

ANALYSIS OF CORPORATE CULTURE EXISTENCE IN PERTAMINA EP

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Abstract

The research aimed to know the current condition of corporate culture in Pertamina Eksplorasi Produksi (PEP), its culture design and Management approach related to employees implementation of corporate culture. The methodology used is by collected PEP Company's profile, business ethics and works (EKB) files and list of employees' population. Primary data is collected by questionnaires that distributed to 130 samples and interview with management. There were 3 dimensions (sincere, strong and sensible) which created 19 variables based on business work and ethics files of PEP. Those variables created 4 new factors (professionalism, commercial branding, corporate confidentiality and courage). Overall, the most understood by employees is factor commercial branding and the lowest is corporate's confidentiality. Suggestion PEP is management should create atmosphere of less underestimated the small problem that rise in workforce, for example, in confidentiality of data, employees still underestimated few problem like destroy the data that period of retention already expired.

Keywords; Corporate Culture, Pertamina EP, Factor Analysis, Business Ethics and Works.

Category: Human Resources Management; Organizational Development and Culture.

Introduction

Nowadays, culture is seen as part of the identity of organization or community and seen to be important part in company. Specifically, the company also realized organization culture should be created in order to create the values which would be the orientation or goal and related to their vision and mission in running

the company and also give effect to the result of company's performance.

According to Schein (1992) Organization culture can be defined as "A pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration" that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems". The research is aimed to prove the corporate culture internalization of the object of research and to get more understanding about the implementation of corporate culture is by employees in current condition. There are three values in PEP which are sincere, strong, and sensible. Those values are related with each other and the importance of values is equal. Because the importance are equal, so if there is least understood of variable, it would be the priority to concern in recommendation

Methodology

Data Collection

Secondary data that gotten from Pertamina EP official website is documents related to the value and business work ethics of Pertamina EP. Information that collected from their website will supported the questionnaire statement that will be created. From Pertamina EP head office, there are also some data received, which are list of employees who actives work in head office.

The primary data is collected by questionnaires and interviews with top management also needed related to the effort and expectation of management in employees' implementation of corporate culture. Employees who become random stratified sample for being respondents of questionnaires will be divided based on job function because information of population only shown with different job function. The calculation of sampling is using disproportional sampling because quantity of employees in each job function is not same and questionnaire that collected from different division will be in different number. Related to coding data, because the questionnaire is closed question in questionnaire (Likert), there are already data coding which is grade 1,2,3,4,5 which mean from 1 is very disagree until 5 is very agree statement.

Data Processing

All questionnaires that already collected and inputted are having their own codes. Codes for statements are already stated above will be graded from 1 until 5, besides for gender will be stated as P (male) and W (female), then period of work are graded from 1 until 5, level of education are graded from 1 – 5 too, next the level of function symbolized from 1 until 7.

Through SPSS, the validity and reliability of questionnaire will come up. Besides, after validity and reliability already make sure to be release, there will be Function analysis which is converted to histogram in purpose to specifically describe the real condition of PERTAMINA EP culture and researcher can compare the existence condition with the ideal condition. Factor analysis is aimed to find new underlying factors as much as a number of measurements. From factor analysis, it can conclude the result of what factors and variables that is strong or weak. From the result, researcher can explore the related reference of corporate culture and give recommendation for the weak variables or factors. Besides, priority from the factors or variables can be concluded and being analyzed. Function of factor analysis also simplify the data description and decrease the numbers of variables or dimension.

Finding and Discussion

There will be an explanation about the reliability and validity and shown data from factor analysis based SPSS and it also represent by diagram.

Reliability and Validity

The reliability of data is reliable based on the data that come up from SPSS, The data statistic is already reliable because from the Cronbach's alpha score is 0.893. The reliability standard is if the score of Cronbach's alpha is in above 0.8. The validity of questionnaire is proven by correlation data which is in each dimension there is no scale below 0.3 for Pearson.

Analysis

After data processed, there were came out four new factors from 19 variables that were shaped which are would be analyses. From histogram, there will be shown the difference between variable and new factors scale related to the implementation of each factor by employees. There are four new factors which are the name is recreated related to the variables or statements which is come up based on EKB file. The new factor can be seen in Table 1.

Table 1. New Factor Analyses of Variables

NEW FACTOR	VARIABLE
FACTOR 1 Professionalism	Equally in opportunities (VSINCERE1)
	Avoid conflict of interest(VSINCERE2)
	Financial report and performance are accurate and reasonable (VSINCERE3)
	Climate of fair competition in business (VSINCERE6)
	Professionalism (VSTRONG1)
	Protection of company's asset (VSTRONG4)
	Capable (VSTRONG7)
	Commercial (VSTRONG8)
	No tolerate any harassments (VSENSIBLE1)

	Prioritize Health, Safety and Environment (VSENSIBLE4)
FACTOR 2 Commercial Branding	Competitive (VSTRONG5)
	Prohibit misapplication of psychotropic (VSENSIBLE2)
	Corporate Social Responsibility (VSENSIBLE5)
FACTOR 3 Corporate Confidentiality	Intellectual Property (VSINCERE5)
	Confidentiality of data and information (VSTRONG3)
	Management Record (VSENSIBLE3)
FACTOR 4 Courage	No toleration of any corruption (VSINCERE4)
	Neutral on political activities (VSTRONG2)
	Confident (VSTRONG6)

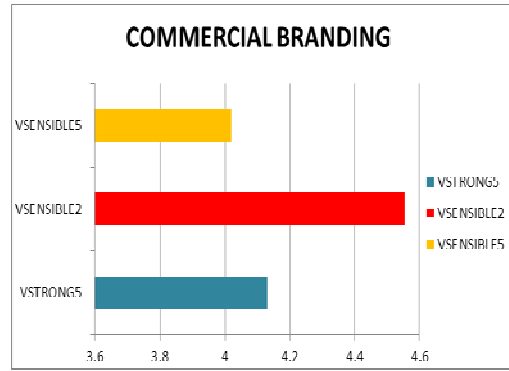


Figure 2 Histogram of Commercial Branding Factor.

From the Figure 2, it shown that commercial branding is become the most understood and implemented factor by employees. From this factor, there are three variables which are competitive, prohibited of any misapplication of psychotropic and corporate social responsibility. It means that, if PEP strives to be competitive, have responsibility in social environment and have no employees who use psychotropic, their image in public as big company in Indonesia will be maintained. Related to histogram, the best implement value in specific variable is VSENSIBLE2 which is prohibited of any misapplication of psychotropic. The scale is already above 4, which is means most employees already agree with thus variable .This variable is the basic variable which is indeed should be has good scale for companies as level as PEP. Besides, the least is VSENSIBLE 5 which is Corporate Social Responsibility, but it does not mean company not strives to do corporate social responsibility. It might be their achievement in do social responsibility still not reaches their mission.

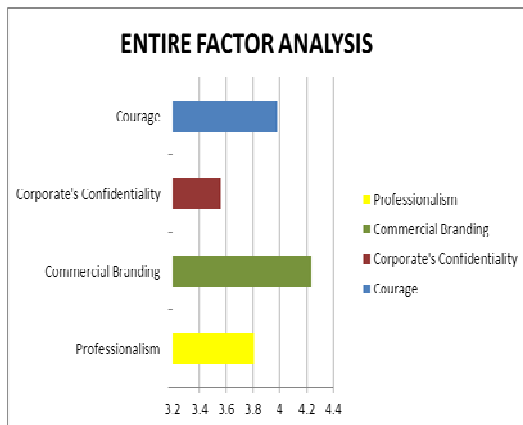


Figure 1 Entire Factor Analysis Histogram

From Figure 1, it shown that four of factor analysis, the biggest scale of factor is commercial branding, and the least understanding of factor is corporate's confidentiality factor. Commercial Branding scale is more than 4. Scale of 4 is mean that respondents agree with the statements, so it means that most of employees already knowledgeable with commercial branding factor. Otherwise, corporate's confidentiality scale is mostly below of 4 which is means that employees still less knowledgeable or careless with this factor.

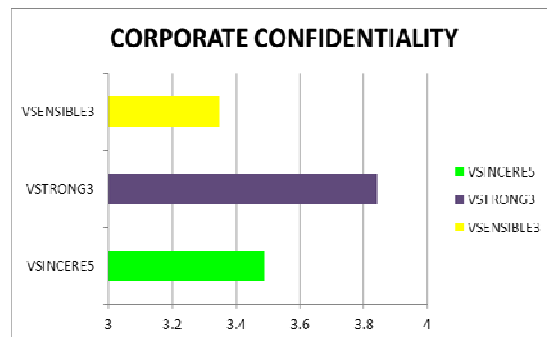


Figure 3 Histogram of Corporate's Confidentiality

From Figure 3, corporate's confidentiality is become the least fact that is have lowest scale then the other. There are three variables in corporate confidentiality which is related to three values of PEP. Besides, the most variable that is implemented and understand well by employees is variable VSTRONG3 which is confidentiality of data and information. The variable scale is above point 4 and almost in point of 5 which is means strongly agree with the statement. Otherwise the least variable that implemented and understand is VSENSIBLE 3 which is management record. It means that, employees still careless or not deleted or destroyed the data that already expired the retention period itself. It indicated the employees' perspectives are underestimated the important of destroying the expired document or they do not know the effect that will come up if they do not destroy it. Management's action related to penetrate employees with this factor might be recommended to be reevaluated and emphasized.

Analysis and Discussion

General analysis

The current values of PEP are Sincere, Strong and Sensible. The guidance of thus values is represent in business ethics work that published for employees, contractor and public. In business ethics work, there are some examples which are become rule of do and do not as employees in PEP.

Between these values, there is no priority but they are connected with each other. So employees should implement sincere as well as sensible either strong. Management defined and expected for sincere is employees not only work in honesty but also heartfelt. Employees should have mindset if they follow the sincerity. It purposed is to make employees work not money obsession but they work as worship.

Then, the other is strong can be defined not only powerful in literally. PEP employees should have capability in accomplishes their task, responsibility and role but they cannot arrogant because have power. Strong in PEP means that employees should have strong determination and principle to advance the company. Besides, strong is to hold the right thing and strong for negotiate in running the

company. Those values are equipped by the last values which is sensible.

Sensible purpose is to control the arrogance that might be come up when people have strength. Sensible is not just care but has deeper meaning which is synchronize between sincere, strong and sensible itself. PEP is running the business that is use natural resources which is not renewable. So, PEP should pay attention to natural and social environment which has stakeholders of it and not only for maintain their image.

PEP have vision and mission which is in overall structure it separated 2 sides. These 2 sides are social side and technical side. In social side there is value which is included style of corporate in perform. Leadership style will influenced by values, working environment of employees also influenced by style. Thus statement also supported by Saeed & Hassan (2000) which is "organizational culture does have significant effects on personnel attitudes towards their commitment within the organizations"

PEP Culture Existence

From the quantitative data of questionnaire result that gotten is shown that PEP almost all employees understanding and implementation related to values of PEP and its business and work ethics is in averages which is almost of them agree with the variables. The agreement of variables can be defined that they understand enough and implemented well with the values that emphasizes by company. The most understood and implemented well by employees is factor of commercial branding. Besides, employees weaknesses of variable understood are in factor of corporate confidentiality.

In factors of commercial branding, the variables are corporate social responsibility, competitive, prohibit the misapplication of psychotropic. Based on news that appear in public, PEP as stated-owned enterprises is already proven have competitiveness achievement, doing their CSR in big scale and seriously. Besides, there is seldom news about employees of PEP use psychotropic.

Otherwise, PEP employees' weaknesses are still related to the corporate's confidentiality, especially factor of management record.

Management record means company must manage documents in systematically and safe in periodic purpose to facilitate investigation when it needed including to destroy the documents that already expired the retention period of its. But, it is not means PEP not able to handle management record. Overall, PEP as corporate already organized well their documents and confidential information which is also supported by their IT system. But, from individual's behavior in trivial problem like deleted or destroy expired documents is still have weakness, because they do not take it as important problem to destroy and they might be underestimated the importance of deleting or destroying documents that already expired of its retention period.

Other proven data from interview with top management who is anonymous, culture in PEP from years to years already changed into the better one. It could be conclude that around more than decade ago, in PERTAMINA, culture of corruption, nepotism and collusion was seen as used to be in there. Now times, employees in PEP behavior are pretty much changed into the better one. Even, they are not interest to accept gift or parcel because the registration and bureaucracy to receive or give those things is very complicated and wasting time. They should report their acceptance of parcel or gift to EKB team. So they prefer to not accept those considering the systematic of acceptance is complex. Otherwise those statements also supported and proven by audit that conducted by external auditor, internal Auditor and Independent Auditor that hired by PEP. From their audit, the trend of PEP culture that resulted is tending to great. For example, euphoria like hedonism and inefficiency of spend company's budget is decrease and more give attention and sense of belonging to company. Even though there are many changes but it is not easy to change people mindset related to values, so the trend of employees behavior might be fluctuate or might be stable.

The current condition of PEP related its corporate culture is actually in condition which is process to change. Because this condition, PEP have created new division called Transformation Division. Transformation division creates the program and system that will make PEP strive to achieve its vision. The vision can be achieved if they have good corporate culture condition. One of their

actions is collected top managements representatives in each division as volunteers to become agent of change. Agents of change also have role as leader. Related to the result of research, in purpose to improve the weaknesses of management record, entire agents of change should be upgraded by coaching from management, because they have important position in influencing their subordinates to do the management record as expected as company.

Management Action

According to the interviewed with top management, it was stated that values should be evaluated periodically. From implementation, that could be seen if it already well or not. Individual behavior should match with company expectation which is the result of regulation is optimal. In purpose to approach optimal result, there is business ethics and works (EKB) to protect and maintain the existence of values. EKB is kind of informal approach for employees, so that there is whistle blower is allowed. Because whistle blower is allowed, people are allowed to openly express criticism or gossiping about the person who has inappropriate behavior. EKB committee role is to follow up the problem that rises from whistle blower and recheck if the person who has problem is violating EKB. For example, person who become the one that have inappropriate behaviors will be excluded from social life, even if this person participated in criminal law or has criminal minds, he or she could be sent to prison.

Transformation division as important parts in developing and change PEP culture and vision and mission have its own program. There are many ways to approach the change in organizational culture, but everyone need different time and way also to adapt with the change, as stated by Heathfield (2012) "Changing the accepted organizational culture can feel like rolling rocks uphill". The program is represented in books and this year they are concern with updating of opportunity. Transformation has three objectives which are people, process and technology. In every year there is different way to internalize and socialize the values to employees which is related to the main topic that being concern. This year is proclaimed a program called e-learning. From e-learning, employees learn

many knowledge by use it. Before there is an establishment of this program, employees learn from standard presentation, and then there were Q&A study case. The study cases mostly come up from whistle blower, and it is being discussed as study case by entire level in PEP. From the discussion, employees will have more understanding about do and do not rule. Last year, this system being changed, because PEP realized that when people only learn something by left brain is not much as effective as within use right brain. So, PEP represents the real case by visualization and video to make employees more understand. Lesson based e-learning is emphasizes the values that still weak by audio visual trough e-learning. The form of learning is in purpose to emphasizes the creativity of employees through organizational culture, which is stated by Mclean, D Laird (2005) "the organization is a business that is bringing creativity to life through innovative products and services that customers desire, therefore fulfilling customers' needs, creating jobs, and contributing to the economy". Not only e-learning, this year would be induction training. Through induction training is for new entry, and they will be brain washed for company's values by it. This new entry could be fresh graduate or new entry of other company ex-employee.

The business process also is being simplified and recreated. From 4500 business process are become 1500 business process. The steps in business process which are considered not useful are being deleted. This action will lead employees to have better behaviors related to PEP values. This time, company already has software that shown the job description, key performance indicator, deadline of task and personal names who have responsible of their task. For introduction and socialize to employees, company still test this program for exploration division and developmental division. For the example; exploration have 186 projects, project that on progress are 35 tasks and the lead project is 85 tasks, besides, 45 tasks is accomplished.

As stated as interview resource, this system before is taboo in PEP, people will get mad and think conservatively if other people know and intervene their job, but this time employees are open minded with this culture. From this software, when name of the subject inputted, his/her name will come up and his/her deadline

of task will be shown and can be seen by all employees. If he/she do not report the task on time, his/her salary will decrease. If employees not accomplish the steps of business process as a project, they will not be able to do the next step. They will not able to work if they do not use this software. This software is become formal system which is to control people's behavior.

For informal system, the agents of changes that already told in PEP culture design section are being recruited, coached and internalized before they able to lead their subordinates to facing transformation, they also given tools or way to deliver the change. In example of tool or way is called IASDEO (Identify, Assess, Select, Define, Execute). Because the company concern this year is updating opportunity, there is one example agenda which is prioritizing manpower strength. From that perspective, company will plan their future for the next 25 years. Other example in maintain the sustainability, company recruit outsourcing consider the peak season in oil and gas industry. From this condition, there is a system called dual career in purpose to encourage and appreciate both of management and field engineer.

From dual career, employees will be placed in appropriate position consider their interest and capability. They can be appreciated not by status, but by take home pay. Even if their status is below the top management, but their take home pay could be higher than top management. This program is to emphasize the implemented values in expected condition. Otherwise, employees who have status as Vice President or General Manager have similarity role as Chief Executive Officer. This rule is implemented in purpose to make them not only followed their boss policy, but also they have authority to manage the company asset as their asset and being motivated to do the best. In order to get their position as top management, many employees will come as candidate and there will be tender for take thus position. If they unable to manage their asset so their position will be replaced. By this method, they will have sense of belonging, sense of urgency. If they give good result, they will be appreciated and receive bonus.

Every value is driven by programs. There are many programs that created to develop people.

If the objective of that year not accomplished, it will continuously being approach in next year, but there is any corrective action and evaluation. Besides, company gives name card of consultant to top management, so they will personally consult with consultant.

Others program that established is School of PEP and Pact of Integrity. School of PEP is knowledge sharing between employees. There is a room in 18th floor that used for class. This program is purposed to build employees competencies. Every one of PEP people allowed joining the class. Their sharing of knowledge is compiled into file that saved in PEP internal website called sharing box that allowed to be taken by employees in purpose to build their personal strength as stated as by Cherrington (1995), "successful training and education program would create more-favorable employee attitudes and loyalty, and help employees in their personal development and advancement".

Pact of integrity is pact that created by in purpose to anticipate the less understood of employees related to PEP culture. This pact of integrity is assigned by entire level of employees except outsourcing. So that everyone has promised to follow the EKB. Before everyone assigns this pact, they were already socialized with EKB and this pact of integrity will be refurbished every year.

Conclusion and Recommendation

Conclusion

PEP has three values which are sincere, strong and sensible represented in business ethics and work (EKB). In EKB, there are many rules of behavior as employees' references. From the research, some identification being discovered about employees' implementation of PEP corporate culture and values in overall grade can be scored well enough. There is below result from the research:

From the statistic software, there are four factors which are resulted and have different name with it. The factors are professionalism, commercial branding, corporate's confidentiality and courage. The factor that still in weak condition and need improvement of employees' understood and implemented is Corporate's Confidentiality factor. Besides,

corporate's confidentiality factors which is recollect new variables from the old dimension which are management record, intellectual property and confidentiality of data and information. From the confidentiality factor, the priority of improvement is in variables management record. The management record in here is for example like employees are still not deleting or destroy the company document that period of retention is already expired.

The employees have the highest understood and implementing in commercial branding factor. The variables are corporate social responsibility, prohibit misapplication of psychotropic and competitive. The most understood variable of this factor is prohibition misapplication of psychotropic. This variable actually indeed should be understood by people who have normal and healthy mindset.

Recommendation

Managerial Recommendation

Based on factor analysis diagram, the least factor that being understood and implement is Corporate's Confidentiality. In Corporate's Confidentiality itself, the least variable that have smallest scale is management Record. From researcher suggestion for improving employees' implementation of management record, company should explain and socialize more about the effect if they do not manage the document well. For example, if they do not destroy the documents that already expired the retention period of it, external people such competitor could see company's confidentiality. If these things happen, companies will have problem about the related things in the future. The socialization could be shared through School of PEP or advertisement as reminder for them. The advertisement could be implemented in ex-banner that placed near the door of each division, so everyone can see that.

Actually PEP already have program related to emphasize corporate values, and they will always recreate new program each year and maintain the effective program that already conducted related with their concern in each year. Based on the business ethics and works, tools of agent of change and Transformation division activities related to PEP corporate culture, all of those are already appropriate. All

of their programs are very well planned and appropriate with PEP business industry, so researcher suggested to continue and reevaluate the way of internalize corporate culture. Internalization of culture in employees' mindset could not be in simple way and quick time. Everyone is different in adapting with behavior related to PEP culture. They can accept and support it quickly or, resistance with it or jut between of accept and resistance.

Further Research

The research of PERTAMINA EP corporate culture in this project is related to the existence condition and design of PEP culture and also the management involvement in improve the culture in PEP. The corporate culture itself influences the effectiveness and efficiency of activities and business process of PEP. So, researcher for further research may be able to find the correlation of corporate culture effectiveness with the effectiveness of employees' activities in internal as well as with external parties related to their business process.

For further research can be conducted to observe and research more about what is the factors that influencing to create current atmosphere of corporate culture in PEP, factors that determined the values of PEP. Besides, further research might be to know more about to identify if majority ethnic group or diversification culture and majority alma mater of employees' education might be influence the culture in in PEP. Some information that comes up from this research may help for other researcher and might be this research also will give benefit for the company if interest to explore further research.

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