

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Ergun Ozen, CEO of Turkish Garanti Bank once stated that the superior performance of firm such as IBM, GE, P&G and Intel might be at least partly or moderately due to their strong culture. Change is one of many characteristics in today's dynamics world. The need to adapt to changes has pushed individual and organizations alike discover the need for learning (Ashton, 2004). To adapt with new changes, organization should provide ground for organizational growth and development. These organizations are called learning organization (McClelland, 1987). Consumer retailing has been inseparable in our daily lives. In Indonesia, consumer spending is accounted for 12% of Indonesia's gross domestic product; hence it can be regarded as lucrative sector.

This research is conducted because this study will show that organizational culture no matter how big or small the company is. The object of this study is a company that is was recently established in the past few years; hence the dominant organizational culture is not known yet. The definition of organizational culture itself according to Schein (1992) is a pattern of shared basic assumption invented, discovered, or developed by a given group that are taught to new organizational members as way of perceiving, and even thinking and feeling.

To survive in highly competitive market, all organizations no matter of its sizes must be adaptive in dealing with the dynamic environment. The key of survival is organization learning, not individual learning (Dymock and McCarty, 2006). Thus researchers have studied on applicability of learning organization in real life practices and its antecedents (Dymock and McCarty 2006; Change and Lee, 2007; Huber 1991; Jacobs, 1995). According to Coutu (2002), organizational learning is relatively new concept, hence there is little known about it, but what's certain is researcher don't know exactly on how to intervene in culture to create

transformational learning across the organization. This statement supports the need to study culture as an antecedent variable towards shaping of learning organizations. Previous researches showed that the benefits of a that learning organization include: improved quality of outputs at all level, improving corporate image by becoming more people oriented (Pedler and Boydell, 1997), maintained levels of innovation, and remaining competitive, being better placed to external pressure (McHugh and Alker, 1998). According to Senge (1990) learning organization can be defined as a group of people working together to collectively enhance their capabilities to create results they really care about.

The object of this study is a company located in Jakarta. The company specializes in managing foreign food and beverage franchises in Indonesia. As of 2012, the company holds 3 licenses, 2 are beverages franchise and 1 food franchise. There are numerous studies regarding on how to improve performance of an organization but only a few studies use organization culture as its variable.

Based on the description above, the researcher is intrigued to conduct a further study about organizational culture in a limited liability company in Jakarta. The purpose of this study is to find out the relationship between types of culture as an independent variable and learning organization as dependent variable. Therefore this study is entitled: **“The Effect of Organizational Cultures in Shaping Learning Organization in Company X.”**

1.2 Research Problem

The research problems for this study are:

1. What is the dominant type of organizational culture in Company X?
2. How does organizational culture contribute in shaping Company X as a learning organization?

1.3 Research Objectives

The objectives of this research are:

1. To identify the dominant type of organizational culture in Company X;
and
2. To determine how the types of organizational culture contribute in shaping Company X as a learning organization

1.4 Research Contributions

This research expects to give benefits, such as:

1. The company can use the result of this study for management direction and strategy formulations.
2. The researcher can gain knowledge on how organizational cultures contribute towards shaping the learning organization.

1.5 Research Limitation

This research used Company X as the research object. This research used the variables for learning organization, which is organizational culture. Response rate for this research is 89.8% (124 out of 138 employees)

1.6 Research Outline

Research outline explains the systematic writing of this study. The outline is divided into five chapters as follows:

Chapter I : This chapter sets up the research problem of this study entitled **“The Effect of Organizational Cultures in Shaping Company X As Learning Organization”** This chapter also provides background information defining the importance of organizational culture. This chapter specifies the research effect of organizational culture in Company X as learning organization

- Chapter II : This chapter summarizes the previous studies and findings that have been published regarding organizational culture and learning organization. This chapter also covers on how it will contribute or add to what has already been studied. This chapter also states a clear description of organizational culture and learning organization that apply to the research problem, an explanation of why it is relevant and how the framework addresses the hypothesis to be tested
- Chapter III : This chapter explains the detailed technical and scientific activities, which include the research design, sampling plan, instrumentation, statistical tolls (pretest, classical assumption test, simple regression)
- Chapter IV : This chapter discusses the presentation of the findings that addresses the research problem and focus on how these findings relate to the theory and previous researches
- Chapter V : This chapter discusses the conclusion, implication and recommendation to advance the study of the research topic in terms of theoretical, methodological and managerial contribution that may be necessary to eliminate limitation of this study