

# Organizational culture types and individual readiness for change: evidence from Indonesia

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## Abstract

This study aims to examine the effect of organizational culture types on individual readiness for change in Indonesia as a country with high collectivism. Specifically, this study examines the effect of four types of culture namely clan, adhocracy, market, and hierarchy on individual readiness for change. The sample of this study was 264 employees of XYZ Company, a family company in Indonesia that made changes by releasing part of its shares into the stock market. Test results using simple regression support the hypothesis that clan culture and adhocracy have a positive effect on individual readiness for change. However, the influence of market culture and hierarchy on individual readiness for change was also found to be positive instead of negative as hypothesized. Discussions and suggestions for future research are presented.

## Keywords

organizational culture types; clan culture; adhocracy culture; market culture; hierarchy culture; individual readiness for change

## INTRODUCTION

Individual readiness for change (IRFC) is considered as one of the constructs at the individual level that is most significant in determining the success of an organizational change implementation (Weeks, Helms, & Ettkin, 1995; Clegg & Walsh, 2004; Jones, Jimmieson, & Griffiths, 2005). Given the important role of IRFCs in determining the success of a change implementation, researchers in their development sought to identify antecedents that could influence IRFC. Eby, Adams, Russell, and Gaby (2000) for example, classify IRFC antecedents into three categories, namely individual attitudes and preferences, work groups and job attitudes, and contextual variables. Study by Eby et al. (2010) further revealed that of the three categories, contextual variables were the most significant categories influencing IRFC. Of the several contextual antecedents, organizational culture is considered as the most important factor that can influence IRFC (Armenakis et al., 1993; Weiner, 2009; Jones et al., 2005; Choi & Ruona, 2011; Hanpachern, 1998).

Interestingly, although many literature studies reveal the important role of organizational culture in influencing IRFC, very few empirical studies have examined the effect of organizational culture on IRFC. Empirical studies that examine the influence

of organizational culture on IRFC and can be made an exception are Jones et al. (2005), and Haffar et al. (2012). By using an organizational culture assessment instrument (OCAI) (Cameron & Quinn, 1999; 2011) based on competing values framework (CVF) (Quinn & Rohrbaugh, 1981; 1983) as an instrument used in analyzing organizational culture, the study of Jones et al (2005) and Haffar et al (2014) sought to examine the effect of clan, adhocracy, market, and hierarchy culture types on IRFC.

However, the two studies revealed different results. The study of Jones et al. (2005) by making government employees in Queensland, Australia, the object of study, found that only clan types were positively and significantly correlated with readiness for change. Meanwhile, three other types of culture (adhocracy, market, and hierarchy), are negatively correlated and not significant in readiness to face change. On the other hand, the study of Haffar et al. (2012) by making manufacturing industry employees in Syria the object of study, instead found that two types of culture, namely clans and adhocracy, were positively and significantly correlated with IRFC. These results were corroborated by regression testing, which also managed to find a positive and significant influence on clan type and adhocracy on IRFC. Meanwhile, although no significant effect was found in regression

testing, the type of market culture and hierarchy was found to be negatively and significantly correlated to IRFC.

Differences in the level of significance of the correlation between organizational culture types and IRFC in the two studies above, when referring to Hofstede, Hofstede, and Minkov (2010), are very likely to be influenced by differences in the national cultural characteristics of the countries that were the objects of the two studies. As already mentioned, a study by Jones et al. making Australia an object, while the study of Haffar et al. make Syria the object of study.

In a study conducted by Jones et al. (2005) with Australia as the object of study, a significant positive correlation with IRFC was only found in the clan type. The characteristics of Australian national culture which have a low level of collectivism (Hofstede, 1983), may be the reason for the non-significance of the correlation between adhocracy, market and hierarchy culture types with IRFC. As Hofstede (1983) explained, individuals in countries with low collectives tend not to depend on the expertise, work situation, and benefits that the organization provides. Therefore, it is reasonable to study Jones et al. found no significant correlation between adhocracy, market, and hierarchy culture types with IRFC, because respondents in the study of Jones et al. it is possible to rely more on itself to improve IRFC.

Meanwhile, in the study conducted by Haffar et al. (2012) with Syria as the object of study, clan and adhocracy culture types were found to be significantly correlated and had a significant positive effect on IRFC, whereas market culture and hierarchy types were only found to be significantly negatively correlated. Syrian national cultural characteristics as one of the Arab countries which have a higher level of collectivism than Australia (Hofstede, 1983), could be the reason for the significance of the influence of clan culture type and adhocracy on IRFC. As explained by Hofstede et al. (2010), individuals in countries with low individualism are in contrast to countries with high individualism such as Australia. Countries with low individualism such as Syria tend to depend on expertise, work situations, and the benefits provided by their organizations.

Therefore, to fill the gap of findings in the study of Jones et al. and Haffar et al., this study intends to reexamine the influence of clan culture, adhocracy, markets, and

hierarchy on IRFC in the Indonesian context. This research is important to do in the Indonesian context because compared to Australia and Syria, Indonesia has a higher collectivism score (Hofstede, 1983). Thus, the influence of organizational culture types on IRFC in Indonesia as a collectivist country can have a greater significance than the research of Haffar et al. and Jones et al, which were tested in the context of Australia and Syria.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Organizational culture assessment instrument (OCAI) and individual level analysis of organizational culture**

According to Schein (2004), organizational culture consists of three dimensions; underlying assumption, value, and artifact. Among these three dimensions, value is considered as the most reliable representation of organizational culture (Howard, 1998). As a result, many scholars pay more attention to value in developing a measurement for organizational culture. There are several prominent organizational cultural measurements, however the most widely used and valid scale in analyzing organizational culture is organizational culture assessment instrument (OCAI) (Haffar et al., 2014; Kwan and Walker, 2007; Howard, 1998).

OCAI is a measurement developed based on the competing values framework (CVF) (Quinn and Rohrbaugh, 1981, 1983); a theoretical model in analyzing organizational culture that divides organizational culture based on two axes of the value orientation adopted by an organization. The horizontal axis represents the extent to which an organization focuses on internal or external, while the vertical axis represents the extent to which an organization emphasizes control or flexibility. The division of organizational culture based on these two axes raises four types of organizational culture: clan, adhocracy, hierarchy, and market.

Another crucial issue in the study of organizational culture is related to the level of analysis since the errors in determining it can lead to ambiguous results. In this study, organizational culture is measured at the individual level of analysis yet according to Kwantes and Boglarsky (2007), the level of organizational culture analysis must be

adjusted to the level of analysis of the outcome to be examined. Based on that statement, we measure organizational culture at the individual level of analysis. Given the level of output analysis in this study – individual readiness for change- is measured at the individual level of analysis, we consider the use of the individual level of analysis is the most appropriate procedure in measuring organizational culture.

### **Individual readiness for change (IRFC)**

IRFC is considered as a prominent factor determining the success of organizational change implementation (Armenakis et al., 1993). This statement is confirmed by Todnem By (2007), which revealed the relationship between the level of IRFC and the success of change management. This support makes practitioners of change management emphasize the importance of IRFC to raise the chances of successful change implementation (Armenakis et al., 1993; Jones et al., 2005; Weiner, 2009).

Based on the literature study conducted by Choi (2011), academicians have tried to provide definitions of IRFC. Most of these definitions refer to the definition developed by Armenakis et al. (1993), who suggested that IRFC is the beliefs, attitudes, and intentions of individuals about the extent to which organization requires change and the extent to which the capabilities of an organization can deliver success in undergoing these changes.

Holt et al. (2007) in their study found that IRFC consists of four dimensions; accuracy, management support, change efficacy, and personal rewards. The dimension of accuracy measures the extent to which individuals feel that change is desirable by the organization and the extent to which individuals feel that change will benefit the organization. The dimensions of management support measure the extent to which organizational members feel that senior leaders support the changes that occur. Meanwhile, the dimensions of change efficacy reflect the extent to which organizational members are confident that they can perform an excellent and successful job. The fourth dimension is personal rewards, measuring whether the changes made can benefit those individuals.

### **Hypotheses development**

According to Cameron and Quinn (2011), organizations with clan culture emphasize the

long-term interests of human resource development efforts, such as training. Studies by Gist et al. (1989) confirm that with the training carried out by the organization, individuals will have high self-efficacy, according to Holt et al. (2007), self-efficacy is an important element that plays a role in increasing IRFC. Employee training can also be perceived by employees as a form of management support to employees in the face of change, where management support according to Holt et al. (2007) is also an important element in increasing employee IRFC.

In addition, leaders in organizations with a clan culture usually have a facilitating leadership style. Facilitator style of leadership increases individual confidence that the initiated change will succeed. This is consistent with the findings of Bommer, Rich, and Rubin (2005) who tested the influence of transformational leaders on cynicism on organizational change. The results revealed that transformational leaders, whose indicators are supportive, can reduce cynicism in organizational change.

Organizations with clan culture also use management guidelines that are principled on the importance of employee or organizational member participation (Cameron & Quinn, 1999). According to the study of Wanberg and Banas (2000), employee participation has a positive effect on employee openness in the face of change.

Based on the explanation above, we predict that employees who perceive that their organization has a strong association with clan culture will have a high individual readiness for change. Therefore, the hypothesis we propose is:

*H1a: Clan culture has a positive effect on IRFC*

Meanwhile, organizations with an adhocracy culture emphasize the importance of dynamism, creativity, and a high level of entrepreneurship. Individuals in organizations with an adhocracy culture are not limited by structure, and are more concerned with creating situations where employees can freely explore and channel fresh, initiative, creative, and innovative ideas, and are forward-looking, independent, free, and risk-taking (Cameron & Quinn, 1999).

As explained by Damanpour (1991), innovation can be understood as the use of new equipment, systems, policies, programs,

processes, products, or services that are produced or purchased by an organization. Therefore, it can be said that individuals who work in organizations with cultural values adhocracy, will be familiar with the use of new equipment, systems, policies, programs, or processes. Thus, individuals in organizations with adhocracy values are accustomed to change, which according to Cassidy & Eachus (2002), habits and experiences of dealing with these changes are important things that can improve self-efficacy. According to Holt et al. (2007), individuals who have high self-efficacy will have a high IRFC as well.

The leadership style developed in organizations with an adhocracy culture are innovators, visionaries, and risk takers (Cameron & Quinn, 1999). Based on a study conducted by Jung, Wu, and Chow (2008), transformational leadership, one of which is characterized by having an innovator attitude, has a positive effect on organizational innovation. Therefore, individuals in organizations with an emphasis on the type of adhocracy have a high level of innovation, which means that the individual is accustomed to change. The habits and experiences of dealing with these changes are important things that can improve self-efficacy (Cassidy & Eachus, 2002), which in turn increases IRFC (Holt et al., 2007).

Based on the explanation above, we predict that employees who perceive that their organization has a strong association with the culture of adhocracy will have a high individual readiness for change. Therefore, the hypothesis we propose is:

*H1b: Adhocracy culture has a positive effect on IRFC*

The third type is the organization with market cultural values, which has a primary orientation to results and has a primary concern in the completion of a job. Individuals in this organization prioritize tight and high competence and are goal-oriented. The effectiveness criteria focus on how to "conquer" competitors and reach targets. The management guideline used is the principle of competition in achieving productivity (Cameron & Quinn, 1999).

These conditions, according to Haffar et al. (2012) caused organizational policies not to support employee development in the long term interests which made employees feel that no benefits would be gained from the

organization, including in the face of change. Therefore, individuals in this organization are also predicted to feel that change will not bring benefits (Haffar et al., 2012). In fact, perceptions related to the benefits derived from crucial changes in determining the level of individual IRFCs (Holt et al., 2007).

Based on the above explanation, we predict that employees who perceive that their organization has a strong association with market culture will have a low individual readiness for change. Therefore, the hypothesis we propose is:

*H1c: Market culture has a negative effect on IRFC*

The fourth or final type is organization with cultural values hierarchy. This organization strongly emphasizes the importance of good and neat structure in the organization. All work processes are managed in a standard and systematic manner. Bureaucracy is very relevant to this type of culture. The leadership style developed is as a coordinator with a strong and strict mentoring function, as well as a superior organizer. The effectiveness criteria are emphasized on efficiency and strict and strict time constraints. The management model or guidelines used are usually centered on strict control and control (Cameron & Quinn, 2011).

Based on the study of Aiken and Hage (1971), low flexibility and emphasis on regulation can drive employee innovation. Therefore, companies with a hierarchy culture that focus on strict control and control, can inhibit the ability of innovation in employees. In fact, employees who are not accustomed to innovating means not accustomed to change, which is an important determinant of self-efficacy, according to Holt et al. (2007), individuals who have low self-efficacy will also have a low IRFC.

In addition, the leadership style developed in organizations with a culture of hierarchy is a coordinator with a strong and strict mentoring function (Cameron & Quinn, 1999). Yet according to Thompson (1965), organizations that have too much authority can hinder employee innovation, which in turn makes individuals in the organization not accustomed to change. Meanwhile, habits and experiences of dealing with these changes are important things that can improve self-efficacy (Cassidy & Eachus, 2002). If the employee's self-efficacy is low,

then the employee's IRFC will also be low (Holt et al., 2007).

Based on the above explanation, we predict that employees who perceive that their organization has a strong association with cultural hierarchy will have low individual readiness for change. Therefore, the hypothesis we propose is:

*H1d: Hierarchy culture has a negative effect on IRFC*

## METHODS

### Context, procedure, and sample

The context chosen in this study is organizational changes that occurred in the XYZ Company, one of the largest family firm in Indonesia. At the end of 2013, The XYZ Company decided to make an initial public offering on the Indonesia Stock Exchange (IDX). This decision consequently demands them to make changes, particularly in improving the quality of good corporate governance (GCG).

Several changes have been made by the company in improving the quality of GCG, especially by establishing GCG related units such as audit committees, internal audit units, and corporate secretaries. Also, the company has carried out various initiatives to strengthen the structure of GCG (GCG infrastructure) and to compile and refine various GCG guidelines and derivative rules (GCG infrastructure). Some of the GCG structures compiled include guidelines and codes of conduct, guidelines, and codes of ethics for the board of commissioners and directors (manual board). The company is also still trying to revise and refine the standard operating procedure (SOP) in each business process in the company, and develop a whistleblowing system.

The survey was conducted in 2016 using questionnaires distributed to 320 employees in 21 different departments, to get variations in the answers of each culture type. Of the 320 questionnaires distributed, 291 questionnaires were returned (response rate 91%), however only 264 questionnaires that available for further analysis. The majority of respondents were female (72%). Most of the

respondents were in the age range <26 years and 26-30 years with the proportion of 28% and 23.1% respectively. The position of majority respondents was staff (87.1%). Additionally, 40.5% of respondents had worked for 3-7 years.

### Measurement

*Clan, adhocracy, market, and hierarchy culture.* Each of clan, adhocracy, market, and hierarchy culture is measured using six items of statements from the organizational culture assessment instrument (OCAI) developed by Cameron and Quinn (2011). Each statement from each dimension is scored using a Likert scale from 1 (strongly disagree) to 5 (strongly agree) as employed in Haffar et al. (2014) dan Vijayakumar and Padma (2014). One example of item used is "This company is a very comfortable and family-like place. People in this company tell a lot about themselves"(clan culture). The reliability test showed that the clan, adhocracy, market, and hierarchy culture measurements had high reliability with the Cronbach's alpha value range from 0.684 to 0.777.

*IRFC.* IRFC was measured using 25 items of statements developed by Holt et al. (2007), from 1 (strongly disagree) to 5 (strongly agree). An example of the statement in the instrument is "When this change was made, I thought that I could overcome that change easily." The reliability test showed that the IRFC had high reliability with the Cronbach's alpha value 0.880.

## RESULTS AND DISCUSSION

We performed validity testing only on the instrument of IRFC. The validity testing was not conducted on the instruments of clan, adhocracy, market, and hierarchy culture because the removal of one indicator will change the meaning of the construct (Cameron and Quinn, 2011). According to Jarvis et al. (2003), when the removal of one indicator in a construct changes its meaning, then it is classified as formative construct and consistent with Hair et al. (2010) Roldán et al. (2012), the formative construct does not require validity testing.

**Table 1.**  
Means, standard deviation, and correlation among variables

Variable	Means	Standard deviation	1	2	3	4
Clan culture	3,678	0,487				
Adhocracy culture	3,604	0,458	0,759**			
Market culture	3,633	0,414	0,380**	0,592**		
Hierarchy culture	3,70	0,396	0,688**	0,691**	0,538**	
IRFC	3,693	0,358	0,431**	0,449**	0,272**	0,433**

Notes:  
n=264;\*\*<0,01, \*<0,05

**Table 2.**  
Effects of clan, adhocracy, market, and hierarchy culture on IRFC

Independent variable	$\beta$	t
Clan culture	0,431**	7,723**
Budaya adhocracy	0,449**	8,123**
Budaya market	0,272**	4,569**
Budaya hierarchy	0,433**	7,771**

Notes:  
N=264; Values shown are standardized beta coefficients  
\*\*<0,01, \*<0,05

To test the validity of IRFC, we employed discriminant and convergent validity using confirmatory factor analysis (CFA) with varimax rotation. The results of the convergent validity indicate that all items are grouped into one factors. The result of two stage discriminant validity made 4 items of IRFC instruments were deleted; thus, the remaining items were 21. The results of the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy show a value of 0.875 while Bartlett's test of sphericity is significant at the level of 0,000 so it fulfills the minimum requirement referring to Hair et al.(2010).

The correlation between variables as shown in table 1 illustrates that clan culture, adhocracy, market, and hierarchy correlate with IRFC. However, to find out the more specific relationships of the four types of culture in IRFC, regression testing was performed. The results of testing hypotheses 1a, 1b, 1c, and 1d can be seen in 2. Table 2 presents the results of regression analysis of clan, adhocracy, market, and hierarchy cultural influences on IRFC.

Hypothesis 1a states that clan culture has a positive effect on IRFC. The results of the analysis in table 2 show that clan culture has a significant positive effect on IRFC ( $\beta = 0.431$ ;  $t = 7.723$ ;  $p < 0.01$ ). Therefore, it can be said that hypothesis 1a is supported. Support for hypothesis 1a is the same as empirical support found in the research of Haffar et al. (2012).

Companies with a clan culture that are long-term oriented towards developing their employees, through training provided, can

increase employee IRFC. Employee IRFC increased because with the training provided by the company, employee self-efficacy also increased (Gist et al., 1989), which in turn increased employee IRFC (Holt et al., 2007). The training provided by the company also increases IRFC because it is perceived by employees as a form of management support to employees in the face of change. The perception of high management support is an important factor in increasing employee IRFC (Holt et al., 2007).

Companies with a clan culture, with a facilitating leadership style, also enhance IRFC. A facilitating leadership style increases individual confidence that the initiated change will succeed (Bommer et al., 2005), which in turn increases IRFC.

In addition, with principled management guidelines on the importance of employee or member participation, IRFC employees in companies with a clan culture are also increasing. Employee participation, according to Wanberg and Banas (2000), makes employees more open to change, so that employee IRFC also increases.

Hypothesis 1b states that adhocracy culture has a positive effect on IRFC. Table 2 shows that the culture of adhocracy had a significant positive effect on IRFC ( $\beta = 0.449$ ;  $t = 8,123$ ;  $p < 0.01$ ). Therefore, it can be said that hypothesis 1b is supported. The support for hypothesis 1b is the same as the empirical support found in the research of Haffar et al. (2012).

Characteristics of companies with an adhocracy culture that gives employees the

freedom to innovate, make IRFC high employees. High employee IRFC is created because employees who are given the freedom to innovate are accustomed to new things (Damanpour, 1991). This new habit makes employees have high self-efficacy (Cassidy & Eachus, 2002), which then increases employee IRFC.

Innovator leadership in companies with an adhocracy culture also makes IRFC employees high. High employee IRFC is created because with an innovator leadership style, employees are accustomed to innovating. Employees' habits in innovation make employees better prepared for change (Cassidy & Eachus, 2002), which in turn increases IRFC (Holt et al., 2007).

The characteristics of Indonesian society as a country with a low uncertainty avoidance dimension that is in line with the characteristics of companies with adhocracy cultural values, also makes IRFC employees increase. Employee IRFC can increase because the similarity of these characteristics makes organizational identification (organizational identification) of employees high. This high organizational identification has a positive effect on affective commitment to change and behavior supporting change (Michel et al., 2010), so IRFC employees also increase.

Hypothesis 1c states that market culture has a negative effect on IRFC. The analysis results in table 2 show that market culture has a significant positive effect on IRFC ( $\beta = 0.272$ ;  $t = 4.569$ ;  $p < 0.01$ ). Therefore, it can be said that hypothesis 1c is not supported. This finding is not in line with the results of the study of Haffar et al. (2012), who found that market culture had a negative effect on IRFC, although it was not significant.

The arguments that are judged best can explain that the hypothesis 1c is not supported refers to the theory of conservation of resource (COR). This theory is the main principle stating that individuals will strive to maintain, protect, and build resources (Hobfoll, 1989; 2011). Individuals will feel stress / pressure when experiencing the potential or loss (potential or actual loss) of these resources (Hobfoll, 1989).

COR theory also states that when faced with a stressful situation, individuals will try to develop reserve resources in order to overcome the possibility of future loss of resources (Hobfoll, 2001; 2011). With the efforts of individuals who try to develop these reserve resources, then when faced with

stressful situations such as change (Hobfoll, 1989), individuals can still avoid stress (Hobfoll, 2001).

In the context of this research, through efforts to develop these reserve resources, when faced with stressful situations such as change (Hobfoll, 1989), individuals can still avoid stress (Hobfoll, 2001), and have a high IRFC. With reserve resources in the face of these changes, IRFC employees remain high even though companies with a marking culture do not provide sufficient resources in the face of change because they do not support the development of specific employee capabilities.

Hypothesis 1d states that cultural hierarchy has a negative effect on IRFC. Table 4.7 shows that cultural hierarchy has a significant positive effect on IRFC ( $\beta = 0.433$ ;  $t = 7.771$ ;  $p < 0.01$ ). Therefore, it can be said that the 2d hypothesis is not supported. This finding is not in line with the results of the study of Haffar et al. (2012), who found that cultural hierarchy had a negative effect on IRFC, although it was not significant.

Similar to Hypothesis 1c, the argument that best explains the unsupported Hypothesis 1d refers to the theory of conservation of resource (COR). This theory is the main principle stating that individuals will strive to maintain, protect, and build resources (Hobfoll, 1989; 2011). Individuals will feel stress / pressure when experiencing the potential or loss (potential or actual loss) of these resources (Hobfoll, 1989).

COR theory also states that when faced with a stressful situation, individuals will try to develop reserve resources in order to overcome the possibility of future loss of resources (Hobfoll, 2001; 2011). With the efforts of individuals who try to develop these reserve resources, then when faced with stressful situations such as change (Hobfoll, 1989), individuals can still avoid stress (Hobfoll, 2001).

In the context of this research, through efforts to develop these reserve resources, when faced with stressful situations such as change (Hobfoll, 1989), individuals can still avoid stress (Hobfoll, 2001), and have a high IRFC. Therefore, even though companies with a hierarchical culture do not provide sufficient resources in the face of change because they do not provide freedom of innovation for employees, IRFC employees remain high because employees have spare resources in the face of change.

## CONCLUSION

As mentioned earlier, this study aims to reveal whether organizational culture has a more significant effect on IRFC in Indonesia as a country that has more collectivism than objects in previous studies. Departing from Hofstede et al. (2010) notion that individuals in countries with high collectivism tend to depend more on the benefits provided by their organizations, we assume that the four types of culture namely clan, adhocracy, market, and hierarchy have a significant influence on IRFC. The test results indicate the hypothesis is supported; four types of organizational culture (clan, adhocracy, market, and hierarchy) have a significant effect on IRFC.

Furthermore, as the hypothesis proposed, the results of the study revealed that perceived clan culture and perceived adhocracy had a positive effect on IRFC. These results have practical implications especially for decision makers in the company to develop values that are appropriate to the type of clan culture and adhocracy in order to encourage the creation of IRFC employees.

Clan culture that can encourage the creation of IRFC is an emphasis on employee development in the long run, high employee participation in decision making, participatory leadership, and strong team cohesiveness. The culture of adhocracy that can be developed to improve IRFC employees is the freedom to innovate and innovative leadership.

Meanwhile, the results of the study actually revealed that market culture and hierarchy also had a positive effect on IRFC. These results do not support the proposed hypothesis, which states that market culture and perceived hierarchy have a negative effect on IRFC. The most likely argument that can explain these findings could be stemmed from COR theory as explained in the discussion. From these results, managers who want to improve IRFC need to be careful in maintaining or promoting market culture and hierarchy.

There are several limitations to this study and some suggestions for future research to overcome these limitations. First, data collection in this study was only carried out by surveying through questionnaires. Exploration of the respondent's information was very limited because he was unable to search for further information on the

respondent, especially regarding hypotheses that were not supported. To add a wealth of information and additional knowledge when compiling research results, future research can use a combination of research methods with qualitative types, especially interviews. Thus, research findings, especially hypotheses that are not supported, can be explained with more complete arguments.

The results showed that two of the four proposed hypotheses were not supported. This can be the basis for further research using moderating variables to explain the relationship between market culture and hierarchy with IRFC.

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