

Original Article

# Corporate Culture Mediates Human Resource Management Practices of Company Performance (Study of Subsidiaries and Affiliates of PT. Semen Indonesia Group)

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**Abstract** - This study aims to examine the mediating role of organizational culture consisting of clan culture, adhocracy, market, and hierarchy in mediating the influence of human resource management practices on company performance. Based on the literature used, this study developed a structural model for the observed variables, which was then tested using Structural Equation Modeling (SEM) with the help of SmartPLS version 2.0 software. The data was collected using a survey method, namely by distributing questionnaires to 166 employees who occupy two important positions, namely directors and echelon 1 who work for subsidiaries and affiliates of PT Semen Indonesia (Persero) Tbk. Group, which is taken proportionally by the total sampling method. The results showed that the practice of human resource management of PT Semen Indonesia Group has a positive influence on the performance of the company PT Semen Indonesia Group. However, this positive effect is not significant. Meanwhile, among the four types of culture observed, namely clan culture, adhocracy, market, and hierarchy, the type of culture that plays a role in mediating the influence of human resource management practices on company performance is hierarchy culture. Thus, hierarchy culture is a crucial factor that mediates the effect of human resource management practices on company performance. The findings of this study provide important implications for the theory and practice of human resource management and company performance.

**Keywords** - Clan Culture, Adhocracy Culture, Market Culture, Hierarchy Culture, Company Performance, Human Resource Management Practices.

## I. INTRODUCTION

The implementation of the AFTA (Asean Free Trade Area) and the existence of the AEC, the Master Plan for the Acceleration and Expansion of

Indonesia's Economic Development (MP3EI) 2011-2015 and the Nawa Cita program launched by President Joko Widodo and the Government Regulation Number 3 of 2016 Accelerating the Implementation of the National Strategic Project triggers domestic competition. Products that support strategic project development are also affected by the phenomenon in Asia and within the country, including increased cement competition, because almost all infrastructure development projects require cement as a supporting product. Positive estimation of the increasing demand for cement products in Indonesia will become an opportunity for new players to enter. In addition to being an opportunity for new entrants, positive estimates of the increasing demand for cement also encourage existing players to improve the quality of business performance and production capacity. PT Semen Indonesia is a cement company with the largest production capacity in Indonesia.

At present, PT Semen Indonesia, which has the initial name of PT Semen Gresik, has 20 subsidiaries and affiliates. The change of name to PT Semen Indonesia was carried out in 2012, which was the first step in implementing the company's strategy informing the Strategic Holding Group to synergize all operational activities and maximize all of its potentials to ensure optimal operational and financial performance. The change from PT Semen Gresik to PT Semen Indonesia is expected to improve the quality of business performance and production capacity in order to remain able to become a market leader in the competitive market competition map, the fact is not working as expected.

Another fact that represents a decline in the performance of PT Semen Indonesia due to the intense competition of cement producers in Indonesia, which can clearly be seen in the continued decline in profitability of the company from 2013 to 2015 even though PT Semen Indonesia is in the position of being a market leader. Profitability cannot be used as the sole reference in



evaluating company performance (Rivai & Sagala, 2009: 595), but profitability is one important measure that can explain the health of a company (Onibala, Tommy, and Van Rate, 2014).

Company performance can be understood as an overall picture that displays the state of the company at a certain time (Rivai & Sagala, 2009: 604). Company performance can be influenced by several things, including knowledge management (knowledge management), namely knowledge transfer (Rhodes et al, 2008), the development of innovative capabilities, and innovative processes (Rhodes et al, 2008; Gavrea & Ilies, 2011), strategy, information technology, the external environment (Gavrea & Ilies, 2011; Kim & Jee, 2007; Ibrahim & Primiama, 2015), the internal environment (Ibrahim & Primiama, 2015), structure, quality, performance measurement, corporate governance (Gavrea & Ilies, 2011), employees (human resources) and human resource management (Rose & Kumar, 2006; Melinda, 2006; Gavrea & Ilies, 2011), innovative organizational culture (Rhodes et al, 2008; Rose & Kumar, 2006).

The many determinants of company performance require companies to conduct evaluations and improvements in the corporate environment. Theory-Based Theory, developed by Edith Penrose (1959) (Gottschalk, 2007: 89), asserts that a company, or organization, or workgroup unit, can achieve success or success, in the sense of achieving strategic goals set, is the result of a large contribution from internal company factors, specifically mentioned as human resource factors (Wan, Hoskisson, Short, & Yiu, 2011).

Human resource management scientific experts, overall agreed that to be able to maximize the existence of human resources to be able to carry out these roles in accordance with the company's strategy requires a touch of management on the part of the company (Griffin, 2003: 122). The practice of human resource management is carried out with the principle that human resources are the most important assets of the company that must be managed as well as possible, supported by the establishment of regulations and company policies that facilitate this orientation, and without ignoring the existence of other factors to try to synergize the functions of each human resource become a corporate operational unit in order to achieve company goals (Hamid, 2014: 27).

In an empirical review, the role of human resource management practices in supporting company success has been proven by many previous researchers, including by Zehir et al., (2016) Ferguson and Reio Jr., (2010); Kim and Ployhart, (2014); Hanci-Donmez and Karacay, (2019); Buller and McEvoy, (2012); Katou, (2008); Melinda, (2006) who found that the practice of human resource management has a significant influence on company performance. The

development of human resources in the company is not only focused on increasing competency, but also on managing the knowledge and mindset of human resources in the company. Thus, human resources in the company will be able to support the company's performance.

Analysis of human resource management practices and company performance is actually a research concept that is generally researched, however, based on the results of previous research conducted, it was found that the measurement of company performance is generally done only using traditional measurement methods, which only use financial perspectives only in describe the overall performance of the company. River & Sagala (2009:595) state that traditional company performance measurement methods cannot explain the overall performance of the company because this method ignores other factors that also need to be measured, for example, external factors, namely customer satisfaction. Therefore, the measurement of company performance needs to be done using a method that is able to explain the company's overall achievements, namely using the Balanced Scorecard method.

In addition to testing the effect of human resource management practices on company performance as measured by the Balanced Scorecard, this study will also examine the effects of other aspects of the company that also have a significant influence on company performance, namely corporate culture. There are four types of corporate culture that are able to accommodate all the characteristics of the existing corporate culture types, explained by Cameron and Quinn (in Tjahjono, 2011: 134) consisting of clan culture, adhocracy culture, market culture, and hierarchy culture. Human resource management practices are known to have a connection with corporate cultures, such as research conducted by Crews and Richard (2013), Kaya et al (2014), Kosiorek & Szczepańska (2016), and Singh (2009).

The relationship between human resource management practices and corporate culture is also a general concept, however, there are still inconsistent findings that explain the connectedness model that occurs, that the majority of research results show that human resource management has a positive effect on organizational culture and company performance, but in Melinda's (2006) research conducted in Indonesia, showed different results, namely that organizational culture negatively affected company performance.

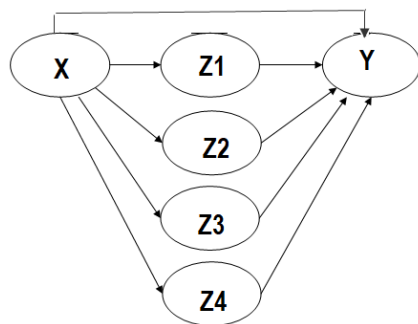
Some empirical studies that have been carried out still show gaps, both in terms of the dimensions used to measure corporate culture and company performance. In addition, variations in the use of measurements of human resource management practices also become obstacles for researchers in the field of human resource

management, which can be seen from the focus of research which only raises some of human resource management practices, such as Rich et al. (2014) which limits studies on management practices human resources in terms of recruitment and selection, performance appraisal, training, and career management; Kim & Ployhart (2014) who only test the effects of training and staffing.

This study aims to examine and analyze the effect of human resource management practices on company performance, clan culture in mediating the effect of human resource management practices on company performance, adhocracy culture in mediating the effect of human resource management practices on company performance, market culture in mediating the influence of management practices human resources on company performance, and cultural hierarchy in mediating the effect of human resource management practices on company performance.

**II. THEORITICAL FRAMEWORK AND HYPOTHESIS**

Resource-based view theory states that the main factor that is able to make a company survive and win in business competition is the internal factors that are owned by the company, not external factors. Internal factors referred to here are human resources in the company, which is the source of all creative ideas, problem solvers, development designers, and managers of all types of resources that exist in the company (Nothnagel, 2008: 23). Based on the theoretical framework in Figure 1, the conceptual framework for the research hypothesis can be developed as follows:



**Fig 1: Research Analysis Model**  
Source: Researchers

**Remarks:**

X = HR practice, Y = Company Performance, Z1 = Clan Culture, Z2 = Adhocracy Culture, Z3 = Market Culture, Z4 = Hierarchy Culture

The results of previous empirical studies show that human resource management practices have a positive and significant influence on performance (Zehir et al., 2016; Ferguson and Reio Jr., 2010; Kim and Ployhart, 2014; Hanci-Donmez and Karacay, 2019; Buller and McEvoy, 2012; Katou, 2008; Melinda, 2006). However, there are

also previous empirical studies that show the results of the study suggesting that not all elements in the practice of human resources have a positive influence on company performance. Adnan et al (2011) state that participation and reward practices have a positive and significant effect on company performance; however training and development practice has a negative and significant effect; meanwhile, teamwork practice has no significant effect on company performance. Seeing the picture of the results of previous studies in advance, the hypothesis of this study is:

**H1: There is a positive and significant influence of human resource management practices on company performance.**

Naina & Dahlan (2008: 298) provide an explanation that corporate culture is a philosophical statement, it can function as a binding requirement for employees because it can be formally formulated in various company rules and regulations. By standardizing corporate culture as a reference to applicable rules or regulations, leaders and employees will indirectly be bound so that they can form attitudes and behaviors in accordance with the company's vision and mission and strategies so that targeted company performance will be able to be achieved.

Empirical studies conducted by Kaya et al. (2014) and Singh (2009) show that human resource management practices are towards clan culture. The results of research conducted by Katou (2008); Kim & Ployhart (2014); and Melinda (2006) also added that human resource management practices have a positive and significant influence on performance, as well as empirical studies conducted by (Naranjo-Valencia et al., 2015; Lee and Kim, 2017; Acar and Acar, 2012), which states that clan culture has a positive and significant effect on company performance. By looking at the description of the results of previous studies in advance, the hypothesis of this study is:

**H2: Clan Culture mediates the influence of Human Resource Management Practices on Company Performance**

Adhocracy culture is a culture with an open system model, promoting flexibility and creativity that leads to growth, resources, and acquisition (Karanja, 2014). Therefore, the merits of a culture or values embedded in fostering adaptation, flexibility, and creativity will be influenced by human resource management practices implemented in a company. This statement is supported by opinions expressed by Kaya et al., (2014) and Singh (2009), who in their research found that the practice of human resource management has a positive and significant influence on the culture of adhocracy. The company's performance itself is also known to be partially influenced both by human resource management

practices (Zehir et.al., 2016; Ferguson and Reio Jr., 2010; Kim and Ployhart, 2014; Hanci-Domnmez and Karacay; 2019; Buller and McEvoy, 2012; Katou 2008 and Melinda 2006) as well as by the culture of adhocracy (Naranjo-Valencia et al., 2015; Pickles and Pickles, 2014).

**H3: Adhocracy culture mediates the influence of Human Resource Management Practices on Company Performance**

Market culture is a culture that places plans and goals to achieve productivity and efficiency (Karanja, 2014). A strong culture of providing the necessary structure and control, without having to rely on a stifling formal bureaucracy that can suppress the growth of motivation and innovation, will trigger an increase in company performance. Empirical studies conducted previously state that there is a positive and significant influence of market culture on company performance (Pickles and Pickles, 2012). The company's performance is also known to be influenced by human resource management practices (Zehir et.al., 2016; Ferguson and Reio Jr., 2010; Kim and Ployhart, 2014; Hanci-Domnmez and Karacay; 2019; Buller and McEvoy, 2012; Katou 2008 and Melinda 2006). In addition, human resource management practices are also known to have a significant influence on market culture (Kaya et al., 2014; Singh, 2009). Therefore, it can be said that human resource management practices can affect company performance both directly and through market culture. By looking at the description of the results of previous studies which are still relatively rare and the results are varied, the hypotheses of this study are:

**H4: Market Culture mediates the influence of Human Resource Management Practices on Company Performance**

Hierarchy culture emphasizes information management and communication as a means to achieve stability and control (Karanja, 2014). On the other hand, management of corporate culture, which is a stage that manages values that are designed to be a corporate culture to ensure that the process of internalization and practice of human resource management is successful so that it can improve company performance is also very necessary. This condition is supported by several studies proposed by Acar and Acar (2014) which state that the culture of hierarchy influences company performance.

Then also supported research that discusses the connectedness of human resource management practices on company performance which is shown from the results of research presented by (Zehir et.al., 2016; Ferguson and Reio Jr., 2010; Kim and Ployhart, 2014; Hanci-Domnmez and Karacay; 2019; Buller and McEvoy, 2012; Katou 2008 and Melinda 2006) which generally stated that human resource management practices affect company performance.

Therefore, it can be said that the practice of human resource management can affect company performance both directly and through a culture of hierarchy. By looking at the description of previous research results which are still relatively rare and the results are varied, the hypotheses of this study are:

**H5: Hierarchy Culture mediates the influence of Human Resource Management Practices on Company Performance**

**II. METHODS**

This study applies a survey method that is involved by distributing questionnaires to respondents, namely employees who occupy two important positions, namely directors and echelon 1 who work at 20 subsidiaries of PT Semen Indonesia. Data collected in this study were then analyzed using structural equation modeling (SEM) with SmartPLS version 2.0 software. Meanwhile, the measurement of variables constructed as a questionnaire can be shown in table 1 below.

**Table 1. Research Instrument Grid**

Variable	Indicator	Notation	Source
HRM (X)	The use of recruitment methods	X1	Mutua, et al. (2012)
	Criteria in selection	X2	
	Propensity in selection	X3	
	Recognition	X4	
	Performance based payments	X5	
	Work life balance	X6	
	Carry out training need analysis (CNA)	X7	
	Suitability of training with performance	X8	
	Measurement of training effectiveness	X9	
	Emphasis on learning	X10	
	Employee relations with organizational goals	X11	
	A sense of belonging from employees towards the company	X12	
	Growth at a positive rate of growth in the company's sales	Y1	
	Sustain stage, the results of operations can sustain company operations.	Y2	
	Harvest, the company can maximize the acquisition of production activities	Y3	
	Harvest, the company can maximize the acquisition of production activities	Y4	
	The rate of acquisition of new customers, is a measure to see the number of new customers the company	Y5	
The ability to retain old customers, is a measure of the number of old customers the company has	Y6		
The level of customer satisfaction, is a measure of the level of customer satisfaction for services provided by the company	Y7		
The level of profitability, is a measure of the level of company profits from the sale of products or services to customers	Y8		
Product attributes, a measure of function, price and product quality in describing the level of production efficiency	Y9		
Relationship with customers, is the company's level of flexibility in meeting the wants and needs of customers	Y10		
Corporate image and reputation, is an assessment related to company conditions in accordance with customer perceptions	Y11		
Innovation, the company innovates in terms of the production process to meet the needs of customers and companies	Y12		
The operation process, is the company's effort to process raw materials into products that are ready to be delivered to customers effectively and efficiently	Y13		
The process of delivering products or services to customers, is a stage that is passed after the company has succeeded in producing products or usually referred to as after-sales activities	Y14		
The company provides training and development to improve employee competencies	Y15		
The company provides training and development to increase work motivation	Y16		
The company provides training and development to improve employee discipline in complying with company regulations	Y17		
Clan Culture (Z1)	The company is a very private place, like another family	Z11	Kaplan and Norton, Ravi and Sagala (2009)
	Leadership in the company provides examples and assistance	Z12	
	The company's management style focuses on working in teams	Z13	
	This company is organized through loyalty and mutual trust	Z14	
	The company emphasizes human development and participation	Z15	
	The company defines success as commitment and care for others.	Z16	
	The company is a very dynamic and innovative place and willing to take risks	Z21	
Adhocracy Culture (Z2)	Leadership that provides an example for innovation.	Z22	Cameron and Quinn, (2010), Ranghuti, (2015)
	This management style is characterized by freedom, and uniqueness	Z23	
	This company is held together with innovation and development	Z24	
	The company emphasizes getting new resources and creating new challenges	Z25	
	Success is interpreted as being unique in the presence of new resources	Z26	
	This company is very results and achievement oriented	Z31	
	Leadership that has a broad focus and results oriented	Z32	
Market Culture (Z3)	A management style characterized by high demands and achievements	Z33	Cameron and Quinn, (2010), Ranghuti, (2015)
	The company emphasizes the achievement of goals and achievements	Z34	
	The company values group actions and achievements	Z35	
	The company defines success based on group success	Z36	
	The company's management style emphasizes stability and clear predictions	Z43	
Hierarchy Culture (Z4)	This company is a very controlled company through a clear company structure	Z41	Cameron and Quinn, (2010), Ranghuti, (2015)
	Leadership in this company exemplifies the need for efficiency	Z42	
	The company's management style emphasizes stability and clear predictions	Z43	
	The smooth running of the company is very important in the company	Z44	
	The smooth running of a company can be created if supported by clarity of regulations and good formal policies	Z45	
The success of a company is determined by the existence of efficiency	Z46		

**III. RESULT AND DISCUSSION**

The results of the processing of SmartSmart PLS software version 2.0 show, Inner model measurement which is a measurement of interdependent relationships between latent variables. Measurement of the inner model is done by evaluating the path coefficient (path coefficient) and coefficient determination. Path coefficient evaluation is used to show how strong the effect or effect of the independent variable is on the dependent variable. Based on the Inner Model Measurement picture, it

can be explained that the results of the path coefficient produced indicate that the influence exerted by human resource management practices (X) on each type of company culture and performance company (Y) is positive. Similarly, the effect of each type of culture on company performance (Y) is positive. The greatest path coefficient value is indicated by the effect of human resource management practices (X) on clan culture (Z1) of 0.579, then the effect of human resource management practices (X) on adhocracy culture (Z2) of 0.574, followed by the influence of human resource management practices (X) to market culture (Z3) of 0.561; the influence of human resource management practices (X) on cultural hierarchy (Z4) of 0.573; and the influence of human resource management practices (X) on company performance by 0.543.

The type of corporate culture that has the most influence on company performance is the culture of hierarchy (Z4) of 0.409; followed by clan culture type (Z1) of 0.161; market culture (Z3) of 0.033; and adhocracy culture (Z2) of 0.031. Thus, the type of culture that has the most influence on company performance (Y) is the type of culture that emphasizes clarity, rigidity, and regularity of systems and procedures in the company.

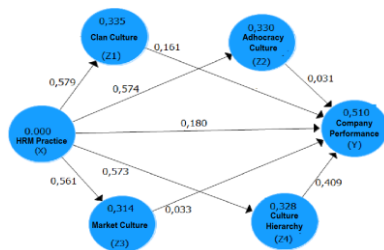


Fig. 2 Inner Model Measurement

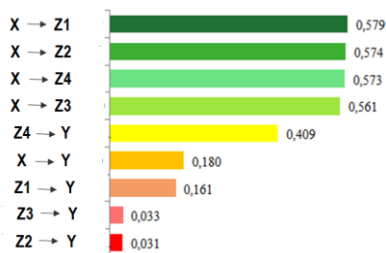


Fig. 3 Path Coefficient Based on High to Low Sequence

Based on the results of these statistical tests, the verification of the hypothesis in this study can be explained as follows:

1. Based on the results of statistical tests it is known that the practice of human resource management has a positive influence on company performance. However, this positive effect is not significant, because the path coefficient ( $\beta_1$ ) of 0.180 has a statistical t value of 1.676 which is smaller than the specified cut-off value of 1.96 (t statistics  $1.676 < 1.96$ ). Based on the results of the study which shows the absence of significant influence between human resource management practices

on company performance directly, it is necessary to test other variables that can provide an explanation that there are other variables that can mediate the effect of human resource management practices on company performance.

2. This study shows that clan culture has no role in mediating the effect of human resource management practices on company performance. This is supported by statistical calculations that show that the resulting sobel value is  $\beta_{10}$  of 1.188 with a significant value of 0.118. The magnitude of the  $\beta_{10}$  value is not significant, because the significant value of 0.118 is greater than the cut-off value specified ( $\alpha$  count  $0.118 > 0.05$ ). Thus, although the practice of human resource management has a positive and significant influence on clan culture ( $\beta_2 = 0.579$ ; t statistics =  $7.788 > 1.96$ ), but the positive influence of clan culture on firm performance is not significant ( $\beta_6 = 0.161$ ; t statistics  $1.194 < 1.96$ ). These results can be explained that the clan culture is not able to continue the positive influence given by human resource practices on clan culture to improve company performance. The results of this study are in line with previous studies that also partially test, and prove that although clan culture has a positive influence on company performance, the effect is not significant (Yesil and Rich, 2013).
3. The results of this study indicate that the culture of adhocracy does not play a role in mediating the influence of human resource management practices on company performance (sobel statistical value  $\beta_{11} = 0.207$ ;  $\alpha$  arithmetic  $0.418 > 0.05$ ). This is because although the culture of adhocracy is positively and significantly influenced by the practice of human resource management ( $\beta_3 = 0.574$ ; t statistics =  $7.246 > 1.96$ ), the culture of adhocracy does not significantly affect company performance ( $\beta_7 = 0.031$ ; t statistics  $1.194 < 1, 96$ ). The insignificant influence of the culture of adhocracy on company performance was previously explained by an empirical study conducted by Yesil and Rich (2013) that the culture of adhocracy had a positive but not significant effect on company performance.
4. The results of this study indicate that market culture does not play a role in mediating the effect of human resource management practices on firm performance (sobel statistical value  $\beta_{12} = 0.232$ ;  $\alpha$  arithmetic  $0.408 > 0.05$ ). This is because although market culture is positively and significantly influenced by human resource management practices ( $\beta_4 = 0.561$ ; t statistics =  $6.691 > 1.96$ ), market culture does not significantly affect company performance ( $\beta_8 = 0.033$ ; t statistics  $0.230 < 1, 96$ ). The insignificant influence of market culture on company performance was previously explained by an empirical study conducted by Yesil and Rich

- (2013) that market culture has a positive but not significant effect on company performance. Thus, the results of this study enrich the empirical studies that have been carried out related to the influence of market culture on company performance, in which there are states that have positive and significant influence (Pickled and Pickled, 2012) and there are those that have negative and significant influence (Naranjo-Valencia et al. , 2015; Lee and Kim, 2017).
5. The results of this study indicate that cultural hierarchy plays a role in mediating the effect of human resource management practices on company performance (statistical sobel value  $\beta_{13} = 2.752$ ;  $\alpha$  arithmetic  $0.003 < 0.05$ ). This is because hierarchy culture is positively and significantly influenced by human resource management practices ( $\beta_5 = 0.573$ ; t statistics =  $6.789 > 1.96$ ), and hierarchy culture influences company performance positively and significantly ( $\beta_8 = 0.409$ ; t statistics  $2.995 < 1.96$ ). The results of this study are in line with empirical studies conducted by Acar and Acar (2014) which state that in companies in general and in public companies, the cultural hierarchy has a positive and significant influence on company performance, both performance in quality, service performance, and financial performance.

#### IV. CONCLUSION

Based on the results of research that has been done, the researcher can conclude that:

First, the practice of PT Semen Indonesia Group's human resource management has a positive influence on the company's performance of PT Semen Indonesia Group. However, this positive effect is not significant. The high contribution of training and the low contribution of performance management to the variable practice of company performance PT Semen Indonesia Group has the nature of supporting the insignificant influence of the variable human resource management practices on company performance in this study. That is, in practice human resource management is good but has not been able to contribute to supporting company performance improvement. Based on the results of research showing no significant influence between human resource management practices on company performance directly, it is necessary to test other variables that can provide an explanation that there are other variables that can mediate the effect of human resource management practices on company performance.

Second, clan culture in the PT Semen Indonesia Group does not play a role in mediating the effect of human resource management practices on the company performance of PT Semen Indonesia Group. That is, clan culture is not able to continue the positive influence exerted by human resource practices on clan culture to improve company performance at PT Semen

Indonesia Group. Characteristics of loyalty and mutual trust as indicators of internal clan culture in the employee's personality are not directly proportional to the company's performance indicators, namely profit growth. This is because employees who are loyal and trust each other do not necessarily contribute significantly to the achievement of company profits. Therefore, the clan's cultural characteristics ultimately do not directly affect company profitability, but rather the balance, tolerance, and comfort of relations between employees.

Third, adhocracy culture does not play a role in mediating the effect of human resource management practices on company performance at PT Semen Indonesia Group. That is, the culture of adhocracy is not able to continue the positive influence exerted by human resource practices on the culture of adhocracy to improve company performance at PT Semen Indonesia Group. Characteristics of a unique management style provide free opportunity to argue as an indicator of internal culture adhocracy in the personal employees is not directly proportional to the characteristics of company performance indicators that are profit growth. This is because the unique management style and freedom of opinion within the company do not necessarily lead to activities that can directly drive the achievement of company profits. In a state-owned company, a management style that emphasizes the existence of activities that inspire and motivate employees in constructive and creative activities does not show a significant correlation with the company's financial performance.

Fourth, market culture has no role in mediating the effect of human resource management practices on company performance at PT Semen Indonesia Group. That is, market culture is not able to continue the positive influence exerted by human resource practices on market culture to improve company performance at PT Semen Indonesia Group. The insignificance of this influence could be due to the group's achievements not necessarily reflecting the company's achievements. Market culture is known to prioritize business competition as an orientation to the creation of corporate values. So as to create a very thick competitive atmosphere, both against business competitors and within the company's internal scope. Thus there will be differences in industry performance based on the performance of each group. The difference in performance occurs because each group has a different level of effectiveness.

Fifth, hierarchy culture plays a role in mediating the influence of human resource management practices on company performance at PT Semen Indonesia Group. It means that the culture of hierarchy is able to continue the positive influence given by the practice of human resources to the culture of hierarchy to improve company performance at PT Semen Indonesia Group. When a company has a leader who provides clear decisions, the existence of regulatory standards and procedures, control, and

accountability mechanisms that are valued and valued as the key to success, formalized standards, there is a clear work structure then all members of the organization can be controlled by work procedures, so as to maintain or maintain the organization so that it can move smoothly. Thus, the smooth running of the company with the support of clarity of regulations and policies will improve the performance of the company, especially in terms of achieving company profits.

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