

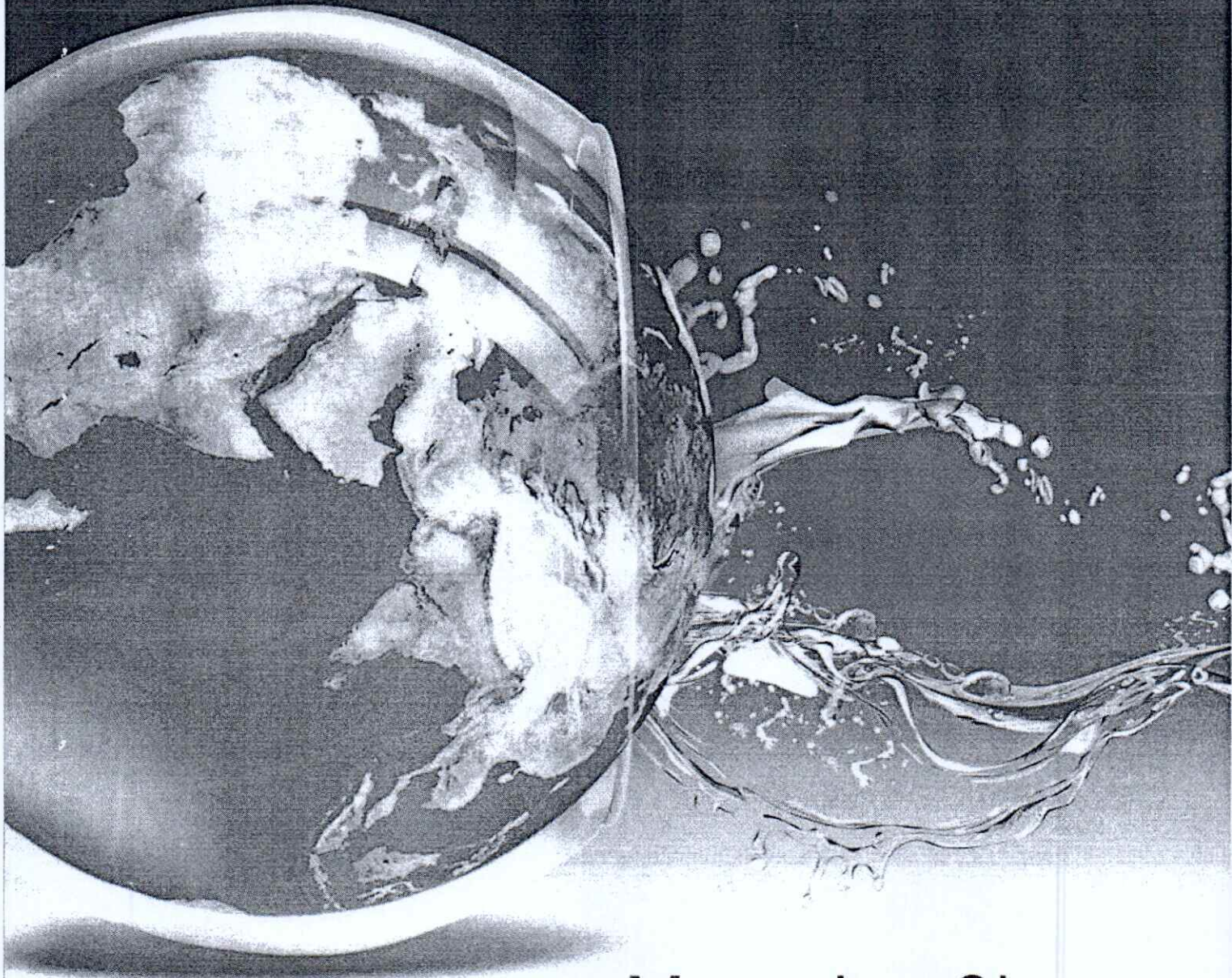


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Diversity Management in Multinational Corporation: The Study of Diversity Management at PT Schlumberger Geophysics Nusantara

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Abstract:

The cultural diversity of organizations is a positive strength in achieving the organization's goals if it is managed properly through the diversity management. This management employs the multiculturalism paradigm. PT Schlumberger Geophysics Nusantara practices this kind of management. This research aims to explore the diversity management by using phenomenology method. The results showed that the diversity management was undertaken through the development adaptive attitudes and perspectives that accept the cultural diversity. This effort was supported by the communication code of conduct. The research concluded that a proper management of the cultural diversity could support the work ability of employees in providing excellent services to clients. The research also concluded that the diversity management has strengthened the cohesiveness of the team which consists of employees with different nations and genders.

Keywords: cultural diversity, diversity management, multiculturalism paradigm, code of conduct.

1. Introduction

Cultural diversity can be strength of the organization. An organization can set an agenda to fight for diversity that determines the character of the organization. Cultural diversity can be considered as cultural variety within the organization. Diversity, indeed, can be the strength of the organization as long as it is well managed as it is done by PT Schlumberger Geophysics Nusantara (Schlumberger).

As a multinational company which is based on *international teamwork*, Schlumberger seeks to reflect the belief that diversity can spur the creativity and collaboration of the company. Based on that basis, Schlumberger employs a staff with different nationalities and different cultural backgrounds. The concept of *international teamwork* implies the existence of the need for their ideas, experiences, and perspectives from the cultural diversity of the employees. Thus, a mindful understanding will be achieved towards the needs of the client.

Besides having the potential strength, cultural diversity also has a weakness, namely the potential for conflict. For example, stereotyping can be a source of conflict among groups, which could interfere with the effectiveness of the organization in achieving its goals. This kind of potential conflicts needs to be managed not to appear and so the strength of diversity precisely arises. Management itself is referred to as the management of cultural diversity. Management is can be used not only to manage diversity in the organization, but also considered to be able to create synergy between the organization and the *global* work conditions, and can maximize the potential of its workforce in order to achieve organizational goals. The implementation requires multicultural paradigm.

This paper presents the results of the research on the cultural diversity management at PT Schlumberger Geophysics Nusantara. The formulated research problem is how the picture of diversity management in that multinational enterprise. The goal is to seek an understanding of diversity within the organization. The academic benefits that can be taken are to contribute to the implementation of diversity management in organizations with cultural diversity, while the practical benefits are providing the portraits of cultural diversity management at PT Schlumberger Geophysics Nusantara.

2. Theoretical Framework

Constructivism as the Research Paradigm

The research is based on a constructivist paradigm. This paradigm brings the researchers to conduct a direct inquiry toward the social actors in order to gain an understanding of how people create and maintain their social world. Ontologically, constructivism treats the reality as a social construction of truth. Epistemologically, constructivism considers the reality as a product of the interaction between the researcher and the thing which is researched, while, constructivism axiologically treats values, ethics, and moral choice as an integral part of the research. Meanwhile, in the methodological dimension, constructivism emphasizes empathy and dialectical interaction between researchers and research subjects.

The nature of the knowledge gained through the inquiry forms in reconstruction of individual ideas blended with the social environment. According to Guba and Lincoln (Denzin and Lincoln, 1994:112), the accumulation of knowledge suggests that the reconstruction of the thought pretends to be the experience of the researchers themselves.

Interpretive Approach in Communication and Organization Studies

Interpretive approach is included in constructivism. In the study of communication and organization, interpretive approach focuses on the study of meaning in the social actions of the organization. There are three assumptions about the nature of interpretivism reality. First, the social reality is constructed through words, symbols, and behavior of its members. Second, abstraction is seen as an act of transformation of the concrete forms into the symbolic ones. There are related patterns that indicate the dynamic of social relations. Third, the individual has a free choice to interpret the actions of the organization, so it plays an important role in constructing its organizational reality. Interpretivity is a managerial bias-free approach because it recognizes the perspective of subordinates and superiors.

This research aims to generate an understanding of the events and practices of the organization. The researcher gives the meaning to the reality of an organization built by the social actors. There are three types of meaning, namely subjective, intersubjective and consensual meaning. Subjective meaning refers to an individual interpretation. Intersubjective meaning is the relationship between beliefs, attitudes, and interpretation of the individual within the organization, while the consensual meaning refers to the perspective of researcher and social actors.

Cultural Diversity Management in an Organisation

Management of cultural diversity in organizations is the organization which is implemented through planning and implementing organizational systems and practices

implementations in order to maximize the benefits of cultural diversity in the organization and to reduce potential losses to a minimum point. In addition, it is also to maximize the ability of all members of the organization in order to contribute to the achievement of organizational goals.

This management application requires the multicultural paradigm. According to Cox (1994:229), the organization will be multicultural if it can put a value on cultural diversity in it. Its characteristics are (1) there is an organizational culture that supports and provides the value to the cultural differences, (2) admitting the pluralism as a process of acculturation, (3) there is a structural integration, (4) there is structural integration, (5) there is an informal network integration, (5) There are no cultural biases which are institutionalized in both the system and practice of human resource management, and (6) there are few conflicts between groups.

There are three issues that are facilitated by the management of diversity, which are first, moral objective, ethical, and social responsibility. Second is on official duties, and third on the objectives of the economic context. This management is done by understanding the diversity factors at the individual, group, intergroups, and organizations. At the individual level, personal identity is associated with the group identity. The identity of the group is an affiliation between individuals and others. Group and intergroup factors affect the organization. Micro culture brought by the group norms provides an alternative system for the organization. Therefore, knowledge is essential for understanding intergroup cultural diversity within the organization. Another important understanding should be done toward the acculturation, structural integration, informal integration, and institutional bias. Acculturation refers to the process to solve the problem of cultural differences, cultural change, and adaptation between groups. Meanwhile, the structural integration refers to the level of heterogeneity in the formal structure of the organization, while informal integration is the participation in informal groups.

3. Research Method

This study uses phenomenology method. Phenomenology places human beings who are the creature who creates the meaning for the world. Through these activities, people actively construct their world (fortune, 2011:140). The research subject consists of the management elements and the employees' element. In-depth interview technique is used in collecting the data using. The interview process includes the step of asking, interpretations, conclusions, inspection, and verification. In the meantime, the data is processed using a coding system, that it is the organization of the data according to the research concepts and *indigenous* concepts. Once the data is processed, the explanation is done by researchers by synchronizing between the views of researcher (ethic) and local wisdom (emic).

4. The Result of The Research

Organization General Profile

PT Schlumberger Geophysics Nusantara Indonesia-based company is a subsidiary of Schlumberger Limited (SLB), which operates in several countries around the world. This company is a service company that is engaging in providing technology, information solutions and integrated project management. The company serves customers engaging in the oil and gas, as well as oil fields. From the diversity of its

employees, SLB employs about 108,000 people from 140 countries and works in 80 countries.

Two business segments developed by SLB is Schlumberger Oilfield Services and WesternGeco. The first segment include providing drilling products and services, while the second one provides data processing services. SLB main offices are in Houston, Paris, and The Hague. Meanwhile, the management of its is business conducted in 33 areas called geomarket and are in four geographic regions, namely North America, Latin America, Europe, and Africa; Middle East, and Asia.

Diversity Profile in Schlumberger

The strength of this company is the diversity of the workforce which is from various nationalities and gender with different cultural backgrounds. The focus of this diversity began in 1994. This variety comes from the recruitment of human resources from different nations, both men and women. One thing that is interesting is that the company has managed to attract and develop the *nonwestern* nationality workforce. The nationalities in the SLB are divided into Europe, CIS and Africa (34%), North America (24%), Middle East and Asia (24%) and Latin America (18%) ([http://www.slb.com / about / guiding principles / diversity.aspx](http://www.slb.com/about/guiding_principles/diversity.aspx) accessed on May 7, 2011).

In the meantime, in the context of gender diversity is seen in the development of recruitment of women as employees. In 1990 there was 15% of the total recruitment of women, and in 2005 it increased to 20%. In 2010, at the management level, 20% are women. It can be read as an opportunity for women to pursue a career in the SLB. The proportion of women in the SLB recently are 23 managers from 11 countries, 9% are women. In the short term, out of 45 managers from 19 countries, 13% of them are projected women. Meanwhile, in the long run, out of 79 managers from 22 countries, 23% are projected to be occupied by women.

Diversity in Management Interpretation

In the interpretation of the management, diversity is strength of the organization at Schlumberger. There are four reasons why diversity is considered as strength. Firstly, companies need employees from different cultures in order to provide the best service to customers who come from diverse cultures as well. Secondly, Schlumberger believes that employees from different cultures can build adaptive attitudes they can be placed in any country or deal with any client. Thirdly, the diversity Schlumberger employees are expected to grow the business in their own country, so that their career was able to reach the highest level. Fourth, the diversity will provide better performance and ideas that can bring the success to the company.

Diversity in the Employees Interpretation

The diversity at Schlumberger is interpreted differently by employees. They put more emphasis on the source of the difference. According to employees, the source of differences is nationality, gender, educational level, educational background, and ethnicity.

In terms of nationality, employees' recruitment is done by the system of nationality. It means that Schlumberger Indonesia is responsible for national quotas in Indonesia. Schlumberger in Indonesia has the right to recruit employees with Indonesian nationality to be placed in Indonesia and abroad. In addition to sending employees Indonesia, Schlumberger Indonesia receives expatriate employees hired by

Schlumberger from other geomarket. It is recognized that the difference is primarily located in nationality and gender.

To appreciate the difference, Schlumberger provides quotas for women to have the same employment opportunities as men. Thus, working in the oil industry, considered a masculine job, provides equal opportunities to the women for a career.

In the background of education, Schlumberger does not only recruit graduates from oil major, but also other disciplines, such as mechanical engineering, and so on. Meanwhile, for the differences in the level of education, most of the employees at the operator level Schlumberger derived from the technical vocational school and Diploma graduates. Others were on the level of *engineer* with Bachelor's and Master's education, while Research and Development of the employees is charged with doctoral levels.

The level of education will affect the type of work that is dealt by employees, while working length effects on *grade*. A conducive organizational climate can manage tensions of the employees who work together to set the long-time employee with a higher *grade* who have more working experience because of longer experience. Meanwhile, ethnic differences are not too visible. Ethnic differences are only visible when the interaction occurs only among Indonesia. People from other countries do not pay attention to ethnic differences.

Diversity Management at Schlumberger

Schlumberger manages diversity to be a positive strength of the company. There are five management systems, which is going along the rule; mentoring; orientation program; training, and staffing policies in different countries as well as the placement of employees in different teams.

First, the management with the product rule. The company publishes rules for each employee in order to appreciate the difference, i.e. the code of ethics. Code of conduct is an outline of the rules that guide the behavior of employees, in decision-making, business management, and other employment practices. In the code of ethics, it is stated that the company's strength lies in diversity. All employees are expected to be able to treat others in a professional manner based on respect, trust, and individual self-esteem. The Company does not tolerate violence in any case. This is a consequence of the recruitment and development of human resources from different nationalities and gender matter.

From Guidelines Principles of Personnel documents it appears that Schlumberger emphasizes the importance of the promotion of the diversity of nationality, culture, gender, and differences in thought. It is suitable with Schlumberger's business strategy, which is to develop a global culture with equal opportunities for men and women of all nationalities to form a strong working team for being a better company.

In the document, it is also mentioned that everyone is valued for their unique abilities. With these principles, the company ensures that all employees feel respected and valued. The company does not require employees releasing his identity, which is important to contribute your thoughts and creativity to strengthen the team.

Schlumberger's code of conduct puts pressure on values diversity and encourages employees to incorporate these values into the working life. One of the issues that are set in the code of conduct is about sexual harassment.

Rules on sexual harassment are based on the idea that the basic element of business strategy is the development of a global culture. This culture allows men and women with different nationalities to be able to work together based on the strength of cultural diversity. Thus, the wake of a successful international team is built for the company success.

The sexual harassment which is not tolerated includes such things:

1. Words or statements that have sexual connotations.
2. All verbal and non-verbal forms that are intended to intimidate others.
3. Personal decisions which are related to the promotion, compensation, and so on based on the sexual consideration.
4. Misplaces sexual humors

All complaints and statements regarding to sexual abuse are done in a manner that ensures the confidentiality of the complainant and it is followed by an investigation of the case. Policies and procedures which are suitable with the principles of the basic principles in its implementation have always been communicated to all units in Schlumberger.

Code of conduct is designed to support the values developed at Schlumberger. The company deliberately set high standards and is consistent for all employees, no matter their position or where they work. For Schlumberger, the code can support various company policies, standards, guidelines, and business processes, and procedures. The point is to give companies the obligation and responsibility for employees to communicate ethically. The code of conduct that serves as guidelines for everyday behavior can eventually become the identity for Schlumberger.

In the code of conduct, it is stated that to understand ethics, employees do not only comply with the rules of the company, but also understand that the company's decision will affect others who are not involved in the company. Through that understanding, the company's business is expected to be guided to continue conducting business by abiding laws and regulations. In addition, it is also mentioned that Schlumberger is not subject should obey the laws and regulations in the countries where it operates. The Company must maintain the trust and respect for fellow employees, clients, and other *stakeholders*.

Second, companies do mentoring to new employees to accelerate their adaptation. The Company has an employee development system that requires new employees to be guided by experienced employee. Mentoring system will speed up the process of adaptation to the corporate culture.

Thirdly is employee orientation program on different cultures. This program is to prepare employees to know the corporate culture that values differences. Before signing a contract, employees who do not fit the culture of the company may resign. Fourth, training and placement of employees in different countries. Employees should receive training in the various countries. Fifth, the placement of employees in different teams, by putting employees into teams that each time the individual members can be moved to other teams, so it can familiarize employees to work in teams with the composition of the fluid. Therefore, they can take a positive stance on the difference. *Stereotyping* on the different cultures is formed through the interaction for the positive purpose. *Stereotyping*, then, is used to predict the way how to work with employees from different cultures.

The reality of conflict in Schlumberger tends to occur because of different opinion, not because of the differences of nationality or stereotype problem. In facing the conflict, the company has always insisted on the priority of the organization, namely competence. This is because competence is the reason why a person can be recruited as an employee, not because of a particular country or a particular gender. Competence is emphasized, while the gender is associated with the concept of gender equality that has become a global issue, and it is a concern of Schlumberger on the issue. Meanwhile, for the recruitment based on nationality, Schlumberger in Indonesia is subjected to regulation by the Department of Labor and it is based on the company needs. Schlumberger has a policy of hiring employees based on the need for Indonesia. Companies in Indonesia can recruit domestic workers and to ask for Schlumberger in other countries to recruit expatriates. Meanwhile, the demands in other countries on Indonesian employees will be mediated by the recruitment in Indonesia for the international placement.

5. Analysis

Diversity management is the management of the organization that carried out by planning and implementing organizational systems. Schlumberger implement it by creating a system of rules, *mentoring*, orientation programs, and policies in the training and placement of employees.

From the theoretical side, it can be argued that the system developed in the company is the company's efforts to maximize profits and reduce any potential loss of cultural diversity in the organization as minimum as it can be, which significantly raised the goal to maximize the actualization of the ability of employees to contribute to corporate goals .

At Schlumberger, diversity in cultural backgrounds which are primarily derived from nationality and gender are the implications of corporate objectives which are set out in the Personnel Guidelines Principle. Purpose concerning the nationality is in order to give the best service to the clients of the company. Schlumberger clients come from various countries as well as diverse nationalities. This national background has implications on cultural differences as well. Meanwhile, the different cultural backgrounds will result in different ways of communicating. These different methods of communication will then be the identity of someone's culture.

One thing that can happen is that the company and the *stakeholders* are different in the use of symbols and the meaning because of different cultures. Therefore we need employees from various nationalities for the company to communicate effectively with clients. Employees whose cultural background is similar to a client can be an effective communicator for the company.

In the meantime, the goal related to gender aspect is because Schlumberger is the company that wants to develop ideas from various perspectives. Female perspective is needed to make the male perspective in balance. In addition, an image of the company will be positive because of concerning about global issues, such as gender issues. Schlumberger is known as a company that provides opportunities for women to pursue a career as for men.

The application of the cultural diversity requires a multicultural paradigm in the organization. Schlumberger can be stated to be a multicultural organization. The company provides high value on the diversity of cultures that exist in it. It appears in the corporate culture that encourages fair employment practices worldwide and offer equal

opportunities for all employees. This commitment is embodied in a code of conduct that emphasizes the values of diversity and encourages employees to internalize the values through programs and policies of the company, such as mentoring, orientation, and placement in different countries and different teams.

Learning from diversity management cases performed in Canada or in other countries, it can be argued that the issue of diversity can be attributed to globalization. It is like the study launched by the Conference Board of Canada in 2011. The study concluded that by the exertions of different ethnic workers can make the company lucky. The report stated that the achievement over the global benefits can increase the export figures. The key to entering the international market is garnering international workforce that can help those Canadian companies entering international markets.

(http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

The same occurred to the Ford Company. Ford has a factory, assembles and sells facilities in 34 countries and distributes vehicles through a network of more than 10,500 dealers in more than 200 countries. According to Alex Trotman, the chairman and CEO of Ford Motor Company, it's important for people to understand the different tastes of consumers around the world. Therefore, by the global performance, the work mobilization should also be global.

(http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

Helmut Eppich, the founder and chairman of Ebco Industries also made the statement that the world has been encouraged to think globally. This thing which is encouraged to think about multiculturalism (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

Therefore it can be said that it is necessary to overcome language barriers to control various aspects of culture, to attract the best employees across demographic and to strengthen the good confidence of investors in hiring labor in Canada and the United States.

In the meantime, related to diversity management through the management of such words which are contained in the communication code of conduct at Schlumberger lessons can be drawn from the working environment of IBM. IBM working environment should be free from harassment based on sex or sexual orientation, racial or ethnic origin, religion, age, and those with disabilities or veterans. In order to respect and give value to diversity among IBM employees and all others involved with the IBM business, managers must be able to ensure the working environment which is free from words, and all forms of discrimination or harassment (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012). An important point in the management of diversity is the need to conduct an evaluation of the management. It is like what has been done by Xerox. Xerox has a system to monitor the results of diversity.

In the management of diversity, it is also necessary to have the accommodation of the existing diversity. In Rural Ontario, Canada, there are accommodations made for workers in the picking and hunting season. For example, Christians are not scheduled to work on Sunday, while Muslims on Fridays and Jews on Saturday, so they can carry out worship in those days (http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012).

For the training, as well as mentoring programs conducted at Schlumberger, by taking into account the case of Lucky Stores, California which is based on food ingredients business, the manager take care of the diversity training by identifying

stereotype general diversity of women and minorities. The training provides an understanding of the group reason for not being promoted too often such as based on the stereotype, black women are more aggressive and women cry more. The case was then led to the discrimination claims and employee's claims were granted ([http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses 20-07-2012](http://www.hrsdc.gc.ca/eng/labour/equality/racism_free_init...diakses%20-07-2012)). Of exposure it can be argued that the dimension of diversity in the business of the Canadian and the American is to pay attention to ethno cultural diversity, like the study directed by the Conference Board of Canada in 1994. These are examples of companies that successfully launched the idea of diversity, including Petro-Canada, Warner-Lambert Canada, Ebco Industries, Bank of Montreal and the Mouvement des Caisses Desjardins.

These are the items that can be described from Schlumberger and also from business life in other countries, namely Canada and the United States. One thing that can be learned from this exposure is that in entering global business, many multinational companies increasingly recognize the importance of diversity, and manage it in order to get the benefits of the positive effect and reducing negative effect to a minimum level.

6. Conclusions and Recommendation

Conclusions

- a. Schlumberger implements diversity management by making the rules inserted in the code of conduct. In the code of conduct, the rules related to sexual harassment are set out. It is as it existed in the workplace at IBM. This Code of conduct is designed as the outlines of the rules that guide the employees to communicate in their interactions in an enterprise environment, such as at meetings for decision-making, business management, and other employment practices.
- b. In addition to the code of ethics, there is a company policy in the form of mentoring, orientation programs, training, and employees' placement in different countries. For this training, it was done at Lucky Stores, California, in the form of training to identify stereotypes against female and minority workers.
- c. Diversity management purpose at Schlumberger is to maximize the ability of all workers to contribute to the company's objectives which are taken from the existing cultural diversity, as well as to reduce the potential loss of the diversity itself. Diversity itself is a company policy in the deployment of labor. It is like what it was done by Ford and Ebco Industries. Payable in Personnel Policy Guidelines Principle.
- d. The diversity management implication requires paradigms that underlie multicultural organization. Schlumberger, in this context, is a multicultural organization which is demonstrated through the respect for each individual with a unique identity and culture.

Recommendation

Theoretical statement of this study is that the management of diversity in organizations is carried out by making regulations to ensure the respect for individual employees with different cultural backgrounds. The researcher realizes that by using the phenomenological method, more in-depth information can actually be explored, but it is limited by the constraints time, expense, and effort. It is, therefore, recommended that further research is carried out deeper in order to obtain a better understanding of cultural diversity management at Schlumberger. Limitation in time, cost, and labor has led to

individual factors, group factors, and intergroup factors are a source of narratives of integration and acculturation in this company cannot be revealed well. In addition, the problems of adaptive integrity and acculturation itself cannot be expressed properly, so the description of the management of diversity is only on the surface.

When it is compared to other companies such as those in Canada and the United States, which Xerox's management evaluates its diversity or make accommodations such as those in Canada, is not known from this study. Therefore, practically, it can be argued that knowing portrait of cultural diversity and diversity management within the organization, is advisable for Schlumberger to be consistent in applying the code of conduct and corporate policies, as well as evaluating the existing diversity management in this company. As well as always being innovative in diversity management by learning from other companies around the world.

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