The Impact Of Organisational Culture On Project Selection: What Is The Appropriate Culture Type?

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 Abstract
Project selection is a complex decision making process that is not merely influenced by the technical aspects of the project. Selection of road infrastructure projects in the Indonesian public sector is generally conducted at an organisational level, which involves multiple objectives, constraints and stakeholders. Hence, a deeper understanding of the various organisational drivers that impact on such decisions, in particular organisational culture, is much needed for improving decision-making processes as it has been posited by some researchers that organisational culture can become either an enabler, or a barrier, to the process. One part of the cultural assessment undertaken as part of the research, identifies and analyses the cultural types of relevant and involved organisations in the decision making process. The organisational culture assessment instrument (OCAI) of Cameron and Quinn (2011) was utilized in this study and the data was taken from three selected provinces in Indonesia. The results can facilitate the surveyed (and similar) organisations to improve their performance by moving towards a more appropriate cultural typology that is arguably better suited to their operations and to improving their organisational processes to more closely align with their organisational vision, mission and objectives.

Keywords
Organisational Culture, Culture Type, Decision Making, Project Selection.

1. Introduction

Project selection in the public sector is conducted at the organisational level by relevant departments working together. However, public sector organisations are often concerned more with complying with regulations rather than with achieving solutions that truly fulfill social needs, and this situation leads to ineffective budget utilization, especially from a community perspective (Puthamont and Charoenngam 2007); this is certainly often the case in the current public project selection process in Indonesia. Although there is a degree of public participation in formal regional planning and budgeting processes, (and according to the government, particularly aimed at identifying the problems and the needs more accurately) this process has been identified as currently being ineffective, in part due to a perceived lack

of real government commitment (LGSP-USAID 2007; Soerjodibroto 2008). Thus, there is an urgency to find ways to improve the decision making component of the current project selection process, conducted at the organisational level.

The improved success of decision making should also be aligned with improving the performance of an organisation. The concept of organisational culture is widely recognized as impacting significantly on the improvement and sustainability of superior organisational performance (Kotter and Heskett 1992; Denison and Mishra 1995; Hofstede 2001; Coffey 2010; Cameron and Quinn 2011). It is also a key factor in upgrading the quality of decision-making (Denison 1990; Denison and Mishra 1995; Mack, Crawford et al. 2004; Al-Yahya 2009). In order to establish appropriate strategies to improve the effectiveness of the current project selection process, consideration of the importance of the role of organisational culture together with the part played by technical issues is crucial.

This research study is part of a large research project examining the impact of organisational culture in projects selection process, the latter which aims to develop a framework for improving the quality of decision making in the current project selection process in Indonesia. The Organisational Culture Assessment Instrument (OCAI) proposed by Cameron and Quinn (2011) was employed to assess the organisational culture profile. By identifying the *current* and the *preferred* cultural profiles, any need to undertake an organisational culture change to provide a more suitable preferred culture for improving the current process, can be identified. This paper presents the results of a study investigating the cultural profile of a sample of organisations involved in the project selection process at the regional level, in the Indonesian context. The observed organisations comprised Public Works (PW) and Regional Development Planning Agency (RDPA) at the regional level in three selected provinces (Bali, West Nusa Tenggara and East Nusa Tenggara).

2. Literature Review: The Need for Identifying Organisational Culture Profile

A deeper understanding of the concept and construct of organisational culture is essential to examine and understand what goes in organisations, how to run them and how to improve them (Schein 1992). Organisational Culture is defined as the shared assumptions, beliefs and "normal behaviours" (norms) present in an organisation. Researchers in the organisational theme area have recognized that organisational culture has a powerful effect on the performance and long-term effectiveness of organisations (Cameron and Quinn 2011, p.6). The authors (ibid 2011) highlight that what differentiates successful firms from others is their organisational culture, and neglecting this aspect has been identified as one of the factors causing failure of the initiating efforts and strategic planning in an organisation. These authors (ibid 2011, p.165) also revealed a positive correlation between organisational culture, which was assessed by using the OCAI, and preferred results such as organisational effectiveness, leadership success, organisational strategies, processes, and decision styles. Cameron and Quinn (2011) developed the OCAI in 1999 based on the earlier work of Quinn and Rohrbaugh (1983). The OCAI is developed for diagnosing the cultural type of an organisation that classify into four categories (clan, adhocracy, market and hierarchy), which is measured across the six key dimensions of organisational culture, i.e. dominant characteristics (DC), organisational leadership(OL), management of employees (MoE), organisational glue (OG), strategic emphases (SE), and criteria of success (CoS). Each dimension consists of four statements that describe the four typologies of core cultural profile, i.e. clan (C), adhocracy (A), market (M) and hierarchy (H). *Clan culture* is likened to a family organisation, being a very friendly place to work, nurturing leaders, exhibiting high commitment and loyalty, recognizing the long-term benefit of human resource development, possessing high sensitivity to customers and people, promoting strong team-work, participation and consensus. *Adhocracy culture* has the characteristic of being dynamic, entrepreneurial and creative; it typically exhibits risk taking, innovator leaders, commitment to experimentation and innovation, focusing on being at the leading edge. *Market culture* characterizes a results-orientated organisation, focusing on job accomplishment, competition and goal attainment, reputation and success, and market leadership. *Hierarchy culture* is typical of a very

formalized and structured organization, one that focuses on procedure, formal rules, smooth running, long-term stability, efficient performance, secure employment and predictability.

The OCAI identifies what the current organisational culture is like, as well as determining what the organisation's preferred or future culture is. The OCAI allows us to diagnose the dominant orientation of an organisation based on the identified core culture type, the organisation's cultural strength, and cultural congruence. Cultural congruence means that the various elemental aspects of an organisation's culture are aligned. In this context, diagnosing the congruence of organisations involved in the project selection process is critical, as it can be recognised whether these organisations carry out their activities/processes in same way, i.e. are their efforts aligned, focusing on the same values and sharing the same assumptions which can in turn eliminate many of the complications, disconnects, and obstacles that act as barriers to organisational performance, thus contributing to effectiveness and efficiency. Whereas an incongruent culture often leads to differences in perspectives, differences in goals, and differences in strategies within the organisation (Cameron & Quinn, 2011, p. 85). Focusing on the aim of this research, i.e., specifically to improve the current project selection process, the OCAI was selected as the most suitable instrument for identifying the *current* and the *preferred* profiles of the surveyed organisations. The discrepancies between *current* and *preferred* profiles will indicate whether there is a need for cultural change and will suggest the actions that should be taken (Cameron and Quinn, 2011, p.82).

3. Research Methods

This study utilized a questionnaire survey with part of the overall instrument being based on the OCAI (Cameron and Quinn 2011) to identify how the *current* and the *preferred* organisational cultures are perceived. A purposive sampling method (Lavrakas 2008) was applied for the selection of the appropriate sample, based on the province, region and the relevant organisations. Three provinces (i.e. Bali, West Nusa Tenggara and East Nusa Tenggara) were selected due to their similarity of managing the infrastructure provision in their locations as they are island provinces. The sample respondents were from the organisations involved in the decision making process of project selection to provide road infrastructure at the regional level. There were two main organisations involved in this survey, i.e. Public Work (PW) and Regional Development Planning Agency (RDPA). The sample research population was specifically taken from the division of the regional road planning within the PW organisations, and the division of housing and regional infrastructure within the RDPA organisations. The total number of questionnaires distributed to the organisations of Public Work (PW) and Regional Development Planning Agency (RDPA) was 360 and 217 (60.27%) completed questionnaires were returned.

Subsequently, the collected data using the OCAI (Cameron and Quinn 2011) was analyzed in order to obtain the overall organisational culture profile. The respondents were required to give a score for each of the four statements in every dimension. The highest score is given for the statement that best describes the respondents' organisations, followed by the other statements that give a less accurate or fitting description. The total score for the four statements in each dimension is 100. The average respondent's responds for each cultural type across the six key dimensions was then plotted into a graphical array prescribed by the authors (ibid 2011). This graph can provide a cultural profile and an indication of the cultural orientation of the surveyed organisations, which also describes the *current* and the *preferred* profile, thus indicating how an organisation perceives itself and what it values and whether there is congruence of culture. If there is a discrepancy observed between the current and the preferred cultural profiles, then appropriate actions for improving the congruence, or moving the cultural typology to something that is more supportive of improved performance in the organisations, can be identified.

4. Results and Discussion

The following figures 1,2 and 3 describe the overall cultural profiles of the organisations involved in this survey. These three figures show a distinct similarity of cultural orientation, in which a *hierarchy* culture

dominated the existing profile and *clan* culture dominated the future preferred profile. Figure 1 presents the combined overall culture profile of both Public Work (PW) and Regional Development Planning Agency (RDPA). The current profile is dominated by *hierarchy* culture, which is according to Cameron and Quinn (2011) often found in governmental organisations, whilst the other three typologies have nearly equal values. The criteria of effectiveness most highly valued in a hierarchy culture are efficiency, timeliness, smooth functioning, and predictability. The dominant operational theory that drives organisational success is that control fosters efficiency (elimination of waste and redundancy) and therefore effectiveness (Cameron and Quinn, 2011, p. 54).
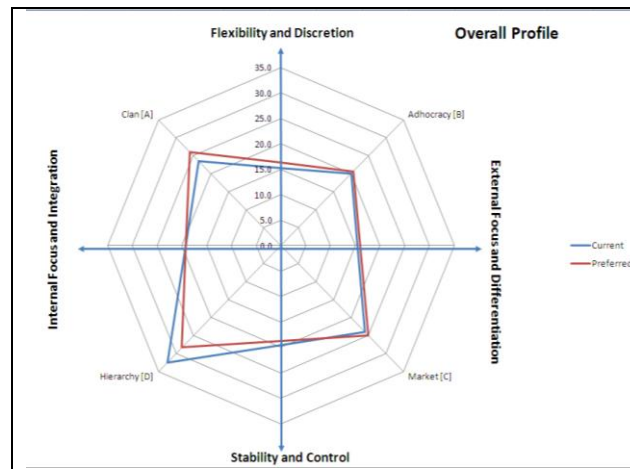

Figure 1: Overall Profile of Both Organisations (PW and RDPA)

In figures 2 and figure 3 both arrays indicate that the individual current cultural profiles of both PW and RDPA are also dominated by a *hierarchy* culture. This means that there is a congruent cultural profile between these two organisations. Thus, it indicates that these organisations have similar values and focuses and potentially carry out their activities/processes in a similar way. This condition is favourable as the likelihood of complications, disconnects, and obstacles between these organisations is less likely to occur or be problematical (Cameron and Quinn, 2011, p. 84).
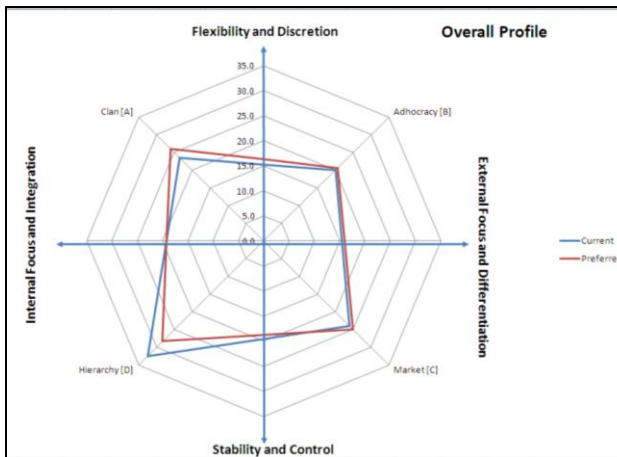

Figure 2: Overall Profile of the organisations of Public Work (PW)

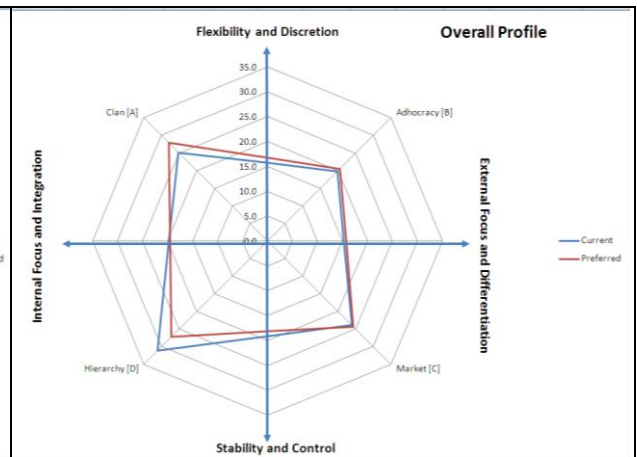**Figure 3: Overall Profile of the organisations of Regional Development Planning Agency (RDPA)**

If we look at the *preferred* cultural profiles, figure 1 presents the overall combined organisational culture profile which was dominated by a *clan* typology. This situation is also depicted in figures 2 and 3, in which the *preferred* individual cultures of both organisations were also dominated by a *clan* culture. In a

clan culture, the criteria of effectiveness most highly valued are cohesion, high levels of employee morale and satisfaction, human resource development, and teamwork. The operational theory that dominates this culture type is that employee involvement and participation foster empowerment and commitment. Committed, satisfied employees produce effectiveness (Cameron and Quinn, 2011, p. 55). There is a relatively small difference in value between the existing and the preferred profiles and this certainly indicates a preference and need for change. Thus, there is a congruency of view and attitude to develop a future culture aligned with the preferred condition and bearing the clan attributes described above. In this context, the efforts for improving the current process should be aimed at decreasing *hierarchy* culture, and by increasing *clan* culture as *preferred* in the future profile. Whereas, there appear to be no changes required for the other two cultural types (*market* and *adhocracy*).

Decreasing *hierarchy* culture could be achieved by eliminating non-effective or extraneous rules and wasteful or non value adding procedures and paperwork, e.g., eliminating unneeded reports and processes, reducing corporate directives, eliminating micromanagement, removing unnecessary constraints, push decision making down the organisation. However, decreasing a *hierarchy* culture should not mean losing logical structure, reduction in necessary guidance, elimination or slackening of production schedules, or decreasing responsiveness; in other words not allowing organisational players to take advantage of the situation, "letting the inmates run the asylum" (Cameron and Quinn, 2011, p. 101).

Increasing the *clan* culture profile means responding to employee needs, promoting teamwork and participation, supporting and recognizing team players, fostering of better morale through empowerment, creating higher levels of trust, exhibiting a more obvious concern for people and providing opportunities for self-management. In this context, promoting teamwork and participation throughout the process of decision making, from the phase of defining the outcomes and decision objectives up to the point that decisions are made, is crucial. Good teamwork and participation lead to enhancement of the information flow, thus assisting the definition of more accurate objectives. Achievements of such improvements are likely to increase satisfaction for involved stakeholders, i.e., both the recipient communities and the government, as well as between divisions within government and related organisations. However, increasing *clan* culture does not mean that organisations can allow themselves to become undisciplined and overly permissive, perpetuating cliques jockeying for power that only foster an internal focus, do not work hard and have overly high expectations, forgetting about overall goals, protecting underperformers, and espousing freedom without responsibility (Cameron and Quinn, 2011, p. 100).

Table 1: Organisational Culture Profile Based On The Six Key Dimensions of Culture

Organisation			BOTH (PW & RDPA)		PW		RDPA	
Culture Profile			**Now**	**Preferred**	**Now**	**Preferred**	**Now**	**Preferred**
Overall			H(32.5)	H(28.3), C(26), M(25)	H(32.5)	H(28.3), C(26), M(25)	H(31.2)	C(28)
six dimensions	1	DC	H(34)	M(29)	H(31)	C(28), H(27)	H(28)	C(32)
	2	OL	H(33)	H(30), C&M(25)	H(33)	H(30), C&M(25)	H(32)	H(29), C(26)
	3	MoE	H(32)	H(30), C(27),	H(32)	H(30), C(27)	H(33)	H(30), C(28)
	4	OG	H(32)	H(28), C&M(26)	H(32)	H(28), C&M(26)	H(30)	C(29)
	5	SE	H(33)	H(28), C&M(25)	H(33)	H(28), C&M(25)	H(31)	C(27)
	6	CoS	H(31)	C(28), H(27)	H(31)	C(28), H(27)	H(28)	C(32), H&M(24)

Table 1 above presents the dominant cultures of the surveyed organisations across the six key dimensions of culture. As can be seen in this table the *current* profile of the overall organisations was clearly dominated by the *hierarchy* (H) culture, whereas, the preferred profile was dominated by *hierarchy*, but also exhibited some preference for *clan* (C) *and market* (M) cultures across some of the six dimensions

5. Conclusion

The paper presents the findings of a questionnaire survey based on the OCAI, (Cameron and Quinn, 2006; 2011) which was conducted among organisations involved in the decision making process of road infrastructure project selection in Indonesia. The results show that the current profile is dominated by *hierarchy* culture, which is typically found in governmental organisations. The preferred profile was predominantly a *clan* culture. From this, it can be seen that due to these different cultural profiles between existing and preferred, there appears to be a pressing need for modifying the cultures of government and allied organisations into a more suitable cultural profile that can more effectively and efficiently support the decision making process in the current project selection arena. Both surveyed organisations (PW and RDPA) have congruent cultural profiles, which mean that they share similar values and possibly similar assumptions, and have close and parallel perspectives, goals and strategies. This exhibits a favourable condition as the likelihood of complications, disconnects, and obstacles between these organisations should not present a problem when organisational change efforts are implemented in future. The improvement efforts that can be considered should particularly focus on actions for decreasing *hierarchy* culture (e.g., eliminating unnecessary procedures and paperwork) and actions for increasing *clan* culture (e.g., promoting teamwork and participation throughout the project selection process). The findings of this study will be important for mapping future agreed actions for improvement. These results will be related to a future study under the larger research project which will examine and validate the consensus of perspectives on organisational change proposals between the involved organisations.

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