region with free movement of goods, services, investment, skilled labor, and a free flow of capital, that have the program of improving the implementation of ASEAN Free Trade Area (AFTA) which will eliminate any cost of tariff for goods trading from any ASEAN region countries. That means the competition that PT. Semen Indonesia will encounter is not only against other Indonesian private companies, but also with other ASEAN countries' companies. This research's objectives is to assess the current condition of PT. Semen Indonesia's organizational culture and also the preferred organizational culture by PT. Semen Indonesia's employees by using Organizational Culture Assessment Instrument (OCAI). The result shows that the current organizational culture in PT. Semen Indonesia is balanced without any tendency to any category of organizational cultural framework. While for the preferred condition by PT. Semen Indonesia's employees, the culture tends to Entrepreneurial and Clan Culture.

Keywords: Semen Indonesia, Organizational Culture, OCAI, AEC, AFTA

### Introduction

Globalization, has impulse business to go international and this has made every country to compete against each other in the global market. Nowadays, most of the leaders in this global competition are developed countries. In order to be able to compete in that global competition, in 2003, the ASEAN bloc of nations has made an agreement to establish ASEAN community in 2020, which are comprising 3 pillars which are ASEAN Political-Security community, ASEAN Socio-Cultural Community, and ASEAN Economic Community.

ASEAN Economic Community (AEC) establishment has been urged to be established in 2015, which mean by 2015 the ASEAN region will be turned into an area with free movement of goods, services, investment, skilled labor, and a free flow of capital. One of the target of AEC is free movement of goods in ASEAN region, which is planned to be done by the application and improvement of AFTA (ASEAN Free Trade Area). AFTA is an agreement that lower the tariff of Common Effective Preferential Tariffs to 0-5% for ASEAN countries.

The competition in cement industry in Indonesia is actually dominated by PT. Semen Indonesia, with PT. Semen Indonesia possessing 43.7% of the cement market share in Indonesia in 2014. But from 2012 to 2013 the demand of cement in Indonesia is increasing, while the production capacity of PT. Semen Indonesia is rather stagnant in that period. If this condition keep on going, it is possible that people in Indonesia would turn into cement from other ASEAN countries' companies.

PT. Semen Indonesia is one of the biggest company located in Indonesia, which mean PT. Semen Indonesia would encounter AFTA impacts in the future. AFTA would bring a more competitive atmosphere in ASEAN business, and a thorough preparation would be needed to ensure PT. Semen Indonesia could get through AFTA smoothly.

This research's objectives is to assess the current condition of PT. Semen Indonesia's organizational culture and also the preferred organizational culture by PT. Semen Indonesia's employees. After evaluating PT. Semen Indonesia current and preferred organizational culture, the next objective is to analyze the gap between the current and the preferred organizational culture. And the last objective is to give a recommendation for PT. Semen Indonesia based on the result of the research analysis. This research would be done limited only to the employees of PT. Semen Indonesia in the head quarter in Jl. Veteran, Gresik, and by using OCAI as the tools for analyzing the data gathered from the research.

## Literature Review

### Organizational Culture

Culture is the set of values, norms, beliefs and understandings that is shared inside a group and will be taught to new members (Daft, 2007)

Organizational Culture exists at two levels:

- Visible Artifacts: Culture that can be observed directly by other people, such as symbols, rituals, dresses, etc.
- Invisible Artifacts: Culture that is more as an implied values that is shared inside the organization and can not be seen directly by people from outside of the organization, such as underlying values, assumptions, beliefs, etc

Organizational Culture holds 2 important function inside an organization, which are:

#### 1. Internal Integration

Integration of members of the organization so that everyone inside the organization has a shared value. This culture will guide people in communicating and working together with other people that will make them working together more effectively.

#### 2. External Adaptation

Adaptation from inside of the organization to deal with external conditions so that the organization can still meet its goals. Culture will form a guide that will help members in doing their daily activities so that the organization can meet certain goals. It can also help the organization in reacting fast to certain conditions such as customers' demand or competitors' move.

## OCAI

Organizational Culture Assessment Instrument is a tool that was developed by Cameron and Quinn (2006) in order to help organizations in identifying their current and also preferred condition of Organizational Culture. OCAI categories have 2 key dimensions, which each has a competing value. The first dimension will tell us about whether the organizational culture is focused internally or externally. While the second dimension will tell us about whether the organizations act with stability or flexibility. From those 2 dimensions, we will find 4 quadrants with every quadrant representing a certain framework of culture, which are:

1. Clan Culture  
Clan Culture is a culture with a friendly atmosphere that will make the members feel like the organization is their extended family. Leaders in this organization will act as mentors. This organization is held together by their members' loyalty and tradition. They emphasize on long-term objective of developing their members.
2. Entrepreneurial Culture  
Entrepreneurial culture have a dynamic and creative atmosphere inside the organization. People will more likely to take risky decision in this cultural framework, as leaders of the organizations with Entrepreneurial culture will be a visionary and innovative risk-taker. The commitment of keep innovating and experimenting is the factors that hold this company together. They emphasize on being the leader of new knowledge, products, and services.
3. Bureaucratic Culture  
Bureaucratic culture have a more formal and structured atmosphere inside the organization. People will do as the procedures are written. The leaders would be people good at organizing and coordinating people. Formal rules and policies are the factor that hold the organization together. The emphasis inside the organization are stability and efficiency.
4. Market Culture  
Market culture have a result-oriented atmosphere inside the organization. The leaders inside the organization are competitive people with the ability of hard-driving his subordinates. The desire of winning is the factor that hold this organization together. The emphasis of the organization is on competitive actions and achieving their objectives, so that they could outrun the competition and become the market leader

## Preliminary Study

ASEAN Economic Community (AEC) is one of the 3 pillars of ASEAN Community that the ASEAN bloc of nations agreed to establish in 2003. The aim of the forming of AEC is to transform ASEAN into a region with free trade of goods, services, investment, skilled labor, and free flow of capital

AFTA is a form of agreement from ASEAN countries in making a region of free-trading in order to increase the competitiveness among ASEAN region by making ASEAN as one of the world production's basis and also making a regional market for around 500 million people inside ASEAN

AFTA is actually in a good progress in the process of lowering the intra-regional tariffs, with 99% of the Common Effective Preferential Tariff from ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand). In 2015, it is set that all the ASEAN-6 countries, with the addition of Cambodia, Laos, Myanmar, and Vietnam would all reduce the tariff into 0%. Additional change that would be made by AEC to AFTA is to also to eliminate the existence of Non-Tariff Barriers.

## Methodology

OCAI is an instrument built on Cameron & Quinn's competing values framework on organizational culture, which has 6 key dimensions as the basis of the framework. The 6 key dimensions are Dominant Characteristics, Leadership Style, Management of Employees, Organizational Glue, Strategy Emphasis, and Criteria for Success. Those categories yielded 2 key cultural dimension that determine whether the company culture is internally or externally focused and whether the organization acted with flexibility or stability. The key dimensions mentioned above are the basis of the questionnaire made for the data collection.

Sample design is the step of taking data from sample which would be done by using Stratified Random Sampling. By using Stratified Random Sampling, the data taken from PT. Semen Indonesia is expected to be able to represent the whole company from each Strata. The data taking would be done by spreading questionnaire, with 210 questionnaires spread from a total of 667 of total employees in PT. Semen Indonesia Head Quarter.

The researcher will analyze the Organization Culture Design, to check how well the current design support the company's business strategy and the gap between the current company condition with the desired condition. The analysis will be done by using Competing Values Framework (Cameron & Quinn, 1999), where this framework will look at the Organization Culture Design to 4 Culture Types based on the company's Dominant Characteristics, Leadership style, Management of Employees, Organizational Glue, Strategy Emphasizing, and Criteria for Success.

The processing of the data would be done by calculating the average score of the data based on the categories and the dimensions. The average score will then be compared to the score of other categories in the same dimensions. After finding out the condition of each dimensions, the result of the current condition will be compared to the desired condition to analyze the gap between the current and the desired condition.

In this research, the result of the questionnaire will be shown in a range of number between 0 – 100 that would reflect the score of the group. One-way ANOVA will be used to test whether one or more category means are significantly different from the others. The result of One-way ANOVA test will show us whether there is any significant differences among the four groups or not.

Tukey HSD test is done as a follow-up test after an ANOVA, which is done to determine which specific category differ from other category's means. The test is done by calculating the value of HSD (Honestly Significant Difference) based on the Mean Square Within from the ANOVA, number of scores per condition (n), and a statistic called q that we look up in a

table. The result of Tukey HSD test will group the category based on the significance of the means.

### Data Processing & Analysis

From 210 questionnaires spread, 169 questionnaires are returned to the researcher. The questionnaire collection was done from 11<sup>th</sup> to 19<sup>th</sup> of August 2014. The data gathered could represent the company from its distribution of respondents' job department and job level.

### Organizational Culture Assessment Instrument

Table 1 Tukey Kramer test result

Current			Desired			
Tukey HSD <sup>a</sup>			Tukey HSD <sup>a</sup>			
Kelompok	N	Subset for alpha = .05	Subset for alpha = .05			
		1	1	2	3	
D	6	23.3521	20.9181			
B	6	24.6815	24.1933	24.1933		
A	6	25.6943		26.8955	26.8955	
C	6	26.2722			27.9931	
Sig.		.174	.087	.193	.832	

Means for groups in homogeneous subsets are displayed. a. Uses Harmonic Mean Sample Size = 6.000.

D: Bureaucratic Culture C: Market Culture B: Entrepreneurial Culture A: Clan Culture

The Tukey Kramer test, as can be seen in table 1, result showed that the current organization culture of PT. Semen Indonesia do not have any dominant categories with a balanced score in every category. This score means that PT. Semen Indonesia's current organizational culture do not have any tendency to a certain category.

While for the preferred score, Clan Culture and Entrepreneurial Culture has a significant difference which means that they are dominating what the employees think should be done in the future. This score means that PT. Semen Indonesia's employees wanted to have an organizational culture with a tendency of innovation and family-hood.

In conclusion, PT. Semen Indonesia's current organizational culture does not have any tendency into any organization cultural framework, but the employees wanted to have an organization culture with tendency to Entrepreneurial Culture and Clan Culture.

### Analysis

The nearest obstacle that PT. Semen Indonesia would most likely encounter is AFTA which will occur in 2015. The application of AFTA would mean that there would be a lower switching costs for the customer, as it would be easier to switch to other products because

of the elimination of tariffs. Based on the Porter's 5 forces (Porter,1979), lower switching cost would make the buyer power and threat of substitutes become higher. AFTA application would also means that all the ASEAN companies would compete to get the same customers, in this case ASEAN people, which means the rivalry of the competing firms become higher.

By implementing an organizational culture framework with dominant Entrepreneurial Culture in the future, PT. Semen Indonesia is expected to be more opened for their employees to take risk and try new things, which could also support the employees to make innovations that could be used in the cement industry in ASEAN. By implementing an organizational culture framework with dominant influence of Clan Culture, PT. Semen Indonesia would be an organization that emphasize on creating a better internal condition that would support their employees to be developed.

So, by implementing the Entrepreneurial Culture and Clan Culture, PT. Semen Indonesia would be able to emphasis more onto a flexible and discrete culture inside the organization, both internally and externally. With a more flexible culture, internally the relationship among the employees could be improved which could also improve their ability to work in team, while externally there would be a bigger chance of innovation making idea created inside that could be a new competitive advantage in the new competition for PT. Semen Indonesia.

## Conclusions & Recommendations

### Conclusions

1. The current organization culture framework of PT. Semen Indonesia is a balanced framework from the 4 categories of Clan Culture, Entrepreneurial Culture, Market Culture, and Bureaucratic Culture.
2. The desired organization culture framework of PT. Semen Indonesia based on the data gathered from their employees are that they wanted to have an organizational culture framework which is dominated by Entrepreneurial Culture and Clan Culture.
3. There is still gaps between the current and desired organization culture framework in PT. Semen Indonesia, with the current organization culture being balanced and the desired dominated by Entrepreneurial Culture and Clan Culture.

### Recommendations

1. PT. Semen Indonesia should improve the significance of Entrepreneurial Culture and Clan Culture as the preferred organizational culture framework by the employees.
2. For other researcher, there is an opportunity of doing a research about PT. Semen Indonesia organizational culture in Tuban as there is a possibility of differences between the condition in Gresik and Tuban.
3. Researching by using other methods of Organizational Culture Analysis, to asses PT. Semen Indonesia organizational culture from other perspectives.
4. Researching about the organizational culture of PT. Semen Indonesia operating companies' organizational culture.

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