

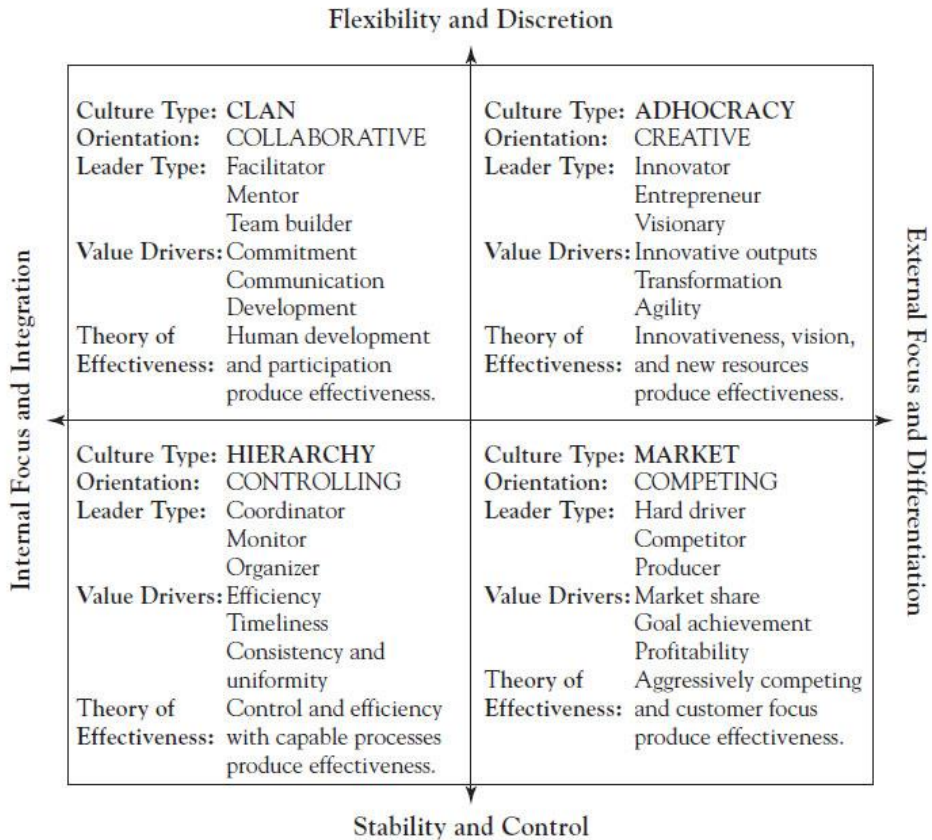
## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Theoretical Review

Organizational culture is what a group learns over a period of time as that group solves its problems of survival in an external environment and its problems of internal integration (Schein, 1984). Even though culture is a characteristic of the organization, it is manifested and measured from the verbal and/or nonverbal behavior of individuals (Hofstede, 1998). In this research, the researcher adopted Cameron and Quinn's (2006). The CVF divided culture into two dimensions. The first dimension differentiates effectiveness criteria that emphasize flexibility, discretion, and dynamism from criteria that emphasize stability, order, and control. The second dimension differentiates effectiveness criteria that emphasize an internal orientation, integration, and unity from criteria that emphasize an external orientation, differentiation, and rivalry. There are four types of culture made from these two dimensions: Clan, Adhocracy, Hierarchy, and Market.

The tool selected to be used in this research was the CVF. It is a valid instrument that has been described in more than 100 studies across disciplines to identify organizational culture (Cameron & Quinn, 2006). According to Cameron and Quinn (2006), the CVF was developed with well-known and well-accepted categorical schemes that organize the way people think, their values and assumptions, and the ways they process information based on the theory of Jung, Myers and Briggs; McKenney and Keen; Mason and Mitroff; and Mitroff and Kilmann. Each of the culture types is described in Figure 2.1 below:



Source: Cameron and Quinn, 2006

Figure 2.1 The Competing Values Framework

### 2.1.1 Clan Culture

It is called clan culture because of its similarity to a family-type organization. Clan culture shares values and goals, cohesion, participation, individuality, and a sense of “we-ness” (Cameron & Quinn, 2006). In this culture, teamwork and employee participation programs are more important than the procedures and rules that are applied (Lee & Kim, 2017). According to Jacobs et al. (2013), Clan culture identifies values that emphasize an internal, organic focus (do things together). The glue of this organization is a sense of commitment and loyalty (Adams, Dawson, and Foureur, 2017).

### **2.1.2 Adhocracy Culture**

Adhocracy culture is the most responsive to the hyper-turbulent and ever-accelerating conditions (Cameron & Quinn, 2006). Adaptation and innovativeness lead Adhocracy culture company to new resources and profitability. In Adhocracy culture, the immediate and voluntary response of members to external change is important (Lee & Kim, 2017). The glue of this organization is a commitment to innovation and experimentation (Adams, Dawson, and Foureur, 2007).

### **2.1.3 Hierarchy Culture**

Hierarchy culture is a formalized and structured place to work (Cameron & Quinn, 2006). Leaders are good coordinators and organizers in order to maintain the smooth running of the organization. This type of organization emphasizes efficiency, predictability, and consistency (Jogaratnam, 2017). According to Jacobs et al. (2013), Hierarchy culture emphasizes internal, control values (do things right).

### **2.1.4 Market Culture**

Market culture focused on transactions with mainly external parties such as suppliers, customers, contractors, licensees, unions, and regulators. This operates primarily through economic market mechanisms, mainly monetary exchange (Cameron & Quinn, 2006). Employees in these culture types are success-oriented. They give importance to personal interests rather than organizational goals and emphasis on the concepts of planning, performance, and efficiency (Acar & Acar, 2014).

## 2.2 Previous Research

There are several previous researches as mentioned in Table 2.1 to identify organizational culture using the CVF by Cameron and Quinn (2006) among various industries or company. However, there is no previous research that analyzed culture in the coffee shop industry.

**Table 2.1 Previous Research Regarding CVF**

No.	Researcher	Research Title	Industry / Company	Finding
1	Dyck, B., Walker, K., & Caza, A. (2019)	Antecedents of Sustainable Organizing: A Look at the Relationship between Organizational Culture and the Triple Bottom Line	From different industries. 137 public organizations in 27 countries	22 hierarchy cultures, 6 clan cultures, 62 market cultures, and 47 adhocracy cultures
2	Adams, C., Dawson, A., & Foureur, M. (2017)	Competing Values Framework: A useful tool to define the predominant culture in a maternity setting in Australia	Maternity service in Australia	Maternity service in Australia has a tendency to hierarchy culture
3	Arocha, J. B. (2017).	Getting to the Core: A Case Study on the Company Culture of Apple Inc.	Apple Inc.	Apple Inc. has an integrated market and adhocracy culture
4	Sadighi, S. (2017)	Organizational Culture and Performance: Research on SMEs at Tele-Healthcare Industry, UK	Tele-Healthcare Industry in the United Kingdom	Adhocracy is the dominant culture

5	Wiewiora, A., & Coffey, V. (2013)	Organizational culture and willingness to share knowledge: A competing values perspective in Australian context	4 companies in project-based organizations (PBOs) in Australia	A company has market and hierarchy culture, B company has market culture, C company has hierarchy culture, D company has clan culture
6	Indra, D., Cahyaningsih, E., & Catur, W. (2015)	Knowledge Management: Organizational Culture in Indonesian Government Human Capital Management	Government Ministries/agencies	Government ministries/agencies have hierarchy culture
7	Valmohammadi, C., & Roshanzamir, S. (2015)	The guidelines of improvement: Relations among organizational culture, TQM and performance	Tehran's pharmaceutical companies	Tehran's pharmaceutical companies have hierarchy and market culture
8	Jacobs, R., Mannion, R., Davies, H. T. O., Harrison, S., Konteh, F., & Walshe, K. (2013)	The relationship between organizational culture and performance in acute hospitals	English acute hospitals	Small hospitals have domination in clan culture, while large hospitals have domination in market culture

Dyck, Walker, and Caza (2019) investigated organizational culture type from different industries with 137 public organizations in 27 countries using OCAI. This research used international sample of 137 firms to examine the relationship between organizational culture and triple bottom line which are financial, social, and ecological well-being. From their investigation, there were 22 Hierarchy cultures, 6 Clan cultures, 62 Market cultures, and 47 Adhocracy cultures.

Adams, Dawson, and Foureur (2017) identified the predominant culture of an organization which could then assess readiness for change. They did the research in the Maternity Unit in one Australian metropolitan tertiary referral hospital with 120 clinicians as the subject. The maternity units in Australia have Hierarchy culture domination and the preferred culture they wanted is Clan culture.

Arocha (2017) studied the company culture of Apple Inc. using the CVF. Like many successful organizations, Apple Inc. evolved its company culture. By the beginning of its existence, the culture was Adhocracy followed by Clan and Hierarchy. Currently, Apple Inc. adopted Market culture to meet new challenges.

Sadighi (2017) analyzed organizational culture on SMEs at tele-healthcare industry in the United Kingdom. The CVF was used as a theoretical base for cultural measurement and for the non-financial performance measurement such as product and service quality, process quality, and job satisfaction. The result said that Adhocracy culture was shown as the dominant culture.

Wiewiora and Coffey (2013) wanted to confirm the relationship between organizational culture and knowledge sharing behavior in project-based organizations (PBOs) in Australia. Their primary data sources were captured through questionnaire, interviews, and review of organizational documentation. Angas, Netcom, Gotel, and Ronalco were their cases. Angas had Market and Hierarchy culture, Netcom had Market culture, Gostel had Hierarchy culture, and Ronalco had Clan culture.

Indra, Cahyaningsih, and Catur (2015) believed that organizational culture can be a guide to encourage Knowledge Management (KM) implementation strategy and programs. By using the CVF, they found that State Ministry for State Apparatus

Reform (KEMENPAN&RB), National Institute of Public Administration Republic of Indonesia (LAN), and National Civil Service Agency (BKN) have a strong tendency in using Hierarchy culture, while Clan culture was the preferred one.

Valmohammadi and Roshanzamir (2015) examined the relationship among organizational culture, TQM, and performance in Tehran's pharmaceutical companies. The method used to identify the culture was the OCAI and the result showed that these companies were strong in Hierarchy and Market culture.

Jacobs, Mannion, Davies, Harrison, Konteh, and Walshe (2013) did research on the relationship between organizational culture and performance in English acute hospitals. They found that organizational culture varies across hospitals and over time, and this variation was at least in part associated in consistent and predictable ways. The dominant culture type of small company was Clan. Meanwhile, the dominant culture type of large company was Market.