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The Analysis of Organizational Culture for Improving Corporate Performance at PT. XYZ Discreet

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ABSTRACT: PT. XYZ Discreet is a subsidiary of a State-Owned Enterprise (BUMN) in the manufacturing sector which was founded in 1983. PT. XYZ Discreet contributes to defense & security needs and various industrial products that help in other fields such as transportation and commercial explosives. Organizational culture is essential in determining the success of achieving company goals. Therefore, every company must know what type of culture they are running and what kind of culture is preferred at PT. XYZ Discreet has yet to assess the current and preferred corporate culture. As is well known, BUMN companies and subsidiaries have a new corporate culture, BUMN AKHLAK. Based on an assessment conducted by ACT Consulting, the value of implementing AKHLAK BUMN at PT. XYZ Discreet is not maximized or gets a C value (37.7). The purpose of this study is to provide recommendations for the preferred corporate culture based on survey results. The research methodology used is quantitative data by distributing questionnaires using the Organizational Culture Assessment Instrument (OCAI) to employees of PT. XYZ Discrete. The survey results show that at PT. XYZ Discrete has a current culture Hierarchy culture, but the survey results also state that employees prefer Clan culture as their corporate culture. In other words, they support the culture with kinship, openness, loyalty, mutual trust, and agreement in every activity. From the results of research that has been done at PT. XYZ Discreet, this cultural transformation can be assisted by a bottom-up approach; leaders should have more understanding of employees, the transformation of leadership style, and forming the agent of change for corporate culture. These things aim to improve internal capabilities at PT. XYZ Discreet.

KEYWORDS: BUMN, Bottom-up Approach, Clan, Employees, Hierarchy, Organizational Culture Assessment Instrument.

1. INTRODUCTION

In the era of business competition, all companies are always required to achieve a renewal or change supported by technological advances and knowledge that continues to increase. To survive and thrive in business competition, all companies must be able to adapt to all changes in the existing environment. Change is a key aspect of management, and every leader's performance is assessed by his ability to forecast and implement change (McKinsey, 2020) This is what underlies many wellknown companies making changes to survive in an era of very tight competition, and shows their existence as a company that always keeps up with the times. [1] This phenomenon of change is known as transformation. The company's transformation is not only related to technology, but all companies must be able to transform their corporate culture. Although corporate culture may appear ethereal, cultural transformation is critical for an organization's existence and longevity. A strong corporate culture is related to increased market competitiveness, improved employee and customer retention, and talent acquisition. However, organizational culture is not static. Therefore a company leader needs to monitor, measure, and manage the organizational culture they lead. [2] Although organizational culture may not have a form, its existence is very important for the sustainability of an organization. A strong organizational culture is associated with stronger competitiveness in the marketplace, higher employee and customer retention, and talent attraction. The success of cultural transformation in an organization is when the organizational culture can support the company's vision, mission, and goals and empower and humanize employees (Cameron & Queen, 2006). [3] Along with changes or advancements in organizational culture, every company, not only globally but in Indonesia, is competing to replenish their respective organizational culture by the times, including PT. XYZ Discreet is transforming its corporate culture. PT. XYZ Discreet is one of the state-owned companies. Therefore it is in line with the policy of the Ministry of SOEs to reconstruct the culture and behavioral values of state-owned companies. Currently, it is two years since AKHLAK BUMN has become a form of transformation of corporate culture, not only at PT. XYZ Discreet, is also for all state-owned companies. Talking about transformation, some essentials must always be developed, especially since AKHLAK is still very new and must align with the company's Vision, In line with the transformation

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of the organizational culture at PT. XYZ Discreet, employee performance has not been met according to company standards. This shows that there is no synergy among all company members in preparing and understanding the cultural changes being carried out. This leads to a lack of clarity between the respective leaders and employees regarding what organizational culture they should choose to make their business activities successful. ^[4] Therefore, it is important to evaluate a company's organizational culture, so there is no uncertainty and to build synergy between PT. XYZ Discreet in living the company culture. In the assessment process, the author uses an instrument called OCAI (Organizational Culture Assessment Instrument) with a CVF (Competing Values Framework) framework. Utilizing the OCAI and CVF instruments can help the author find what culture the company is currently running and what culture employees want to have in the company. The assessment uses a scale in which, if totalled, each point must be worth 100 after finding the culture being carried out and the desired culture at PT. XYZ Discreet, there are differences of the two cultures. The author's challenge is to find a way to fill the differences between the two cultures by making suggestions about the organization based on the expected culture. In line with this, it shows a need / essential to realize the preferred culture at PT. XYZ Discreet

2. LITERATURE REVIEW

• Organizational Culture Assessment Instrument (OCAI)

Professors Robert Quinn and Kim Cameron created the OCAI (Organizational Culture Assessment Instrument). This test measures present company culture and maps organizational transformation demand across four cultures. By mapping these gaps, systematic efforts can be made to make changes so that these gaps are getting smaller (Cameron & Queen, 2006). The Competitive Value Framework (CVF) paradigm is the foundation of OCAI. A two-dimensional method is used in the Competing Value Framework (CVF) paradigm. Every dimension has two opposing sides. The first dimension differentiates between characteristics that stress flexibility and dynamism and those that promote stability, order, and control. The second dimension contrasts between the company's internal environment, which stresses the path toward integration and unity, and the external environment, which promotes uniqueness or innovation, and competitiveness. These two dimensions (and their supporting dimensions) combine to create four alternative organizational cultures (Cameron & Queen, 2006)

• The Competing Value Framework

Cameron and Quinn (2006) created the Competing Values Framework theory as an organizational culture framework. The theoretical framework relates to whether an organization's major focus is on external or internal challenges, as well as whether it strives for flexibility and stability, and control qualities. The theoretical framework is also based on six organizational culture dimensions, which are as follows:

- 1. Characteristics that are dominant
- 2. Organizational management
- 3. Management personnel
- 4. Organizational ties
- 5. Strategic focuses
- 6. Criteria of Success

Furthermore, the theoretical framework is founded on four prominent cultural types: clan, adhocracy, market, and hierarchy. According to the findings of the study, more than 80% of businesses have a variety of cultures. The Competing Values Framework has been acknowledged by several cultures, which reasons the locating of companies that don't have a dominant kind of culture so one can make them an unsure culture or maybe designate 4 forms of cultures that ought to be distinctive however they've nearly equal (Cameron & Quinn, 2006). Talking about the Four Models of Organizational Effectiveness. The following is a division of the four quadrants of the model:

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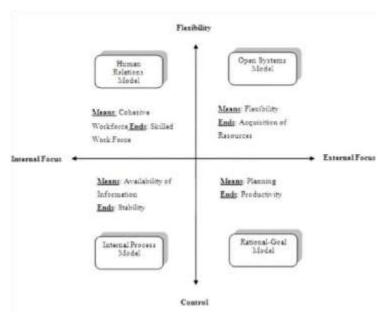


Figure 1. Four Models of Organizational Effectiveness **Source:** Robbins & Barnwell (1998), Shilbury & Moore (2006)

• The Four Major of Culture

Corporate culture has no boundaries; however Kim Cameron and Robert Quinn of the University of Michigan describe and categorize corporate/organizational culture into four types. Clan, Adhocracy, Hierarchy, and Market are the cultural groupings. According to the hypothesis, each company/organization has its unique percentage of cultural mixtures. Each corporate culture group is explained in detail below:

A. Adhocracy Culture (Create Culture)

This type of version or culture is "fluid" in the sense that organizational contributors aren't constrained by form. This strategy focuses on creating environments in which employees are free to come up with new, innovative, and revolutionary ideas. It is a forward-thinking and unbiased channel. Management styles promoted include innovator, entrepreneur, and visionary management. Clean outcomes, powerful work methods, and development concepts are all required for effectiveness. Organizations with an adhocratic cultural form recognize that the innovation approach may create new sources and that new sources are critical for growth (Cameron & Queen, 2006). Managers face significant difficulty in guiding and inspiring the introduction of entrepreneurship and innovation (Rangkuti, 2015). Organizations foster initiative and independence. Adhocracy Culture has the following characteristics:

- Doing new things, such as anticipating the future, continual improvement of innovation, developing new values, and so on.
- Transformation development
- Proficient in dealing with discontinuities, changes, and risks.
- Thoughtful experimenting, learning from mistakes, and failing quickly
- Marketing and visionary roles
- Visionaries are eager to take more risks and are no longer afraid of uncertainty

B. Clan Culture (Collaborate Culture)

The clan culture paradigm is based on connections and family work systems. People share many interests and feel like one huge family. Leaders are viewed as mentors and facilitators who facilitate solutions to organizational difficulties. Group cohesiveness (team), employee moral growth (employee morale), and human resources (HR) are highlighted as effectiveness criteria. The importance of the employee or member participating organization is frequently reflected in the management rules employed. Employee or group involvement is achieved through increasing employee involvement in work dynamics, management procedures,

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and decision-making (Cameron & Queen, 2006). Managers' primary responsibility is to guide and promote employee engagement (Rangkuti, 2015). The following are the characteristics of Clan Culture:

- Collaborating on projects: forming a team, emphasizing teamwork
- Long-term change
- Human resource development and enhancement
- Roles as a facilitator, mentor, educator/coach
- Conflict avoidance

C. Hierarchy Culture (Control Culture)

A hierarchical culture model is a culture that values formal, well-structured labor and cleanliness. The established leadership style is that of a coordinator with a strong and rigorous mentoring role as well as a skilled organizer. The focus of efficacy criteria is on content and stringent, inflexible timetables. Typically, the management style or policy focuses on stringent controls and controls. Cameron and Queen (2006). Stability, results, efficiency, and job completion are long-term aims. Furthermore, according to Rangkuti (2015), the aforementioned classification of culture types is based on his four competing factors (competing values): stability and flexibility, internal control, and exterior positioning. Hierarchy Culture has the following characteristics:

- Do things correctly: postpone mistakes
- Pay attention to detail, make cautious selections, and make detailed evaluations
- Increase consistency and dependability via competent specialists
- Improved strategy, efficiency, and directors
- Conservative, careful, and logical problem solvers

D. Market Culture (Compete Culture)

This cultural paradigm promotes close and fierce competition cantered on outcomes, with a focus on goals and deadlines for completing tasks. Competitive situations develop not just between rivals, but also among employees in firms with large market cultures. People are competitive and goal-oriented. In this culture, the developed leadership style becomes a formidable competitor and motivator. The effectiveness criteria are focused on how to "beat" competition while meeting your goals. As a leadership guideline, the competitive notion of boosting productivity is used (Cameron & Queen, 2006). This culture places the corporation in a business that is constantly seeking for methods to improve its competitiveness. It has a pleasant, noncompetitive market culture, as well as consumer behavior that favors and appreciates values. Management's major role is to steer a firm toward productivity, results, objectives, and profitability (Rangkuti, 2015). Market Culture is distinguished by the following characteristics:

- · Get Things Done Quickly
- Compete, Move Fast, and Win
- Rapid Change
- Customer Satisfaction, Attacking Competitors, Shareholder Cost Speed
- Acquire businesses and outsource important operations
- Deliver results, make rapid choices, and solve challenges

3. METHODOLOGY

This research will be carried out using quantitative methodologies. Quantitative approaches place an emphasis on objective measurement and analysis using statistics, either mathematical or numerical, derived from data collected via surveys and questionnaires. The questionnaire issued to respondents was based on Cameron and Queen's results, known as the Organizational Culture Assessment Instrument (OCAI), with the goal of determining the existing kind of culture and the intended culture. According to Cameron and Queen (2006), there will be a cultural divide, and the author will provide a remedy to bridge the gap. As a result, 340 participants were sampled for this study on corporate culture evaluation using OCAI.

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4. RESULT AND DISCUSSION

A. Analysis

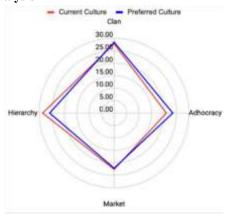


Figure 2. Survey radar chart result of the research

Table I. Table Containing the Average of Each Component of All Data's

| Clan 27.83 | 28.50 |
|-----------------|--------|
| Adhocracy 21.00 | 23.42 |
| Market 22.50 | 22.17 |
| Hierarchy 28.67 | 25.92 |
| TOTAL 100.00 | 100.00 |

Based on survey responses and data processing, each culture's "current culture" and "preferred culture" ratings were averaged. The authors examine the cultural mix point for the entire company utilizing all of these sub-dimensions as a framework by averaging the total points for these totals. Discreet culture at PT. XYZ With a total score of 28.67, hierarchy is the most dominating culture in the "current culture" facet. This demonstrates that PT. XYZ Discreet has a regulated culture, adheres to formal regulations and procedures, provides seamless operating services, and maintains a low cost of production. They believe that the Hierarchical culture is the major component of their existing organization. Clan Culture is in second place, having earned a total of 27.83 points. Market Culture and Adhocracy Culture are the third and fourth prominent cultures at PT. XYZ Discreet, with an average score of 22.5 and 21 points, respectively.

According to current survey data, organizations are defined by a desire to get the job done but want a more family-like atmosphere, a focus on results but a desire to be directed by their leaders, a competitive nature but a desire to work as a team, accomplishment and goal-oriented. but wants a high degree of dedication and loyalty among workers, wins the market but wants to grow, has strong employee trust, and is competitive in market leadership but wants to further develop its human capital. The Clan Culture receives the most points in the "preferred culture" category, with an average score of 28.5. Clan culture generated 0.67 points greater than the present level, showing that employees anticipate being more friendly, mentored, and benefitted inside the business, more like collaboration. However, in the preferred culture component, the acquisition of Hierarchy Culture points declined by 2.75 points, dropping from 28.67 to 25.92. All responders appear to wish to eradicate Hierarchy Culture as the main culture at PT. XYZ Discreet. Based on the survey results, it can be stated that respondents (employees), stated that their companies need to increase their internal focus rather than the external focus. In the future, PT. XYZ Discreet will be concerned with internal concentration. The score demonstrates that culture is hierarchical. As a result, all respondents desired that their business be more adaptable by retaining an internal emphasis. Companies desire to be more compact and actively collaborate as a team while still being directed while decreasing stringent formal regulations and organizational efficiency.

Clan culture and hierarchy have both advantages and downsides. At the moment, the company's culture is hierarchical. A hierarchical culture has the issue of limiting communication-based on work position, which might make outside team cooperation harder because employees want to be together. Table 1 shows the benefits and drawbacks of clan culture in businesses.

Table II. Advantages and Disadvantages of Clan Culture

| Advantages of Clan Culture | Disadvantages of Clan Culture |
|--|--|
| Clan culture is more flexible; it can do happy business with a happy | There is a lack of variety since some employees with |
| team since it can make employees happier and more productive. | various perspectives look at the problem in the same |
| | manner, which might lead to sluggish discovery because |
| | clan culture is more like a homogenous corporation. |

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| The environment in Clan culture that is similar to flexibility may | Clan leaders act more like mentors to their subordinates. |
|---|---|
| make employees healthier and enhance their motivation to work | Because choices are occasionally made by employees, |
| | power is not clearly defined. It might be an issue if staff |
| | have diverse points of view. |
| Meetings at clan culture provide for transparent communication; the | There will be a lot of talking because communication is |
| more people that participate, the more the word can be transmitted, | vital in clan culture. |
| | |

Source: Academy to Innovate HR, 2021

which aids in business success.

The problem of hierarchical culture surpasses the benefit, while the benefit of clan culture overcomes the disadvantage. Because clan culture is more collaborative and may be more productive with some profit and benefit, it requires patience and effort. Employees feel more connected to their workplaces when they participate in clan culture since their workplace may affect their work performance and happiness. Based on observations and conversations conducted with the HCM Manager and one of her staff. In fact, there are signs of a problem within the institution. Employees at PT. XYZ Discreet has yet to engage with the firm since they are unaware of their role in attaining the company's objectives. Furthermore, some employees are simply waiting for their boss's assignment. The important point to note is that PT. XYZ Discreet is a BUMN and now has the status of a BUMN subsidiary, which must also adopt changes in AKHLAK's corporate culture that the BUMN Minister recognizes. With this shift, they want to establish a new organizational culture that will aid in performance improvement.

В. **Proposed Solutions**

1. **Doing The Bottom-Up Approach**

The bottom-up strategy is often connected with its adversary, the top-down approach. Companies that use both top-down and bottom-up management strategies gain significantly. Both management techniques distinguish between high and low-level activities, but how they handle this process varies greatly. Each, like any business, tries to think, educate, learn, and develop an overall leadership structure that functions well for the firm and generates revenue.

Top-Down Approach

Teams or supervisors make choices that are filtered down through a hierarchical structure in a top-down management strategy. Managers collect data, evaluate it, and develop actionable conclusions. Then they create a procedure that the rest of the team communicates about and adopts. This type of management is known as

"manage and control" or "autocratic leadership."

Everything from the working environment to business frameworks is set by senior management in top-down management, which is subsequently passed down the leadership ladder. Without much opportunity for debate or analysis, each job is responsible for carrying out the work as specified by the superiors. While some lowerlevel supervisors may participate in decision-making, the final decision is made by C-level executives. Malsam (2019). (2019). According to an article produced by Kate Eby (2018), the following are some of the benefits and drawbacks for firms that use the Top-Down Approach Management Style. However, based on observations and talks with officials from the HCM Division at PT. XYZ Discreet, these benefits and drawbacks are also related to the company's state.

Table III. Advantages & Disadvantages of the Top-Down Approach

| Advantages | Disadvantages | |
|---|---|--|
| Decreased Risk | Limited Creativity | |
| Because top-level managers are typically the most | Employees' responsibilities are siloed, and they are | |
| educated and informed about the organization, | unable to contribute to the larger aims of the | |
| judgments made without lower-level personnel are | organization, which can lead to discontent and a lack | |
| less dangerous. | of motivation to achieve. | |

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| Strong Management | Dictatorial |
|---|---|
| Higher management will be able to set best practices | Employees who are not participating in the process |
| and achieve goals more readily if decisions are taken | may find the approach burdensome. |
| and enforced at the top levels of a company. If | |
| immediate changes are necessary, a top-down change | |
| (also known as an executive-driven change) can be | |
| undertaken to solve any internal difficulties, skipping | |
| a longer decision-making process involving | |
| lowerlevel employees. | |
| Good Organization | Slow Response to Challenges |
| Tasks are chosen and handed down business lines | When a problem arises as a result of a decision, it may |
| without misunderstanding since corporate goals are | take some time for senior management to discover a |
| specified by top management and will not be | solution since decision-making requires a limited |
| impacted by outside opinions. | number of brains. |
| Minimized Cost | |
| Lower-level employees are permitted to carry out | |
| their activities in accordance with their position in the | |
| organization and are not entrusted with developing | |
| company-wide goals. | |

Source: UK Indeed, 2022

Based on the results of discussions, observations, and surveys, PT. XYZ Discreet needs to adopt a Bottom-Up Approach Management Style that is in accordance with the preferred culture. The culture that is more desirable at PT. XYZ Discreet is Clan Culture, where Clan Culture is a culture that places more emphasis on a family work environment, good communication, collaboration, etc. The Bottom-Up Approach has several advantages that can be applied to PT. XYZ Discrete. But on the other hand, not only does the Bottom-Up Approach have advantages, but it also has drawbacks that must be considered. The following table describes the advantages and disadvantages of the Bottom-Up Approach.

Table IV. Advantages & Disadvantages of the Bottom-Up Approach

| Advantages | Disadvantages |
|---|--|
| Increased Company-Wide Communication | Bogging Down of Employees |
| General communication among business members | When all employees engage in bigger choices (usually |
| improves considerably when every employee actively | reserved for high management), they might get |
| participates in decision-making. | overwhelmed by the sheer weight of responsibility. |
| | Employees may be dragged away from their individual |
| | responsibilities and onto broader initiatives, causing |
| | them to waste valuable time. |
| Build Morale | Slowed Time Creating Plans and Reaching Goals |
| All members of the corporate community will feel | Conflicts and disputes can emerge when several |
| included and appreciated, creating a welcoming and | employees with diverse viewpoints participate in the |
| communicative environment in which employees | company's decision-making process. This might cause |
| may thrive and grow together. | delays in formulating strategies and meeting objectives. |
| Share Solutions | Inaccurate Reflections of Data |
| A diverse pool of brain capacity is applied to the | Working on many tasks at the same time might lead to |
| company's challenges as they occur, resulting in faster | biased findings and erroneous judgments in the long |
| problem-solving and more efficient solutions. | run. |

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Increased Collaboration

Employees at all levels are given the opportunity to discuss problems, bounce ideas off one another, and build trust across departments.

Source: UK Indeed, 2022

2. Transformation of Leadership Style

For better or worse, culture and leadership are inextricably linked. Founders and powerful leaders typically form new cultures and leave long-lasting attitudes and beliefs (Boris Groysberg et all, 2018). According to this remark, the variables that have a big effect on whether a culture is good or bad emanate from the leader. Benjamin and Flynn (2006) divide leadership into two primary factors: Transactional leadership is a leadership style that is mutual between the leader and the member, in which the leader selects which objectives must be met first. The leader then monitors the activities of the organization's members and awards those who succeed.

- Transformational leadership is a leadership style that seeks to instil a successful attitude in order for the organization's goals to be met.
- Transformational leaders consistently motivate all people in the organization to perceive things positively, employing the ideal vision, and socializing the organization's vision.
 - Based on the research results of Hougyun Kim (2013) transformational leadership is associated with Clan Culture. Transactional leadership associated with Hierarchy Culture.
 - Components of Transactional Leadership
- Supervision: In the form of a reward, incentive, and punishment system, transactional leadership uses reinforcement theory and extrinsic motivation. Employees are eligible for contingent awards and perks if they fulfill their goals.
- Active management by exception: Transactional executives rely on active monitoring to anticipate and respond to issues
- Passive Management by Exception: Transactional leaders, by default, stay out of the way of the team and only
 intervene when employee performance requirements are not met.
 - Basic assumptions of Transactional Leadership
- Employees are motivated by incentives and punishments when the chain of command is established and evident.
- The primary goal of the followers is to obey the leader's orders and requests.
- Subordinates must be rigorously overseen to ensure that expectations are met.

 Components of Transformational Leadership
- Intellectual Stimulation: Transformational leaders not only challenge the status quo, but also encourage followers' ingenuity. The leader motivates followers to attempt new things and take advantage of new learning opportunities.
- Individualized Consideration: Transformational leaders must also help and encourage individual followers. Transformational leaders keep lines of communication open so that followers may freely submit ideas and leaders can promptly notice each follower's unique contributions..
- Inspiring Motivation: Transformational leaders have a clear vision that they can share with their followers. Their leaders may also help their members share their excitement and drive to attain these objectives.
- Idealized Influence: The transformational leader sets a good example for others who will follow. Because followers like and trust the leader, they imitate and absorb his or her ideals.
 - Basic assumptions of Transformational Leadership
- People will follow someone who has inspired them.
- A person with vision and enthusiasm may do amazing things.
- In order to get things done, you must add excitement and energy.

Based on the above explanation and survey results, the current culture of PT. XYZ Discreet, namely Hierarchy Culture, adheres to the Transactional leadership style. Whereas in the aspect of preferred culture is Clan Culture and according to the theory of leadership style that is preferred and associated with Clan Culture is Transformational Leadership. Therefore,

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one way to achieve an excellent corporate culture at PT. XYZ Discreet is transforming in terms of leadership style into Transformational Leadership.

3. Forming the Agent of Change for Corporate Culture

PT. XYZ Discreet is a BUMN subsidiary that implements a new culture that the Minister of BUMN has approved; this culture is known as AKHLAK BUMN. The formation of a new culture is also carried out by involving the active role of Agents of Change (AoC). In this case, there are four roles played by Agents of Change, according to their primary role to acculturate new values to form an excellent corporate culture (GCC) or desired culture within the company, namely:

- "As Medicine", The values that the Agent of Change has mastered will spread adaptively in work and interactions between employees in the company environment to become healers from the previous culture that they want to change.
- "As Vitamins", The values possessed by an Agent of Change will generate new energy within him or internally to become a role model for his/her colleagues at work. After running for so many months to so many years, it will make other employees resist the old culture that was previously complained about, becoming a new culture that is expected.
- "As a Catalyst. The values that the Agents of Change have studied will then become shared values as a systemic organization capable of producing exponential work power and performance due to the acceleration that occurs as a result of cultural transformation.
- "As a Lubricant." Agent of Change will smooth the process of incorporating ideal values to form a new culture by minimizing conflicts and preventing culture shock between employees and management. This is important to reduce organizational resistance to the ongoing process of cultural transformation.

5. CONCLUSION

- According to the OCAI analysis, the current culture of PT. XYZ Discreet is a hierarchical culture that emphasizes
 controlled, structured and following formal standards and procedures. In PT. XYZ Discreet the preferred culture is clan
 culture which emphasizes having family and a friendly work environment.
- There is a gap between current and preferred cultures. The gap must be filled with "something" in order to help PT. XYZ Discreet achieves the desired work culture. This gap can be likened to things that must be improved in the internalization and implementation of AKHLAK, it is hoped that when evaluating the implementation of AKHLAK, PT. XYZ Discreet can increase their value
- The best approach among the alternatives chosen by the author is based on benefits and drawbacks to bridge the gap between the current and preferred culture at PT. XYZ Discreet is to change leadership style.

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