



Transforming Organizational Culture in a State-Owned Construction Firm: Insights from the Competing Values Framework

Gugup Kismono¹, Stephen Gunawan²

^{1,2}Universitas Gadjah Mada, Indonesia

Correspondent: gugup_kismono@ugm.ac.id¹

Received : May 20, 2024

Accepted : July 8, 2024

Published : July 31, 2024

Citation: Kismono, G., Gunawan, S. (2024). Transforming Organizational Culture in a State-Owned Construction Firm: Insights from the Competing Values Framework. *Ijomata International Journal of Management*, 5(3), 694-713.

<https://doi.org/10.61194/ijm.v5i3.1185>

ABSTRACT: This study investigated the type of organizational culture in a state-owned construction firm using the Competing Values Framework. Diagnosing the organizational culture is essential to identifying the gap between the current and preferred cultures, and guiding the development of transformation programs. Data was collected from 58 participants using validated and reliable instruments applicable across various industries and countries. Descriptive analysis categorized the organizational culture, revealing a gap between the current and preferred types. The current culture was evenly spread across clan, adhocracy, market, and hierarchy types, whereas the preferred culture leaned towards market culture. To bridge this gap, a transformation program emphasizing transformational leadership and human resources functioning as business partners is necessary. The study faced limitations, including a relatively low response rate, although managerial responses were robust. The use of an ipsative rating scale precluded causal statistical analysis, suggesting future research might benefit from a Likert-type scale for more sophisticated analyses, including individual comparisons. This research provides a practical case of organizational culture transformation, emphasizing the shift towards a market culture in response to industry developments and business competition. Leaders are encouraged to consider individual characteristics, offer personal attention, develop a visionary approach, and communicate purposes with humility. Human resource functions should align HR practices with the company's strategy and leverage unique employee capabilities. The study highlights the need for an ambidextrous culture and suggests that effective cultural shifts can be achieved through vertical and horizontal alignment.

Keywords: OCAI, Current Culture, Preferred Culture, Hierarchy, Market Culture



This is an open access article under the
CC-BY 4.0 license

INTRODUCTION

An organization may have multiple cultures with varying levels of dominance. The type of culture can be described more easily according to the characteristics of the organization through analysis or the proper approach. Each company has certain characteristics as an attribute and

differentiators from other companies. According to [Kosiorek and Szczepańska \(2016\)](#) culture as the character and ideology of an organization can be seen from the orientation of the organization. The approach to organizational culture is well known in various literatures ([Cameron & Quinn, 2006, 2011](#); [Ostroff et al., 2012](#); [Schein, 2004](#)).

Research shows that organizational culture drives efficiency and effectiveness by improving commitment, job satisfaction, productivity or other organizational performance ([Nikpour, 2017](#); [Shin & Park, 2019](#)), both in the context of Western countries and other countries ([Aboramadan et al., 2020](#)). Not only does it require a strong organizational culture to compete and survive in the future but also a type of culture that fits the business environment and is in harmony with various organizational elements such as organizational strategy, leadership, and human resources policy. This also applies to the construction services business to answer the challenges in the future, namely business environment changes that are increasingly erratic and tend to be more complicated. According to [Maull et al. \(2001\)](#) construction companies should conduct a preliminary review of their internal culture before introducing a system of quality management to which it is aimed.

[Cameron and Quinn \(1999, 2006\)](#) defined the characteristics of the four types of organizational culture as follows. Clan culture is a comfortable internal climate, as it is the most warm and friendly place to work. In clan culture, organizations are built on loyalty and tradition. Organizations with a clan culture put teamwork, member participation and consensus at the highest priority. Adhocracy culture is a dynamic, entrepreneurial, and creative place to work. Members of this culture are vigilant and willing to take risks. Leaders are considered innovators and risk-takers. Success in adhocracy culture is defined as achieving unique services and new products. Furthermore, market culture is a result-oriented organization. Its main concern is how the work is completed. The members tend to be competitive and goal-oriented. The focus on the long term is goal fulfilment and measurable competitive action. Last but not least is hierarchy culture. This is an organizational culture that is formal and structured. Procedures are the main rules around what an individual should do. In a hierarchical culture, success refers to smooth scheduling and regular arrangements. There are several models used to identify and measure organizational culture. One popular and useful organizational culture analysis model is the competing values framework (CVF), which Cameron and Quinn (1999) developed. According to [Cameron and Quinn \(1999, 2006, 2011\)](#) four types of organizational cultures are opposed to each other (competing), namely clan, adhocracy, market, and hierarchy. Each of these types of culture has different characteristics.

Organizational culture is one of the important factors influencing the performance and behavior of organizational members ([Lee et al., 2019](#); [Strengers et al., 2022](#)). In the field of construction, the same holds. For the Indonesian economy, this sector is crucial. In 2018, 8.3 million people were employed in this sector (Direktorat Jenderal Bina Konstruksi Kementerian PUPR, 2019); by 2023, that number is expected to rise to 8.8 million, or about 6.04 percent of the total workforce (BPIW, 2022). Developments in the construction industry will have a very positive impact on the economy as a whole. Implementing quality management will be crucial to the development of the construction sector.

Transforming Organizational Culture in a State-Owned Construction Firm: Insights from the Competing Values Framework

Kismono and Gunawan

Organizational culture is the main determinant factor for the successful implementation of a quality management system (QMS) in Indonesian construction industry ([Willar, 2017](#)). Studies regarding the organizational culture in the field of construction have also been carried out in different countries. Chinese construction companies in Kuwait show the dominant hierarchy culture ([Jaeger et al., 2017](#)). In Brazil construction companies in general are characterized by a market culture, in which there is little flexibility to change, emphasizing stability and control ([de Almeida & de Brito, 2017](#)). Construction companies in Croatia have a dominant hierarchy cultural type. Nevertheless, the preferred type of culture in construction companies in Croatia is generally clan culture because it is more appropriate for teamwork, cooperation and communication between different stakeholders ([Nukić & Matotek, 2014](#)). The same case also applies to Turkey. The construction industry in Turkey tends to have a clan cultural type that is slightly more prominent than other cultural types ([Giritli et al., 2006](#)). Interestingly, individualist countries such as the US also tend to stand out in their clan cultural type ([Oney-Yazic et al., 2006](#)).

The study of the identification of the dominant cultural type of Indonesian construction companies shows that in general Indonesian construction companies are dominated by clan types ([Willar et al., 2017](#)). This type of culture is characterized by a focus on the internal organization while maintaining flexibility, teamwork, relationships that have concern for people, and sensitivity to its stakeholders ([Cameron & Quinn, 2011](#)). However, technological developments and changes in the business environment affect the type of organizational culture so that it requires transformation. Unfortunately, many companies do not transform their culture by diagnosing the external and internal environment. The suitability of the external and internal environment is linked to the company's strategy ([Alagaraja et al., 2015](#); [Katz et al., 2016](#); [Panayotopoulou et al., 2003](#)). In its implementation, the strategy must be supported by an organizational culture that is aligned with the strategy so that activities for strategy implementation can be more effective ([Akpamah et al., 2021](#); [Ghobadian & O'regan, 2002](#); [Szczeпаńska-woszczyna, 2018](#)). In addition, the company's strategy reflects the aspirations of leaders to navigate the company through its activities for the future ([O'Reilly et al., 2010](#)). Therefore, leader aspirations, especially in companies that need change and leaders who are new to the office, must be translated to a new, more appropriate type of organizational culture ([Cameron & Quinn, 2006](#)).

The various types of dominant cultures are not always an important reference in carrying out changes in organizational culture. The need to change culture without being accompanied by planning and determining the appropriate culture will result in the ineffectiveness of important companies' activities. Therefore, it is necessary to know the type of dominant culture that exists in the company today (current culture). Culture will also only be effective if the human resource management system is aligned ([Harrison & Bazzzy, 2017](#)). Alignment between organizational culture and human resource management is important, and companies must measure both. Since culture is often understood based on the perceptions of the members of the organization, cultural diagnosis is carried out by measuring employee perceptions ([Ristino & Michalak, 2018](#)). Cultural change may need to be made to adjust to future business strategies ([Harrison & Bazzzy, 2017](#); [Verma & Sharma, 2016](#)). Therefore, organizations need to understand the type of organizational culture needed to develop (preferred culture).

To support a preferred culture, human resource management also needs to be carried out through the transformation of its new functions. However, even though the construction industry is very important for the Indonesian economy, a case presenting the type of culture and transformation needed to navigate the future success of an organization in the field of construction, to the knowledge of the researcher, is still very rare. Perhaps the study of [Willar et al. \(2017\)](#) is the only published study. Empirical research or case studies is needed to provide empirical evidence as well as guidelines for practitioners to carry out cultural changes and supporting systems. Some questions relevant to this study are: what types of organizational culture are currently applied in the company (current culture), what types of cultures are developed in the future (preferred culture), what types of leadership are compatible with the transformation of the organizational culture, what role may human resources play to assist the required cultural transformation? (see Figure 1). This article provides a case study of a construction company requiring a cultural transformation. Additionally, leadership styles and a human resource management system that align with the preferred culture are developed so that the culture can be implemented more effectively in everyday life.

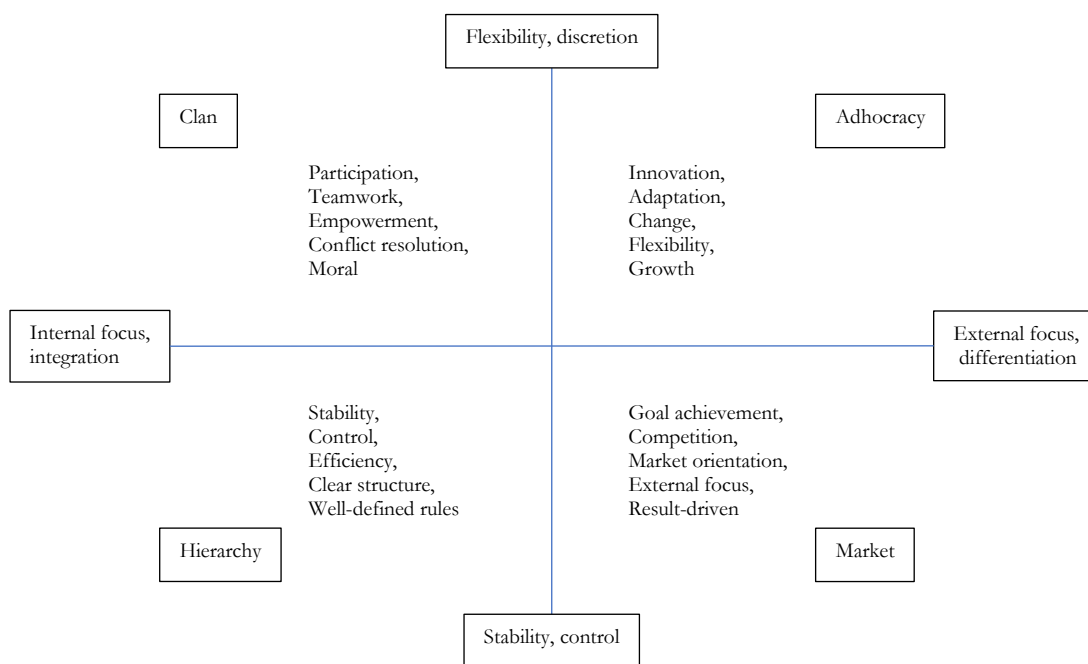


Figure 1. Type of Organizational Culture Based on Competing Values Framework

METHOD

Data and sample

A government-owned construction company that was transforming was the subject of this study. The total assets managed were estimated to be close to 100 trillion rupiah by the fourth quarter of 2022. Nearly 2.000 staff work for the company. The contract value is anticipated to be 25 trillion rupiah by 2023. Data derived from participants was determined purposively (non-probability). Participants who are used as data sources are employees at various levels of the organization,

ranging from those at the staff level to the senior vice president. To be able to reach a wide operational area, considering that the company has various projects and representatives in regions throughout Indonesia, a survey method is used with the help of Google Forms. The participants have up to two weeks to complete the questionnaire and submit documents that will be stored on Google Drive. Questionnaires are sent to the various staff and managers. To increase the response rate, reminders in the form of messages through media commonly used in the company are sent to all operational and managerial staff regardless of the length of work in the company. After the data was collected, the researchers conducted a screening. Participants who had less than five years of service were not included in the subsequent analysis.

Table 1. Characteristics of Respondents

No	Position	Number of Distributed Questionnaires	Number of Participants	Number of Data Analyzed
1	Project manager, manager, senior manager, and senior leader	41	37	31
2	Staff	371	42	27
	Total	412	79	58

As shown in *Table 1*, participants in this study came from a range of staff levels, from junior staff members to senior vice presidents, the highest position under the board of directors. Staff made up the majority of the participants. In contrast to the number of their coworkers, this number is modest. Because most have tenures of under five years, there are only a small number of participants. Tenure limits are determined by five years of work experience. Employees who have served for five years are relatively mature in their ability to comprehend the organizational culture profoundly (Delle & Kumassey, 2013). Most senior leaders, senior managers, managers, and project managers participated in this study. Staff members with limited tenure are excluded from the analysis due to concerns that their short duration of employment may result in an insufficient understanding of the fundamental values that determine the organizational culture (Bhatt, 2020). This situation can result in less accurate responses (Groves, 2006). Therefore, of the 412 questionnaires distributed, only 79 participants satisfied the required criteria. The questionnaire was completed by 58 of the 79 participants. According to Marszalek et al. (2011), a sample size that is considered small does not always hinder the validity or relevance of research, especially research on organizational culture, which must focus on relevant groups rather than large numbers of respondents.

Measurement, validity, and reliability of the measurement

The OCAI has been validated and shown reliable across diverse contexts, including Italy (Di Stefano & Scrima, 2016), Turkey (Caliskan & Zhu, 2019) well as Vietnam (Van Huy et al., 2020) and other countries with reliable results (David et al., 2018). This study did not re-measure the statistical validity and reliability of the OCAI but ensured qualitative rigor through several steps. Firstly, a careful translation-back translation process was conducted, involving experts fluent in English and Indonesian. This ensured the translated instrument retained the same meaning as the

original ([Hawkins et al., 2020](#)). Secondly, the draft instruments were evaluated for clarity by staff members, confirming they were easily understood. Thirdly, an assessment was conducted to ensure the relevance of the questions to each dimension, yielding satisfactory results.

Finally, there is the selection of participants. The requirement to become a participant in this study is five years of work experience or organizational tenure. Although tenure is frequently challenged as a factor impacting the internalization of organizational values, it is nevertheless believed to be associated with the success of socializing numerous organizational aspects, including culture. Participants with more tenure are expected to have a solid understanding of the company's culture. Thus, the responses given are relatively reliable or represent the measured variable or the issue under study. This is consistent with the argument that participant knowledge of the research topic is one of the most influential factors in the reliability and validity of research ([Morse et al., 2002](#)). Additionally, the criteria for a minimum of five years of service are based on a relatively in-depth internalization of corporate culture for it to affect organizational performance. According to research findings, organizational tenure has an impact on performance ([Steffens et al., 2014](#)). Thus, tenure is a factor in the selection of participants, as it influences the adoption of organizational values and the internalization of organizational culture. The lengthier an employee's career, the greater his or her congruence with company principles (person-organization fit) ([Delle & Kumassey, 2013](#)).

Data analysis

The scale used in the OCAI measurement is the ipsative rating scale, where each individual will be asked to divide the value of 100 for four alternative answers on each cultural dimension. The distribution of points depends on the participant's perception of the similarity of each statement in each organizational culture dimension. Statements that are considered to have a high similarity will get the largest share of the point. Meanwhile, statements that have a low similarity will be allocated low points as well. Data consists of two types, namely the culture that exists in the company today (current) and the culture that is expected (preferred). Current cultural data is obtained through surveys at all levels of the office. For the expected culture, data is collected from staff who hold the position of project manager and above. This is done to ensure the relevance of the data. The culture that is preferred is often only discussed at the project manager position level and above. Thus, they are seen as a credible source of information because they have adequate knowledge of the issues studied ([Morse et al., 2002](#)) related to the culture to develop in the future.

OCAI data processing was carried out following Cameron and Quinn (2006, 2011) by summing the scores in each dimension and ending by calculating the average score on each cultural type. A comparison of the cultures that are currently existing and those that are preferred in the future is done in the last step to identify gaps between them. It is essential to be mindful of these gaps when developing organizational policies, particularly those that deal with human resources management and their behavior ([Komm et al., 2021](#)), as doing so will help create a culture where successful performance is anticipated. The development of organizational policies to transform cultures is based on the theoretical compatibility between preferred cultures and HRM ([Cameron & Quinn, 2011](#)).

RESULT AND DISCUSSION

Organizations with a balanced type of culture have an advantage in flexibility over organizations dominated by a particular culture. The OCAI instrument consists of six dimensions that serve as the basis for determining organizational cultural tendencies, namely: dominant characteristics, organizational leadership, management of employees, organization glue, strategic emphases, and criteria of success (e.g. David et al., 2018; Di Stefano & Scrima, 2016; Caliskan & Zhu, 2019; Van Huy et al., 2020). Each dimension is diagnosed through a question with four alternative answers that represent each type of organizational culture. Thus, there are a total of 24 questions to identify the type of organizational culture, both current and preferred cultures. An organization can conduct an assessment to find out certain types of culture among the four types of culture: clan, adhocracy, market, and hierarchy. According to Cameron and Quinn (2011), OCAI can determine the actual company culture, the preferred culture, and the direction of the strategy towards the preferred organizational culture.

Organizational culture profile: current versus preferred

Figure 2 demonstrates how the current organizational culture is composed of four cultural types: clan (24.48), adhocracy (21.33), market (23.77), and hierarchy (25.49). There is no relatively dominant type of culture. The four mixes are relatively similar with an average value above 20.00. CVF concept explains that organizations with balanced and diverse culture-type values will perform better than organizations where one particular culture dominates (Shin & Park, 2019).

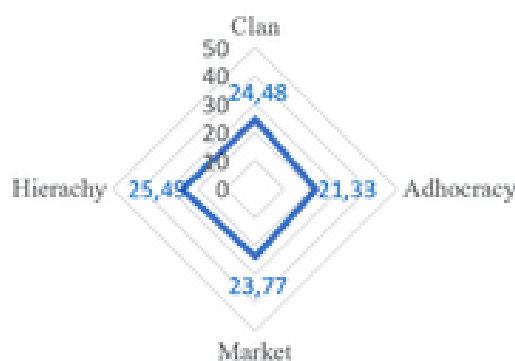


Figure 2. Current Organizational Culture

Although in general, the type of organizational culture is balanced, Figure 2 shows that the highest value is hierarchy culture (25.49). The hierarchy type of culture adheres to the basic assumption that supervision will drive efficiency. The characteristics of hierarchy cultural type are as follows: the company is characterized by formality and structure, an organizational member works based on applicable procedures, an effective leader is a good coordinator and regulator, what is important is the smooth continuity of the organization, the long-term focus is stability, measurable risk-taking, and efficiency, the organizational ties are formal rules and policies (Cameron & Quinn, 2011). First, the company has very complete procedures to regulate every activity in the company. Currently, the company has 37 procedures that are mandatory for all parts to carry out. Secondly, the company has a rigid organizational structure and at each level has been standardized regarding the competence and job family. Assignments both internal and external of the company are

organized using internal memos and decrees that in essence the superior is entitled to assign tasks to subordinates. Third, the measure of the success of project management is mainly in terms of cost, quality, and time, all of which describe the level of efficiency of the implementation of the work. Rewards are often given to leaders who can effectively control all three things.

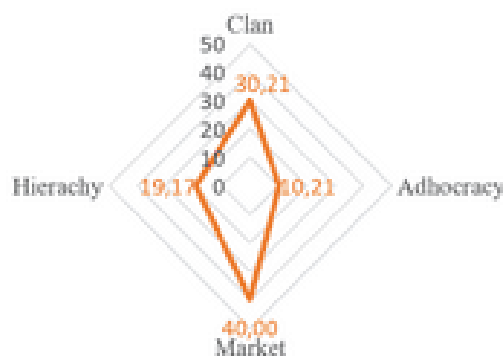


Figure 3. Preferred Organizational Culture

The preferred organizational culture is shown in *Figure 3*. The table describes that organizational culture is expected to remain a mix of 4 (four) types of cultures with different compositions, namely clan (30.21), adhocracy (10.21), market (40.00), and hierarchy (19.17). However, the preferred cultural type is more towards the market culture. Market culture adheres to the basic assumption that competition will encourage productivity. The characteristics of market culture are as follows: it is a workplace that prioritizes results; the leader is a very strong producer and competitor; the work environment is very demanding; the spirit of the organization is the desire to win; the focus is competitive action and achieving long-term goals and ever-changing targets (stretching goals and targets); success is defined in the form of market share and market penetration ([Cameron & Quinn, 2011](#)).

Moreover, market culture focuses on relationships and transactions with suppliers, customers, subcontractors, lawmakers, consultants, and regulators. The external focus of the organization is believed to lead the organization to greater success. The market culture that is preferred to develop in the company is clearly illustrated through several aspects as follows: the system built by the company is real-time and integrated reporting (using SAP) to increase the company's competitiveness; expanding the market abroad to increase market share; maintaining the quality of relationships (customer intimacy) to increase market penetration and the possibility of repeat orders; work environment that prioritizes results and quality so that the level of trust from users can be maintained.

Further analysis to compare current organizational culture versus preferred organizational culture is presented in *Figure 4*. The biggest gap (16.23) is obtained from the market culture type. Then, adhocracy is the second (-11.12). Again, market culture is the most preferred type. Conversely, based on assessments using the concept of CVF, the organization is currently adopting a type of culture that has no distinctive features. The scores of various types of culture in the company are relatively similar. However, hierarchy culture tends to be slightly more dominant. *Figure 4* also presents the organizational culture type in the US construction industry in general. The preferred organizational culture in this study tends to have a pattern similar to the pattern of type of culture

in the US construction industry. Although the construction industry in the United States is not the main benchmark for the cultural transformation process that companies plan, the proximity of cultural types to companies in developed countries may have a positive impact in the future.



→ current culture → preferred culture → US construction industry culture

Figure 4. Current Culture, Preferred Culture, and US Construction Industry Culture

Organizational culture dimensions

In addition to analyzing the type of organizational culture in general, the OCAI instrument is also used to analyze based on the tendency of organizational culture in each dimension. It aims to take a deeper look at the general picture of organizational culture through the differences in the characteristics of the current type of culture with those preferred in each dimension. Technology to strengthen innovation will probably belong to all companies. In such situations, the ability to meet the needs and desires of the market, and the ability to compete becomes more important. This situation is strengthened by the attractiveness of the construction and regulatory industry in Indonesia which is relatively open to the emergence of new competitors, even competitors from abroad. The competitive practices of the construction industry are also considered unhealthy (Danar, 2022).

As mentioned in *Figure 3*, market culture is preferred. Therefore, market orientation and customer satisfaction are important to win the competition, particularly in getting projects through bidding processes. The cultural type of clan is also quite prominent. This type is expected to increase in the future. That is, the characteristics of the clan culture type in the form of participation, teamwork, empowerment, conflict resolution, and high morale will be strengthened. This type of culture is in line with Indonesian culture which has a high collectivism (Sakikawa, 2022). The hierarchy-type culture is expected to be weakened. Interestingly, the type of adhocracy culture is less preferred. This type describes innovation, adaptation, change, flexibility, and growth. The leaders of the companies studied expect the company will not have to make many innovative changes to grow. The culture, and achievements related to innovation are sufficiently maintained, there is no need to improve. Perhaps the managers of the company perceive that future competition is not so much related to innovation. On the contrary, what is more important in the future is the company's ability to meet the targets set as the character of the market culture type.

Transforming Organizational Culture in a State-Owned Construction Firm: Insights from the Competing Values Framework

Kismono and Gunawan

Table 2. Dimensions of Organizational Culture

No	Dimensions of Organizational Culture	Comparison of the Current (C) and Preferred (P)							
		Clan (C)	Clan (P)	Adhocracy (C)	Adhocracy (P)	Market (C)	Market (P)	Hierarchy (C)	Hierarchy (P)
1	Dominant characteristics	24,65	26,25	21,35	10,00	25,63	48,75	26,68	12,50
2	Organizational leadership	24,65	27,50	21,80	15,00	25,67	25,00	26,20	32,50
3	Management of employees	26,75	67,50	20,87	6,25	23,27	6,25	27,53	20,00
4	Organization glue	26,02	27,50	23,62	25,00	23,18	45,00	25,62	2,50
5	Strategic emphasis	24,77	25,00	23,83	5,00	24,52	57,50	25,32	12,50
6	Criteria of success	25,15	7,50	21,62	0,00	25,27	57,50	26,42	35,00

Note(s): C = current, P = preferred

The dimensions of the investigated company's culture are detailed in *Table 2*. It is possible to identify in further detail the types of market cultures that undergo significant change, as well as the cultural features that will undergo relatively substantial change. Dominant characteristics, organizational glue, strategic emphasis, and criteria of success are almost double. Meanwhile, the management of employees has dropped significantly.

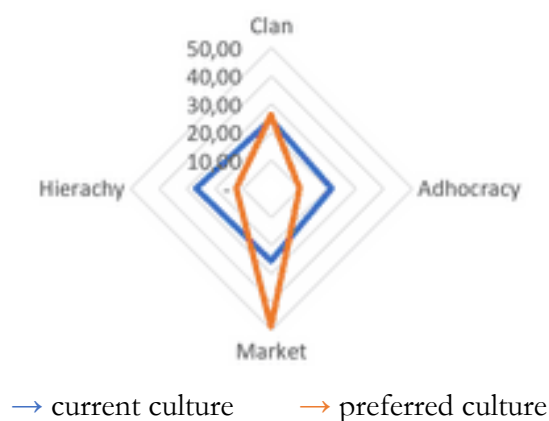


Figure 5. Dominant Characteristics

Figure 5 describes the dimension of the dominant characteristic. The cultural dimension of dominant characteristics in the market culture type is most prominent. The dominant characteristic dimension in the cultural type of clan and adhocracy has weakened so that it is close to the midpoint. Meanwhile, the dominant characteristics of the clan culture type have not experienced significant changes. Non-prominent types of adhocracy culture in the construction industry are also found in the US and other countries (Nukić & Matotek, 2014; Oney-Yazic et al., 2006). The dimension of organizational leadership is shown in *Figure 6*. This dimension is relatively constant. The changes expected to occur include minor.



→ current culture → preferred culture

Figure 6. Organizational Leadership

In the preferred type of market culture, the management of employees' dimension, as presented in *Figure 7*, has the lowest share of values compared to other dimensions. This may be related to the characteristics of management of employees in the type of market culture that the company wants to avoid. This type of market culture requires the management of employees' systems that encourage them to be more competitive. This is not in coherence with another type of culture that is also still prominent, namely clan. This type of culture requires employee management based on teamwork. Although teamwork is not in harmony with the type of market culture, it can be a good choice considering Indonesia's collectivist national culture ([Beugelsdijk & Welzel, 2018](#)). National culture may influence organizational culture ([Sakikawa, 2022](#)). In a country with a collectivist culture, the employee considers himself part of the group, and the performance achieved is a collective performance. Therefore, the characteristics of this organizational culture are applied in the form of togetherness and teamwork ([Sakikawa, 2022](#)).



→ current culture → preferred culture

Figure 7. Organizational Leadership

In the preferred type of market culture, the management of employees' dimension, as presented in *Figure 7*, has the lowest share of values compared to other dimensions. This type of market culture requires the management of employees' systems that encourage them to be more competitive. This is not in coherence with another type of culture that is also still prominent, namely clan.



→ current culture → preferred culture

Figure 8. Organization Glue

As shown in *Figure 8*, the organization glue dimensions will experience a major change for hierarchy culture types. In the hierarchy culture type, this dimension is not considered important, so it has a much lower value compared to other types of culture, especially the type of market culture.



→ current culture → preferred culture

Figure 9. Strategic Emphasis

Figure 9 presents the dimension of the strategic emphasis leading to the type of market culture. Meanwhile, the value of this dimension is reduced in the cultural type of hierarchy and adhocracy. On the clan cultural type, the strategic emphasis dimension tends to be in the status quo.



→ current culture → preferred culture

Figure 10. Criteria of Success

The last dimension (*Figure 10*) is the criteria for success. This dimension is expected to stand out towards the type of market culture. On the clan and adhocracy have decreased significantly. The dimension of the success criteria on the hierarchy culture has increased but not much.

Organizational culture transformation

The OCAI instrument also reveals that, from the management's perspective, the organization needs to undertake cultural transformations that are more in line with the market culture. The kind of market culture that upholds the fundamental principle that competition will foster higher productivity is strongly tied to the company's long-term objective, which is to be a dependable and sustainable business with success criteria, particularly measured through market share and market penetration. An organization can attain excellent organizational performance with the help of a strong market culture ([Gallagher et al., 2008](#)).

To transform the organizational culture that leans to market culture requires supportive leadership, quality improvement strategies, and proper human capital management (HCM). Transformational leaders who are aggressive and competitive in decision-making, and a producer who are task-oriented and work-focused, best represent the leadership styles required for the growth of various market culture types ([Alsaqqa & Akyürek, 2021](#); [Groysberg et al., 2018](#)). The leaders are driven by the competitive environment and actively pursue difficult objectives ([Groysberg et al., 2018](#)). The major objective is achievement, and the main focus is on defeating our rivals in the market and gaining a competitive advantage. Leaders in a market-based environment need not only to be fiercely competitive but also to be able to get things done quickly and efficiently ([Gong et al., 2022](#)). His leadership style is most noticeable in the ferocity with which he approaches problems and the logic with which he defends his solutions. The transformational leadership style has a more significant impact than other leadership styles, such as transactional and laissez-faire ([Alsaqqa & Akyürek, 2021](#)). Therefore, laissez-faire has a negative and negligible impact on market culture ([Alsaqqa & Akyürek, 2021](#)).

Specifically, the leadership competency developed by HCM in a market culture is leading competitiveness (setting ambitious goals, fostering a feeling of competition, and assuring success in dominating competitors) ([Cameron & Quinn, 2011](#); [Gong et al., 2022](#)). Some leadership practices to strengthen market culture types include leading through customer relationships (frequently maintaining contact with customers to ensure their needs are met); leading through speed (driving faster performance and resolving problems quickly); leading with intensity (focusing on hard work and driving world-class performance); and leading for results (motivating others to achieve a high level of performance and providing direction that ensures excellent execution).

According to [Sánchez-Báez et al. \(2019\)](#), the effectiveness of transformation toward a market culture is measured by market share dominance, achievement of results, and out-competing the competition. This is consistent with the management theory in organizational leadership regarding market culture, which states that competition will drive productivity. Measuring customer preferences, enhancing productivity, forming partnerships, and enlisting the participation of consumers and suppliers in the transition process are all quality improvement tactics used to promote market culture.

Human capital management (HCM), which serves as a strategic business partner, is necessary for developing or enhancing market culture ([Panayotopoulou et al., 2003](#)). This is accomplished by connecting the HCM strategy with the business strategy and facilitating the financial effect of all HR actions. The alignment between human resource management and competitive strategy is referred to as vertical fit (strategic fit). The human resource strategy must align with the business strategy (vertical fit), be an integral part of the business strategy, and contribute to the process of strategic planning ([Han et al., 2019](#)). It is possible for vertical integration to facilitate a match between business strategy and HR strategy, hence assisting in the implementation of business strategy ([Gerhart, 2019](#)). The system of human resource management that exploits the potential to complement or synergize and assists in the implementation of the company's competitive strategy is a source of sustained competitive advantage ([Han et al., 2019](#)). For the HR system to be effective, HR management must not only be aligned with the business strategy but also complement and assist other human resource functions (horizontal or internal fit) ([Lengnick-Hall et al., 2009](#); [Verma & Sharma, 2016](#)).

Organizational fit, which regulates the link between the HR system and other associated systems, is required in addition to vertical and horizontal fit. Relevant systems could include technological, production, and control systems. [Lengnick-Hall et al. \(2009\)](#) further note that organizations must be adaptable, adjusting to environmental changes that necessitate flexible human resource management support ([Panayotopoulou et al., 2003](#)) to encourage organizations to adapt to circumstances. Therefore, a competitive environment that is in good shape necessitates adjustments in strategy, culture, and human resource systems ([Harrison & Bazy, 2017](#)). This is a challenge for businesses, given that a competitive human resource management system must be implemented to support the market culture in question. This study discovered that the optimal human resources system can preserve and strengthen teamwork. Individual effort is not the sole determinant of performance; rather, it is situated within the framework of a team.

CONCLUSION

This study presents brief conclusions from the results of the research. The OCAI instrument can assist businesses in mapping the organizational cultures that evolve. In addition, by analyzing the attributes of the business environment and the direction of the organization's future strategy, company leaders can identify which type of cultures are optimal for aligning with and supporting the strategy's implementation. The styles of leadership and human resource management policies can be designed by the preferred organizational culture. In the future, leadership and policies in the field of human resource management will be required to effectively support the adoption of cultural types. Internal adjustments must adhere to the alignment principle both vertically and horizontally. A transformation process that relates closely to the principle of alignment is required so that the utilization of resources is more efficient, has a clear direction, and can be implemented within a reasonable period.

The culture that has developed at the company under study is generic, as no single type predominates. The success of any organization relies on a combination of cultural aspects. However, without a dominant culture, the business may find itself entangled in mediocrity. Consequently, it is impossible to effectively formulate policies to support the preferred type of culture. The company intends to build a market culture followed by a clan type in the future. According to the competing values framework, these two types are opposites. The type of market culture is a combination of stability and control along the vertical axis and an emphasis on the external world along the horizontal axis. Clan, on the other hand, is a combination of flexibility (along the vertical axis) and internal focus (at the horizontal axis). These results are consistent with research undertaken in the Brazilian construction industry. Clan is the second most prominent culture, after the market ([de Almeida & de Brito, 2017](#)).

The establishment of a market culture might help the business to become more competitive. Instead, there is a need for a warm workplace environment that is represented in a clan culture. It is an intriguing finding. An ambidextrous culture is created by this seemingly contradictory mix, and it's been shown to boost productivity in the workplace ([Lee et al., 2019](#)). Nonetheless, there are challenges to developing an ambidextrous culture, which necessitates a strong leader. To improve company culture in the long run, transformational leadership should be adopted. Organizational culture and employee innovation were found to be moderated by this style of transformational leadership. This indicates that the benefits of adopting an ambidextrous organizational culture in the form of clans and markets culture will be amplified under the direction of a transformational leader. [Cameron and Quinn \(2011\)](#) contend, emphasizing the need for strategic leadership. Leaders of a company with a cultural type market must be able to anticipate forward, stay updated on a dynamic external environment, and be flexible ([Davies & Davies, 2004](#); [Mistarihi, 2021](#)).

The study's participation rate is relatively low. Although the questionnaire is provided to all eligible individuals, only around 19% of them returned it, allowing for further analysis. However, the managerial level response rate reaches 90%. The managerial level's high response rate is crucial since they have an average tenure duration and are therefore better able to describe the company culture. In addition, the data obtained from the OCAI questionnaire was followed up with interviews with a group of managers to obtain their feedback. In general, quantitative data are deemed to be consistent with the emerging corporate culture and the preferred one. Consequently, a somewhat low response rate may not significantly impact the accuracy of the cultural profiles derived from this study.

This study used an ipsative rating scale methodology for its measurements. A disadvantage of ipsative measurement is that it cannot be evaluated using statistical methods such as regression and correlation, nor can the results be compared between individuals ([Chen et al., 2021](#); [van Eijnatten et al., 2015](#)). Validity and reliability are similarly challenging to quantify. However, ipsative measurement can overcome social desirability issues that might lead to biased results. In addition, research employing ipsative measurement can increase operational validity ([van Eijnatten et al., 2015](#)). Consequently, it is anticipated that this study will offer management with guidance for confidently implementing future changes to the organizational culture type.

Researchers can also employ different organizational culture measuring techniques by considering factors including measurement objectives, the environment of the company is measured (private vs. public sector, small vs. large), the nature of the work being performed, and the management philosophy in place (Jung et al., 2009). Moreover, changing the measurement scale from an ipsative rating scale to a Likert-type scale is possible, provided that the goals of the study and the strengths and weaknesses of the instrument are considered (Jung et al., 2009; van Eijnatten et al., 2015).

REFERENCE

- Aboramadan, M., Albashiti, B., Alharazin, H., & Zaidoune, S. (2020). Organizational culture, innovation and performance: a study from a non-western context. *Journal of Management Development*, 39(4), 437–451. <https://doi.org/10.1108/JMD-06-2019-0253>
- Akpamah, P., Ivan-Sarfo, E., & Matkó, A. (2021). Organisational Culture as a Strategy. *Cross-Cultural Management Journal*, XXIII(1), 15–26.
- Alagaraja, M., Rose, K., Shuck, B., & Bergman, M. (2015). Unpacking organizational alignment: The view from theory and practice. *Journal of Organizational Learning and Leadership*, 13(1), 18–31. <http://ir.library.louisville.edu/facultyhttp://ir.library.louisville.edu/faculty/142>
- Alsaqqa, H. H., & Akyürek, Ç. E. (2021). Assessment of organizational culture types, leadership styles and their relationships within governmental and non-governmental hospitals in Gaza Strip of Palestine. *BMC Health Services Research*, 21(1), 1–11. <https://doi.org/10.1186/s12913-021-06351-1>
- Beugelsdijk, S., & Welzel, C. (2018). Dimensions and Dynamics of National Culture: Synthesizing Hofstede With Inglehart. *Journal of Cross-Cultural Psychology*, 49(10), 1469–1505. <https://doi.org/10.1177/0022022118798505>
- Bhatt, P. (2020). Perceived organizational culture across generation, tenure, and gender: An exploratory study. *Organization Development Journal*, 38(1), 9–20.
- BPIW. (2022). 2023, Sektor Konstruksi Serap 8.769.798 Tenaga Kerja. Layanan Informasi BPIW. <https://bpiw.pu.go.id/article/detail/2023-sektor-konstruksi-serap-8769798-tenaga-kerja>
- Caliskan, A., & Zhu, C. (2019). Organizational Culture Type in Turkish Universities using OCAI: Perceptions of Students. *Journal of Education Culture and Society*, 10(2), 270–292. <https://doi.org/10.15503/jecs20192.270.292>
- Cameron, K. S., & Quinn, R. E. (1999). *Diagnosing and changing organizational culture: based on the competing values framework*. Addison-Wesley Publishing.
- Cameron, K. S., & Quinn, R. E. (2006). *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework* (Revised). Jossey-Bass.
- Cameron, K. S., & Quinn, R. E. (2011). The competing values culture assessment: A Tool from the Competing Values Product Line. In *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*, pp. 1–14.
- Chen, C. W., Wang, W. C., Mok, M. M. C., & Scherer, R. (2021). A Lognormal Ipsative Model for Multidimensional Compositional Items. *Frontiers in Psychology*, 12(October), 1–19. <https://doi.org/10.3389/fpsyg.2021.573252>

- Danar. (2022). Persaingan Sehat, Kontraktor Utamakan Kualitas. *Krjogja.Com*.
<https://www.krjogja.com/berita-lokal/read/243283/persaingan-sehat-kontraktor-utamakan-kualitas>
- David, S. N. J., Valas, S., & Raghunathan, R. (2018). Assessing Organization Culture – A Review on the OCAI Instrument. *International Conference on Management and Information Systems*, 182–188.
- Davies, B. J., & Davies, B. (2004). Strategic leadership. *School Leadership and Management*, 24(1), 29–38. <https://doi.org/10.1080/1363243042000172804>
- de Almeida, G., & de Brito, L. C. B. (2017). Analysis of Organizational Culture in Brazilian Building Companies to Evaluate Changes Required by BIM Technology. *Business Management Dynamics*, 7(4), 1–16. www.bmdynamics.com
- Delle, E., & Kumassey, A. (2013). The Moderating Role of Organizational Tenure on the Relationship between Organizational Culture and OCB: Empirical Evidence from the Ghanaian Banking Industry. *European Journal of Business and Management*, 5(26), 73–83. <http://www.iiste.org/Journals/index.php/EJBM/article/view/8064>
- Di Stefano, G., & Scrima, F. (2016). The psychometric properties of the italian version of the organizational culture assessment instrument (OCAI). *BPA Applied Psychology Bulletin*, 64(276), 51–63.
- Direktorat Jenderal Bina Konstruksi Kementerian PUPR. (2019). Sertifikasi Tenaga Kerja Konstruksi. *Buletin Konstruksi*, 2, 1–32.
- Gallagher, S., Brown, C., & Brown, L. (2008). A strong market culture drives organizational performance and success. *Employment Relations Today*, 35(1), 25–31. <https://doi.org/10.1002/ert.20185>
- Gerhart, B. (2019). Horizontal and Vertical Fit in Human Resource Systems. In C. Ostroff & T. A. Judge (Eds.), *Perspectives on organizational fit* (Issue January 2007, pp. 317–348). Lawrence Erlbaum Associates Publishers.
- Ghobadian, A., & O'regan, N. (2002). The Link between Culture, Strategy and Performance in Manufacturing SMEs. *Journal of General Management*, 28(1), 16–35. <https://doi.org/10.1177/030630700202800102>
- Giritli, H., Oney-Yazıcı, E., Topcu-Oraz, G., & Acar, E. (2006). Organizational Culture: a Comparative Analysis from the Turkish Construction Industry. *CCIM2006 Sustainable Development through Culture and Innovation*, 1–9.
- Gong, L., Jiang, S., & Liang, X. (2022). Competing value framework-based culture transformation. *Journal of Business Research*, 145(March), 853–863. <https://doi.org/10.1016/j.jbusres.2022.03.019>
- Groves, R. M. (2006). Nonresponse Rates and Nonresponse Bias in Household Surveys. *Public Opinion Quarterly*, 70(5), 646–675. <https://doi.org/10.1093/poq/nfl033>
- Groysberg, B., Lee, J., Price, J., & Cheng, J. Y.-J. (2018). The leader's guide to corporate culture. *Harvard Business Review*. <https://hbr.org/2018/01/the-leaders-guide-to-corporate-culture>
- Han, J. H., Kang, S., Oh, I. S., Kehoe, R. R., & Lepak, D. P. (2019). The goldilocks effect of strategic human resource management? Optimizing the benefits of a high-performance work system through the dual alignment of vertical and horizontal fit. *Academy of Management Journal*, 62(5), 1388–1412. <https://doi.org/10.5465/amj.2016.1187>

- Harrison, T., & Bazzy, J. D. (2017). Aligning organizational culture and strategic human resource management. *Journal of Management Development*, 36(10), 1260–1269. <https://doi.org/10.1108/JMD-12-2016-0335>
- Hawkins, M., Cheng, C., Elsworth, G. R., & Osborne, R. H. (2020). Translation method is validity evidence for construct equivalence: Analysis of secondary data routinely collected during translations of the Health Literacy Questionnaire (HLQ). *BMC Medical Research Methodology*, 20(1), 1–13. <https://doi.org/10.1186/s12874-020-00962-8>
- Jaeger, M., Yu, G., & Adair, D. (2017). Organisational culture of Chinese construction organisations in Kuwait. *Engineering, Construction and Architectural Management*, 24(6), 1051–1066. <https://doi.org/10.1108/ECAM-07-2016-0157>
- Jung, T., Scott, T., Davies, H. T. O., Bower, P., Whalley, D., Mannion, R., Jung, T., Scott, T., Davies, H. T., McNally, R., & Mannion, R. (2009). Instruments for Exploring Organizational Culture: A Review of the Literature. *Public Administration Review*, 69(6), 1087–1096.
- Katz, B. R., du Preez, N. D., & Louw, L. (2016). Alignment of internal and external business and innovation domains. *South African Journal of Industrial Engineering*, 27(1), 61–74. <https://doi.org/10.7166/27-1-1247>
- Komm, A., Pollner, F., Schaninger, B., & Sikka, S. (2021). The new possible: How HR can help build the organization of the future. *McKinsey & Company*. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-new-possible-how-hr-can-help-build-the-organization-of-the-future>
- Kosiorek, D., & Szczepańska, K. (2016). Relationships between organisational culture and human resource management. *Jagiellonian Journal of Management*, 2(3), 205–215. <https://doi.org/10.4467/2450114XJJM.16.016.5848>
- Lee, J. Y., Seo, Y., Jeung, W., & Kim, J. H. (2019). How ambidextrous organizational culture affects job performance: A multilevel study of the mediating effect of psychological capital. *Journal of Management and Organization*, 25(6), 860–875. <https://doi.org/10.1017/jmo.2017.38>
- Lengnick-Hall, M. L., Lengnick-Hall, C. A., Andrade, L. S., & Drake, B. (2009). Strategic human resource management: The evolution of the field. *Human Resource Management Review*, 19(2), 64–85. <https://doi.org/10.1016/j.hrmr.2009.01.002>
- Marszalek, J. M., Barber, C., Kohlhart, J., & Cooper, B. H. (2011). Sample size in psychological research over the past 30 years. *Perceptual and Motor Skills*, 112(2), 331–348.
- Maul, R., Brown, P., & Cliffe, R. (2001). Organisational culture and quality improvement. *International Journal of Operations and Production Management*, 21(3), 302–326. <https://doi.org/10.1108/01443570110364614>
- Mistarihi, A. (2021). Strategic Leadership Competencies: Evidence from the State of Qatar. *Journal of Human Resource and Sustainability Studies*, 09(01), 57–81. <https://doi.org/10.4236/jhrss.2021.91005>
- Morse, J. M., Barrett, M., Mayan, M., Olson, K., & Spiers, J. (2002). Verification Strategies for Establishing Reliability and Validity in Qualitative Research. *International Journal of Qualitative Methods*, 1(2), 13–22. <https://doi.org/10.1177/160940690200100202>
- Nikpour, A. (2017). The impact of organizational culture on organizational performance: The mediating role of employee's organizational commitment. *International Journal of Organizational Leadership*, 6(1), 65–72. <https://doi.org/10.33844/ijol.2017.60432>

Transforming Organizational Culture in a State-Owned Construction Firm: Insights from the Competing Values Framework

Kismono and Gunawan

- Nukić, I. Š., & Matotek, J. (2014). Importance and trends of organizational culture in construction in eastern Croatia. *Ekonomski Vjesnik*, 27(1), 25–40.
- O'Reilly, C. A., Caldwell, D. F., Chatman, J. A., Lapid, M., & Self, W. (2010). How leadership matters: The effects of leaders' alignment on strategy implementation. *Leadership Quarterly*, 21(1), 104–113. <https://doi.org/10.1016/j.leaqua.2009.10.008>
- Oney-Yazic, E., Arditi, D., & Uwakweh, B. O. (2006). Organizational Culture in US Construction Companies. *CCIM Sustainable Development through Culture and Innovation, 1985*, 219–228.
- Ostroff, Cheri, Kinicki, A. J., & Muhammad, R. S. (2012). Organizational Culture and Climate. In I. B. Weiner, N. W. Schmitt, & S. Highhouse (Eds.), *Handbook of Psychology, Second Edition* (Issue 12, pp. 643–676). John Wiley & Sons. <https://doi.org/10.1002/9781118133880.hop212024>
- Panayotopoulou, L., Bourantas, D., & Papalexandris, N. (2003). Strategic human resource management and its effects on firm performance: An implementation of the competing values framework. *International Journal of Human Resource Management*, 14(4), 680–699. <https://doi.org/10.1080/0958519032000057781>
- Ristino, R. J., & Michalak, J. M. (2018). Employee perceptions of organizational culture's influence on their attitudes and behaviour. *Journal of East European Management Studies*, 23(2), 295–322. <https://doi.org/10.5771/0949-6181-2018-2-295>
- Sakikawa, T. (2022). The Connection between Organizational and National Cultures. *Journal of Global Management*, 1(March), 129–151.
- Sánchez-Báez, E. A., Fernández-Serrano, J., & Romero, I. (2019). Organizational Culture And Innovation In Small Businesses In Paraguay. *Regional Science Policy and Practice*, 1–15. <https://doi.org/10.1111/rsp3.12203>
- Schein, E. H. (2004). *Organizational Culture and Leadership* (3rd ed.). JOSSEY-BASS.
- Shin, C., & Park, J. (2019). Classifying social enterprises with organizational culture, network and socioeconomic performance: Latent profile analysis approach. *Journal of Open Innovation: Technology, Market, and Complexity*. <https://doi.org/10.3390/joitmc5010017>
- Steffens, N. K., Shemla, M., Wegge, J., & Diestel, S. (2014). Organizational Tenure and Employee Performance: A Multilevel Analysis. *Group and Organization Management*, 39(6), 664–690. <https://doi.org/10.1177/1059601114553512>
- Strengers, J., Mutsaers, L., van Rossum, L., & Graamans, E. (2022). The organizational culture of scale-ups and performance. *Journal of Organizational Change Management*, 35(8), 115–130. <https://doi.org/10.1108/JOCM-09-2021-0268>
- Szczepańska-Woszczyzna, K. (2018). Strategy, Corporate Culture, Structure and Operational Processes as the Context for the Innovativeness of an Organization. *Foundations of Management*, 10(1), 33–44. <https://doi.org/10.2478/fman-2018-0004>
- van Eijnatten, F. M., van der Ark, L. A., & Holloway, S. S. (2015). Ipsative measurement and the analysis of organizational values: an alternative approach for data analysis. *Quality and Quantity*, 49(2), 559–579. <https://doi.org/10.1007/s11135-014-0009-8>
- Van Huy, N., Thu, N. T. H., Anh, N. L. T., Au, N. T. H., Phuong, N. T., Cham, N. T., & Minh, P. D. (2020). The validation of organisational culture assessment instrument in healthcare setting: Results from a cross-sectional study in Vietnam. *BMC Public Health*, 20(1), 1–8. <https://doi.org/10.1186/s12889-020-8372-y>

Transforming Organizational Culture in a State-Owned Construction Firm: Insights from the Competing Values Framework

Kismono and Gunawan

- Verma, P., & Sharma, R. R. K. (2016). The linkages among horizontal strategy, person-environment fit and strategic human resource management. *IEEE International Conference on Industrial Engineering and Engineering Management, 2016-Janua*, 140–144. <https://doi.org/10.1109/IEEM.2015.7385624>
- Willar, D. (2017). Developing attributes for evaluating construction project based performance. *TQM Journal, 29*(2), 369–384. <https://doi.org/10.1108/TQM-04-2016-0036>
- Willar, D., Hombokau, C., & Waney, E. (2017). Applicability of Culture Profile on Construction Organization. *Proceedings of International Structural Engineering and Construction, 4*(1), 1–6. <https://doi.org/10.14455/ISEC.res.2017.36>