



# **Managing ethnic diversity in a multinational organization**

The perception on the influence of ethnic diversity on individual and team performance of employees in FrieslandCampina Jakarta

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173519

December 2015

**Master Thesis in Management of Cultural Diversity**

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## Abstract

The Netherlands and Indonesia share a rich and tumultuous history. Many Dutch organizations today were already active in Indonesia, more specifically Jakarta, in early 20<sup>th</sup> century. One of them is FrieslandCampina; a company specialized in milk products. Even though FrieslandCampina has years of experience in working in this foreign country, in today's world of extreme globalization and mixed identities, it is important to consider the influence of ethnic diversity and how this affects the performance of employees within a multinational organization. Therefore, the topic of this research is the influence of ethnic diversity among employees of FrieslandCampina Jakarta. The research question of this research is: *What is the perception of middle level and higher level management employees of FrieslandCampina Jakarta on the effect of ethnic diversity on the individual and group performance of these employees?* The aim is to investigate whether ethnic diversity has an influence on the employees, if it affects their individual and group performance, and if FrieslandCampina Jakarta has or needs a policy on ethnic diversity. Data collection will take place by means of conducting semi-structured interviews.

**Key Terms:** Cultural/Ethnic Diversity, Individual/Group Performance, Policy

Word count: 30,650



## Preface

This research is the final product of the thesis project supported by the Frans Seda Foundation. The project involved several months of data collecting in Jakarta and several months of writing the actual thesis in Tilburg. I would be lying if I said it was easy. Nonetheless, I feel very lucky to have had this opportunity and therefore I would like to thank the Frans Seda Foundation for handing me the resources and their support to do this project. A special thanks to board members Dolf Huijgers and, in particular, Jaap van Gent, who not only supported this project but also helped me get in touch with FrieslandCampina.

I would also like to take this opportunity to thank several people who guided me and have given me confidence during this process. First of all, I would like to thank my supervisor Prof. Dr. H.L. Beck for his advice, his patience, and his encouragements. I would also like to thank my second supervisor and reader, Dr. H.G. Siebers, for the help, support and his inspiring lectures. I furthermore want to thank FrieslandCampina Jakarta for letting me into their organization. A special thanks to Andrew Saputro and Sri Megawati who helped me to get in touch with the respondents. My deepest gratitude also for the respondents who have given me their trust and answers. I furthermore would like to thank Wim and Nunung van der Vusse for opening their home to me and allowing me to stay with them during my first week in Jakarta. I would also like to thank my wonderful parents Peter and Diana Hetem, for their unconditional love and support. And last, but definitely not least, I would like to thank my boyfriend Bart Jensen for his patience during the times of frustration and his encouragements to never give up.

After six years full of ups and downs, my academic career has come to an end with this thesis. I am ready to start a new episode of my life.

I wish you a pleasant and inspiring reading.

Michelle Hetem

December 2015, Gendt



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# 1. Introduction

## 1.1 Research problem

The Netherlands and Indonesia share a rich and tumultuous history. At the end of the 16<sup>th</sup> century, the first Dutch merchant ship under the leadership of Cornelis Houtman reached the Indian Archipelago (Furnivall & de Graeff, 1944). This first voyage turned out to be successful and within five years the Dutch returned to the Indian Archipelago with fourteen fleets, 65 ships in total. This marked the start of the formation of the East India Company, or ‘VOC’ in Dutch, (Furnivall & de Graeff, 1944), a chartered company with a monopoly to carry out activities in Asia. The VOC was a successful company for several hundred years and during this period many Dutch men and women settled in Indonesia. In 1816, after the VOC was terminated, the Indian Archipelago was changed to Netherlands Indies (‘Nederlands-Indië’) which was the official name of all, by the Dutch state, colonised areas in the Indian Archipelago. With the opening of the Suez Canal in 1869 it became more profitable to extract raw materials and export them to the Netherlands. Although the Dutch saw the indigenous people as inferior, they felt responsible for them at the same time. The Dutch culture and its norms and values were therefore introduced. This civilization and emancipation resulted in indigenous people demanding a place in the government of Netherlands Indies (Furnivall & de Graeff, 1944; Palmier, 1962; Gouda, 1995). However, it was the invasion of Japan during the Second World War and their reign of terror that marked the starting point of an independent Indonesia. The occupation lasted over three years, but eventually Japan capitulated on August 15<sup>th</sup> in 1945. Two days after the capitulation, on August 17<sup>th</sup>, the nationalist leaders Sukarno and Hatta declared Netherlands Indies independent and Sukarno became the first president of the Republic of Indonesia. After a while, Sukarno changed from a democrat to an authoritarian leader and during his reign, many Indonesians fled to the Netherlands (Furnivall & de Graeff, 1944; Palmier, 1962). In attempting to commit a coup, a self-proclaimed organization of Indonesian National Armed Forces members assassinated six Indonesian Army generals in the early hours of 1 October 1965. This organization was called the ‘Thirtieth of September Movement’, later known as ‘G30S’ or ‘Gestok’. By the end of the day, the coup attempt had failed in Jakarta. However, rebels tried to take control over an army division and several cities in central Java. Two more senior officers were killed before this rebellion was put down. The national army later blamed this coup attempt on the Indonesian

Communist Party (PKI) and started a campaign of mass killing, which resulted in the death of hundreds of thousands of alleged communists (Cribb, 2002). This politically weakened Sukarno and in March 1968, Suharto became the new president. The US government supported Suharto's "New Order" administration and encouraged foreign investments in Indonesia with a stable economic growth for over 30 years (Legge, 1968; Ricklefs, 1981; Rosser, 2006; Vickers, 2005).

Even though Suharto's New Order, as well as globalization and cheap labour forces, contributed to the popularity of Indonesia amongst foreign investors, the Netherlands was already actively involved in the Indonesian economy because of the colonization. Many large Dutch multinationals were active in Indonesia, more specifically in Jakarta, late 19<sup>th</sup> century and early 20<sup>th</sup> century onwards. One of them was Frisian Flag; a company specialized in milk products, such as the in Indonesia popular condensed milk, which entered the Indonesian economic market in the 1920's. In 2008, Royal FrieslandFoods (the company behind Frisian Flag) merged with Campina and changed its name in FrieslandCampina. Despite this name change, the company continued producing milk products in Indonesia, and other Asian countries, under their original and well-known brand name: Frisian Flag.

While FrieslandCampina has years of experience working in a country with a different culture, it is wise to not underestimate these cultural and ethnic differences and take them for granted. Important research on cultural differences around the globe came from Hofstede by the end of the 20<sup>th</sup> century. Hofstede (2001) found five dimensions during his research: power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance, and long term orientation vs. short term orientation (also see Claes & Gerritsen, 2007; Hofstede, 1997; Hofstede, 1980). While these dimensions used to be helpful in understanding cultural and ethnic differences, in today's world of extreme globalization, especially in international cities such as Jakarta, cultures and ethnicities are more and more blending and mixing. This asks for a new understanding of cultural and ethnic differences and social identity. Vertovec (2007) came with a new concept to describe how extreme globalization and migration lead to mixed cultures, ethnicities, and identities: super-diversity. However, when working with people with a different ethnic background, we only bring the skills we acquired in our own culture. As Evanoff (2004, p. 456) says: "The cultural norms we initially bring with us to cross-cultural encounters tell us how to deal with people from our own culture, not with people from another culture whose norms are different". Thus, we have to keep several factors in mind when having cross-cultural encounters.

First, we need to remember that cultures and ethnicities are changing due to globalization.

Second, even though our own culture might be changing as well, when we meet someone from another culture, we only bring the skills with us we acquired in dealing with someone from your own culture. As a result, cross-cultural encounters might lead to conflicts.

Regarding the workspace, ethnic diversity, as well as religious and cultural diversity, has its influence on how employees perceive each other and could affect employees' individual performance, but also their group performance. Ultimately, it could even lead to inequality and exclusion (Zanoni, Janssens, Benschop & Nkomo, 2010; Siebers, n.d.; Siebers, 2009; Shore et al., 2011; Schaafsma, 2008; Ogbonna & Harris, 2006). Although much research can be found on the impact of ethnic diversity in organizations, there is less research to be found on international and, more specifically, Dutch organizations with a division in Indonesia. It is therefore interesting to investigate how these two countries, which share a rich and tumultuous history, are able to work together despite the cultural and ethnic differences and how ethnic diversity is managed in these organizations. This research aims at investigating the influence of ethnic diversity on employees' performance at FrieslandCampina Jakarta. This organization has employees working in the factories and employees working in the office. For this research, data is gathered among employees working in the office. The research focuses more specifically on ethnic diversity among middle level and higher level management employees. The research question is therefore as follows:

*What is the perception of middle level and higher level management employees of FrieslandCampina Jakarta on the effect of ethnic diversity on the individual and group performance of these employees?*

In order to answer the research question, the following sub-questions are needed. These sub-questions are based on three notions which are integrated in the research question: Ethnic Diversity, Individual and Group Performance and Policy.

### **Ethnic diversity**

- From which ethnic backgrounds do the employees mostly come?

- Regarding ethnic background, how various is the ethnic diversity within FrieslandCampina Jakarta?
- What is the majority ethnic background of the employees within the organization?
- Do they maintain their ethnic origin culture? If so, by which means?
- Do employees feel that they have to adapt to co-workers who have a different ethnic culture? If so, why?
- What are the main ethnic and/or cultural differences between employees within FrieslandCampina Jakarta?
- Do they face ethnic issues on the work floor?
- Do they face issues at the work floor related to language diversity?
- Does ethnic diversity within FrieslandCampina Jakarta have a positive influence on the employees and/or the organization?
- Does religious diversity play a role? And if so, how?

### **Individual and group performance**

- How is ethnic diversity affecting the individual performance of an employee?
- How is ethnic diversity affecting the group performance?
- Does ethnic diversity leads to exclusion of employees? If so, how?

### **Policy**

- Is there a policy on cultural/ethnic diversity in FrieslandCampina Jakarta?
- If yes, what was the main argument to form the policy?
- If there is no policy, why not and should there be a policy on ethnic diversity?
- Is there a policy on language in FrieslandCampina Jakarta?
- Is there a policy on hiring new employees in FrieslandCampina Jakarta?
- Do employees have the opportunity to take course and/or follow training in coping with ethnic diversity at the work floor?

## 2. Theoretical background

This section provides theoretical background information and detailed concepts that will be used for this research. It is aimed to conceptualize and operationalize the core theories' role in FrieslandCampina Jakarta. Since this research applies an interdisciplinary approach, this section combines various perspectives from scientific disciplines such as sociology, social psychology, and culture studies. These approaches are helpful for looking at the concepts and theoretical background from multiple points of view.

### 2.1. Ethnic diversity

Before relevant literature regarding the purpose of the research is detailed, some definitions and general background material are in order. As far as definitions go, the primary task is to define *ethnic diversity*. The preliminary step is to clarify what is meant by *ethnicity*. Much literature has been written on ethnicity and the concept of ethnicity has gradually changed over the years. Anthony Smith's (1989) view on ethnicities, which he called 'ethnies', comprised of a rather comprehensive set of characteristics. He argued that "people who possessed specific cultural attributes often formed a social network or series of networks, which over the generations became what we today designate 'ethnic communities'" (Smith, 1989, p.344). According to Smith (1989), these communities display a number of recognizable characteristics which include (1) a collective name; (2) a common myth of origins and descent; (3) a shared history; (4) an association with a specific territory; and (5) a distinctive shared culture, language, customs and/or religion. The characteristic of common descent is also mentioned by Chandra, who defined ethnic identity as "a subset of identity categories in which eligibility for membership is determined by attributes associated with, or believed to be associated with, descent" (as cited in Aspinall, 2011, p. 291). Siebers also (2009) argued that ethnicity is about a nation or group of people who share one idea of common origin, descent, history, kinship, and destiny. Thus, the above definitions on 'ethnicity' or 'ethnic identity' all shared the idea that a common descent or history is important for an individual or a group of people to be part of a specific ethnicity.

Also interesting is the discussion about whether ethnic identities are essentially primordial or situational. Levine (1999) explains that the primordial approach situates ethnicity

in the psyche and that it is so deeply within an individual that society and culture change around the psyche. One of the other researchers who argued for primordialism was Herder. However, many authors attack primordialism by showing that ethnic formations, cultural traits and identities constantly change to the contingencies of everyday life (Levine, 1999). This is where situationalism comes into the picture, which can be described as identities expressed in micro-level social contexts. An approach described by Barth became influential and combined primordialism with situationalism (Levine, 1999; Wimmer, 2009). Barth mentioned that boundaries were important rather than the cultural contents of ethnic groups. There is a clear difference between the in-group and the out-group which showed that boundaries with regard to ethnicity remained stable while culture and society changed (Levine, 1999). In addition, Siebers (2009) mentioned that ethnicity relates to a place and members' sense of content, specific cultural meanings and practices, such as rituals and language. With this, he also stressed the importance of boundaries. However, a shared culture and descent are merely the dead ingredients of ethnicity, or as Fenton argued: "For ethnicity to spring to life it is necessary that real or perceived differences of ancestry, culture and language are mobilised in social transactions" (as cited in Aspinall, 2011, p. 291). In particular, it means that ethnicity is relational and it concerns the recognition of differences. Rogers Brubaker (2002) argues as well that ethnicities should not be conceptualized as things or entities, but more as processual, dynamic, and again, relational. These concepts regarding ethnicity described by Fenton and Brubaker are closely related to Vertovec's (2007) concept of 'super-diversity'. Vertovec (2007) argued that in today's world of extreme globalization, the ethnicity and identity of people are changing. Due to migration and increasing opportunities to work in other countries, people with different ethnicities and nationalities are starting to blend. As a result, many people no longer have one identity or are part of one ethnicity in particular.

With regard to ethnicities in Indonesia, the Indonesian Bureau of Statistics revealed that in 2010 the largest single group is the Javanese, with 95 million people representing about 42 percent of Indonesia's total population of over 236 million (Indonesian Statistics, 2010). The second largest group is the Sundanese (native to West Java) with over 36 million people, representing 15 percent of Indonesia's total population. The 28 other largest ethnicities in Indonesia consist of between the 1 million and 8.5 million people. Despite the presence of many ethnic minorities in Java, the overall population throughout the island is relatively homogeneous.

However, outside Java the ethnic map is much more complex and large parts of the country are multi-ethnic and people in these areas often consider themselves to have more than one identity or ethnicity. As Aspinall (2011, p. 293) explains: “[m]any individuals are themselves products of mixed marriage and thus might think of themselves as crossing ethnic categories...even many individuals of less complicated parentage have more than one potential ethnicity with which they can identify.” For example, individuals in North Sumatra and Kalimantan could identify themselves as being part of the overarching ethnicities of Batak and Dayak, however also identify with smaller ethnic or regional identities (Aspinall, 2011). Though 98 percent of the heavily populated province of Central Java consists of Javanese, the metropolis Jakarta (also located in this province) not only consists of Javanese and individuals with other Indonesian ethnicities, large multinationals are also home to this city. These multinationals not only attract employees from various parts of Indonesia, but also many expatriates (expats) from all over the globe.

To conclude this section, ethnicity, for this research, refers to people who share the same ethnic background, values, meanings, descent and tradition and ethnic diversity refers to the ethnic differences among employees working for FrieslandCampina Jakarta. It is aimed at researching how ethnic group members identify themselves based on their background and origin and if religion and cultural heritage plays a role in this.

## **2.2. Interethnic issues at the work floor**

Organizations, especially multinationals, are becoming increasingly ethnically diverse, which results in people having more and more interactions with ethnic out-group members at the work floor. These interactions might develop positive interrelations. An ethnically diverse workforce might lead to innovation and creativity, discussions between ethnically diverse co-workers might lead to new viewpoints. However, Schaafsma (2008) argues that these ‘forced’ interactions could also result in tensions and issues between co-workers based on ethnic differences. Unfortunately, limited research is there to be found about ethnic diversity at the work floor of a (multinational) organization located in Indonesia. However, Dutch scientific literature about ethnic diversity at the work floor gives an indication about interethnic tensions or issues employees might experience at work. For example Schaafsma (2008) categorized most occurring issues among ethnic majority and ethnic minority workers in three main topics: 1) issues related to

communication based on language barriers or cultural diversity in social norms (e.g. verbal and non-verbal behaviour and jokes), 2) tensions or issues related to prejudices, ethnic clique formation and discriminatory remarks, and 3) preferential treatment of ethnic minority or majority employees by managers. Schaafsma (2008) furthermore explains that differences between ethnic majority and minority employees could become an issue when they affect people's sense of belonging (e.g. the unity of the team), sense of achievement (e.g. when work goals are threatened), and/or sense of equality (e.g. unequal treatment). However, Schaafsma (2008, p. 453) also suggests that "ethnic differences per se do not necessarily affect interethnic relations in a work setting, but do so only when they are meaningful to individuals or within a particular context". Thus, interethnic differences seem to function as 'markers' of (negative) difference in certain context and may undermine acceptance by majority colleagues. The importance of racioethnic markers and how it could result in ethnic issues between co-workers is also discussed in Siebers' (2009) study on racioethnic identity and migrants' struggles for recognition. As well as Schaafsma (2008), Siebers (2009) also mentions issues at the work floor related to communication; for example regarding language deficiencies or ways of communicating. He furthermore reports how differences in work values (e.g. career perceptions or attitudes) between ethnic minority and ethnic majority workers could also cause issues between co-workers (Siebers, 2009). Siebers (2009) also mentions how issues at the work floor are sometimes related to differences in cultural habits, for example regarding clothing or religious practices (e.g. praying during work hours). According to Siebers (2009), ethnic minority workers more often experience these interethnic workplace issues compared to ethnic majority workers. Siebers (2009) explains how minority employees' identification aims are about recognition for being a good colleague and also for their individual differences. There is a risk that racioethnic 'markers' trigger negative difference (non-acceptance). Minority workers try to neutralize this by creating an open conversation about these markers in order to construct positive difference (recognition for individual meaning-making) (Siebers, 2009). Taking the research of Schaafsma (2008) and Siebers (2009) into account, it could be concluded that it is important for organizations to reinforce positive interethnic relations, not only among ethnic diverse co-workers but also among workers and management. After all, interethnic struggles and issues often do no good to organizational and employee performance. The influence of ethnic diversity on employee performance is discussed in the next section.



### **2.3. Employee performance & ethnic diversity**

Singh, Winkel and Selvarajan (2013) mention in their article about managing diversity at work that not only a diverse climate, but also perceptions of psychological safety (perceived freedom in the expression of true self) matter in shaping employee performance. Psychological safety might be influenced by ethnic boundary construction in the way that certain ethnic identities or groups have to or might feel the need to assimilate to the majority group, and thus not experience full freedom in the expression of the true self. In other words, employees belonging to a certain (minority) ethnic group within an organization might be precarious with expressing their ethnic background in order for them to acquire feelings of belongingness. This notion of belongingness, together with the concept of uniqueness, forms an important basis for the research by Shore et al. (2011) who describe that belongingness and uniqueness form the basis of an employee's perceived feelings of inclusion. Shore et al. (2011) furthermore aim for individual inclusion in work settings, let each individual feel as belonging to the workforce. These concepts of psychological safety and belongingness and uniqueness are related to the theory by Hornsey and Hogg (2000) who suggest that an ethnically diverse workforce might have its impact on the social harmony of the workforce, but also on the social identity of the employees. They furthermore mention that harmony is best achieved by "maintaining, not weakening, subgroup identities, provided they are nested within a coherent superordinate identity" (Hornsey & Hogg, 2000, p. 143). Thus, in order to ensure harmony and psychological safety within an ethnically diverse working climate, employees should be able to maintain their own identity. If there are negative perceptions of psychological safety and social identity of employees within a diverse work climate, it could have its effect on employees' individual performance, but also the performance as a group. Other research showed that positive and negative effects of a diverse work climate on individual performance exist simultaneously at multiple levels and interact across levels (Brodbeck, Guillaume & Lee, 2011).

Sing et al. (2013) found that psychological safety mediates the relationship between diversity climate and employee performance and that race moderates this mediation, meaning that this relationship was stronger for minorities than for Whites. This research aims at investigating how ethnic diversity has an influence on employees' individual performance of middle level managers and higher level managers of FrieslandCampina Jakarta, but also how they perceive the performance of the group or team as a whole. Although FrieslandCampina is a

Dutch organization, it might be the case that Whites are the minority and it is therefore interesting to investigate whether the findings from Sing et al. (2013) also apply to FrieslandCampina in Jakarta. As mentioned before, Schaafsma (2008) found that interethnic relations were less harmonious when ethnic differences were perceived to affect people's sense of achievement, e.g. their work goals. She also discusses issues related to cultural habits interfering with work process (e.g. praying during working hours) and cultural differences in work norms (e.g. work pace, work method and work mentality). Especially the latter is interesting for this study, since Indonesia and the Netherlands are very different with regard to work norms. For example in the Netherlands, and other Western countries, there is much emphasis on self-control and self-management (Roe, Zinovieva, Dienes & Ten Horn, 2000). Commitment to the job is also very important in the Netherlands and is a matter of having a chance to develop oneself and make a career (Roe et al., 2000). This makes sense in light of the high level of individualism in the Netherlands (House, Hanges, Javidan, Dorfman & Gupta, 2004; Hofstede, 1980). In comparison, Indonesia is much more a collectivistic country in which team work is very important and co-workers are considered to be family. Work and family in Indonesia are thus considered to be important life domains (House et al., 2004; Kuchinke et al., 2011). Since FrieslandCampina is originally a Dutch organization, it is possible that Dutch work norms and values have had or still have a major influence on the current work culture of FrieslandCampina Indonesia.

#### **2.4. Policy & Implementation**

Hill (2005) explains policy as a course of action or a web of decisions that are made over a long period of time in order to solve a problem or an issue. Kroon (2000) furthermore mentions that a policy is a systematic and purposive activity aiming at achieving well-defined goals, using well-defined means in a well-defined time structure and a well-defined budget. Most studies on policy mention that when a policy is formed, it is assumed that it also will be implemented (Smith, 1973). In assuming there is a policy on ethnic diversity within FrieslandCampina Jakarta, the policy cycle of Kroon (2000) will be used in order to find out how the policy was formed and implemented. The policy cycle consists of eight phases: (1) ideology formation, (2) agenda formation, (3) policy preparation, (4) policy formation, (5) policy implementation, (6) policy evaluation, (7) feedback, and (8) policy termination.

If there is not a policy on ethnic diversity present within FrieslandCampina Jakarta, employees still need to be managed regardless of their ethnic background. Wilpert (1999, p. 42) argues that it is important “to find the optimal fit between managerial style on the one hand and the characteristics of organizations, task and socio-cultural environments on the other”. Thus, there is no universally convergent leadership or management style and managers need to keep in mind that their subordinates are ethnically diverse.

## **2.5. Conclusions so far**

What became clear from the literature review so far is that a sense of common descent is a very important characteristic when discussing ethnicity. This sense of common descent leads to an ‘us’ versus ‘them’ notion. Culture and society may change over time, but boundaries with regard to ethnicity still remained stable. Thus, with regard to FrieslandCampina Jakarta, one could conclude that even if the organization became much more of a multinational with daily encounters between employees from various nationalities or ethnicities, a difference may still occur between the in-group and out-group.

With regard to ethnic diversity at the work floor, differences between ethnic majority and minority employees could become an issue when they affect people’s sense of belonging, sense of achievement, and/or sense of equality. Issues related to communication are categorized as one of the most occurring issues among ethnic majority and ethnic minority workers. Issues between ethnic majority and ethnic minority workers also occur because of prejudices, preferential treatment by managers and differences in cultural habits. These issues are more often experienced by ethnic minority workers. The identifications aims of these minority employees are about recognition for being a good colleague and also for their individual differences. When these issues do occur within an organization, they could influence the individual performance of an employee, but also the team performance of a group of co-workers. Psychological safety, perceived freedom in the expression of true self is very important for employee performance. Besides psychological safety, an employee’s sense of belongingness and uniqueness are also important to assure social harmony and thus positively influence employee performance.



## 3. Methodology

### 3.1. Research design: case study

The number of research designs, both quantitative and qualitative, is extensive. It is therefore important to find a research design which fits best with the research. The type of research design is among other things dependent on the type of research question (Yin, 2008; Cresswell, Hanson, Plano Clark & Morales, 2007).

The research question of this research is explorative and could therefore be answered best by means of a qualitative research (Boeije, 2010). In particular, this research focusses on the influence of ethnic diversity among middle level and higher level employees in the Indonesian division of the multinational organization FrieslandCampina, which is located in Jakarta. The research question asks for a deeper understanding and knowledge of why and how cultural/ethnic diversity plays a role in these organizations, therefore a case study fits best. Also, this methodology is often used on micro-level, such as individuals and small groups, however, it is also applicable for macro-level (Riehl, 2001). This research furthermore used the case study design because a case study allows studying phenomena in a real-life setting in order to answer the research question. A case study design also helps studying the real-life setting in a holistic approach ensuring a helicopter view (Yin, 2008). Another characteristic of the case study design is that the data collection to a large extent consists of interviews, observation and documents enabling the researcher to work from the observed or explored to theory (Creswell et al., 2007; Yin, 2008; Boeije, 't Hart, & Hox, 2009) As a result, the research is mainly inductive and thus fits the qualitative nature of the research strategy.

### 3.2. Sample strategy

For this research the sampling was based on specific experiences and perceptions from participants within the context of the organization. The sampling of the respondents was selected purposively with means of several criteria. In order to ensure that the interviewees were able to speak English, the respondents were selected from middle and higher level management of FrieslandCampina Jakarta. The likelihood of respondents who are educated and able to speak English is higher when they were selected from a higher function level within the organization

compared to employees from the work floor (factory workers). Also, management has a great influence on how the organization manages cultural/ethnic diversity.

There were four control variables. First of all, respondents were selected based on their nationality. Respondents were diverse regarding nationality and a distinction was made between employees from Indonesia and expatriates. Although the focus of this research is on ethnic diversity, it was chosen not to make a distinction between respondents regarding ethnicity since this could have been confusing. Indonesian respondents often mentioned from which part of Indonesia they or their (grand) parents originate. The expatriate respondents however did not. Thus, in order to remain concise, the first control variable was nationality. The second control variable was job function; respondents were selected from middle level or higher level management. Finally, respondents were selected based on their gender (male/female) and their age (younger than 35, 35-50, older than 50). A total of fourteen respondents were interviewed. In order to contact the respondents, a contact person within FrieslandCampina Jakarta was approached first. From there on, the contact person within FrieslandCampina Jakarta was asked to help appointing other respondents. Table 3.1 presents an overview of the sample group.

Table 3.1 Sample group

<b>Nr.</b>	<b>Gender</b>	<b>Age</b>	<b>Nationality</b>	<b>Function</b>
1	Female	± 40	Indonesian	Head of Marketing
2	Female	54	Indonesian	Human Resource and Corporate Affairs Manager
3	Female	47	Indonesian	Plant Manager
4	Male	33	Indonesian	HR Business Partner and Talent Management
5	Male	44	Indonesian	National Sales and Distribution Manager
6	Male	41	Indonesian	Head of Corporate Affairs
7	Male	37	Indonesian	Project Member
8	Male	45	Indonesian	Corporate Research and Development Manager
9	Male	40	Indonesian	Regulatory Affairs Manager
10	Male	65	Dutch	President Director
11	Male	33	Dutch	Project Portfolio Manager
12	Female	29	Dutch	Financial Planning and Importing Manager
13	Male	39	Vietnamese	Head of Financial Accounting Team
14	Female	38	Malaysian	Marketing Manager

### **3.3. Data collection**

In order to answer the research question, this research made use of the data triangulation methods. These methods consisted of document collection, observation, and interviews (Wilcox (1980), as cited in Bezemer, 2003; Kroon & Sturm, 2007). The research partly consisted of a literature research in order to gain deeper insight in the economic history between Indonesia and the Netherlands. The literature research also focussed on the concept of ethnic diversity and how ethnic diversity could have an impact in on organization and an influence on individual and team performance of employees. The literature research formed the basis of the theoretical context for this research. Secondly, several observations were done in the form of non-participant observation since observations could gain more insight on the underlying rational behind ethnic diversity in organizations. Finally, this research made use of semi-structured face-to-face interviews on location at FrieslandCampina Jakarta, Indonesia. The interviews were recorded with a voice recorder and transcribed. The interviews were conducted within a period of maximal two and half months, from 13<sup>th</sup> March until 23<sup>th</sup> May. This method of data collection allowed the researcher to gain a deeper insight and knowledge on why and how ethnic diversity played a role in the organization and if employees' individual and group performance was influenced by this.

### **3.4. Data analysis**

Since this research used a qualitative research method, the data was in the form of interview transcripts, audio material and observations. In the analysis process an inductive analysis method was first used in which the researcher searched for relevant themes within the data (Boeije, 't Hart & Hox, 2009). When these themes were defined, the researcher then categorized the data and named these categories with one or more key words, which is called coding (Boeije et al., 2009). Several coding techniques were used. The research first used open coding (breaking down the data into segments and labelling), then went to axial coding (identify relations between the open codes), and finally selective coding (find the core variable) (Strauss & Corbin, 1990; Strauss & Corbin, 1998; Punch, 2009; Boeije, 2010). The final codes and the initial transcripts were compared in order to understand the relevance of the categories.

### **3.5. Research quality indicators**

Quality indicators are used to reduce the limitations and enhance the trustworthiness and validity of a research. Validity refers to the accuracy of a given technique, the argumentation of these interpretations, and the perception that researchers measure what they aim to measure (Briggs, 1986; Boeije et al., 2009). In this research, the validity was based on the use of the same theories and concepts (policy formation, ethnic diversity, religious and cultural diversity, social identity, and inequality), the use of semi-structured interviews, and the use of Kroon's (2000) policy cycle.

Another quality indicator that was used in this research is reliability. Reliability refers to accuracy of methods of data collection or measure instruments (Boeije et al., 2009). If reliable methods of data collection are used, then repetition of observations should lead to the same outcome (Boeije et al., 2009; Briggs, 1986). Boeije et al. (2009) furthermore mention that researchers should clearly explain what they did, how they did it, and why they did what they did. This is called methodological responsibility. In order to reassure the reliability of this research the researcher presented herself as a Master student from a Dutch university. As a result, the respondents understood that the given information was used for academic purposes. During the fieldwork, respectively the interviews, the anonymity of the respondents was guaranteed by filling out an informed consent form (see Appendix). It was important that respondents gave honest answers to the interview questions and therefore a form of trust needed to be established. As mentioned before, a contact person within FrieslandCampina Jakarta was asked to help find respondents for the interviews. By asking this contact person, who was a colleague of the respondents, to help arrange the interviews, respondents were less likely to say no to participation in this research. During the interviews, respondents were first asked to answer 'easy' questions about their educational background, employment within FrieslandCampina and where they grew up. With this technique, respondents felt more at ease with the researcher before they were asked questions about their perceptions on ethnic diversity within the organization. Furthermore, a number of 3-4 pilot interviews was conducted in order to ensure that the questions in the interview guideline were understandable to people from every socio-economic status and that the questions did not provoke misunderstanding of any kind.



## 4. Context: FrieslandCampina

### 4.1. History

The origins of FrieslandCampina dates back to 1871, when Dutch farmers joined forces and founded local dairy factories. These factories were founded by the farmers in order to strengthen their market position and also to secure the sale of their milk. Without today's modern cooling techniques, farmers had to cooperate in order to distribute the milk before it spoiled ("Onze geschiedenis", n.d.). In the course of the 20<sup>th</sup> century local cooperatives merged in regional cooperatives, which then became part of national cooperatives. Mergers and takeovers sometimes followed each other in rapid succession. The current FrieslandCampina was a merger between Royal Friesland Foods and Campina. Friesland Coberco Dairy Foods was founded in 1997 after the merger of four Dutch dairy cooperatives: Coberco, Friesland Dairy Foods, Twee Provinciën and Zuid-Oost Hoek (Galle & van der Sangen, 1999, p. 178). On January 1<sup>st</sup> 2005, the organization was granted the Royal status ("Koninklijk" in Dutch) in honor of its 125<sup>th</sup> anniversary and changed their name into 'Royal Friesland Foods'. The name Campina was used for the first time in 1947 after a merger between several dairy cooperatives in the southern parts of the Netherlands: Coöperatieve Zuivelvereniging (Cooperative Dairy association) 'De Kempen'. Campina (Latin for 'Kempen') referred to the name Romans gave to the forests, fields and meadows of Kempen in the southern parts of the Netherlands approximately 2000 years ago. After another three mergers in 1964, 1976 and 1979, the company's name was changed into DMV Campina. A merger took place again in 1989 when DMV Campina (province of Zuid-Nederland) merger with Melkunie Holland (who operated in the west of the Netherlands). The organization carried the name Campina Melkunie until the name Campina was used for the whole organization, since it was a well-known brand ("Onze geschiedenis", n.d.)

### 4.2. FrieslandCampina

FrieslandCampina was founded after the merger between Friesland Foods and Campina in December 2008. With this merger, a dairy giant emerged with 22,000 employees, 17,000 farmer members, a turnover of 8,3 billion Euro and 8,7 million tons of processed milk ("Over ons", n.d.). At the time of the announcement of the merger, FrieslandCampina was, on paper, the largest dairy cooperative in the world and the number three dairy enterprise. Today,

FrieslandCampina is an international enterprise with offices and factories in 32 countries. Products of FrieslandCampina are exported in over 100 countries. The headquarters is located in Amersfoort, the Netherlands. Activities of FrieslandCampina are divided in four market oriented business groups: Consumer Products Europe, Middle East & Africa; Consumer Products Asia; Cheese, Butter & Milkpowder and Ingredients (“Organogram”, n.d.). At their website, FrieslandCampina explains their main challenge is providing people around the world with the right nutrition, in this case milk. They furthermore mention that they strive to limit the pressure on natural sources and the environment. It is also mentioned on their website that they combine the professionalism and entrepreneurship of its member dairy farmers with the international expertise of the organization and their employees. FrieslandCampina mention that they believe in shared values: “the simultaneous achievement of a good income for member dairy farmers, added-value for customers and consumers, and personal growth and career perspectives for employees” (“Nourishing by nature, n.d.). The ambition of FrieslandCampina is, according to their website, “to create the most successful, professional and attractive dairy company for its member dairy farmers, employees, customers and consumers and for society” (“Strategy: *route2020*”, n.d.). In order to achieve this, FrieslandCampina implemented the *route2020* strategy for the period 2010-2020. Key values are sustainable growth (of the company) and value creation (maximizing the value of produced milk) and encompass high standards relating to quality, safety, sustainability and transparency. At their website, FrieslandCampina also explain their ‘terms of employment’ and ‘the way we work’. They mention that FrieslandCampina is an international company with a strong local character which is people-focused, approachable and open. FrieslandCampina uses the ‘triple A’ strategy in order to underline its core values and business strategy in every country and at every level. Triple A consists of three pillars: Action (take up the challenge together), Alignment (grow together, importance of teamwork, help each other and learn from each other) and Accountability (sense of responsibility) (“The way we work”, n.d.). It is furthermore mentioned that FrieslandCampina recognizes and rewards performance, experience and capacities. They say that it is a transparent, consistent and fair method of remuneration which is essential to their success and growth and matches with their performance management (“Our terms of employment”, n.d.). Fringe benefits are also offered which would strengthen the link between individual performance, commercial targets and remuneration. FrieslandCampina furthermore mentions that each employee is appreciated for the

individual addition to the company and employees are able to receive help in order to develop their knowledge and skills. Finally, the website mentions that FrieslandCampina wants to be “an inspiring and reliable employer which provides its staff with opportunities, a good and safe working environment and relevant training and education” (“Our terms of employment”, n.d.).

### **4.3. FrieslandCampina Indonesia**

FrieslandCampina has offices in 32 countries around the world. Eleven offices are located in Asia. One of the Asian countries in which FrieslandCampina has an office is Indonesia. FrieslandCampina has been present in Indonesia for about 90 years. FrieslandCampina produces and offers dairy products through a variety of dairy brands, such as Yes! and Omela. However, the most well-known is probably Frisian Flag, popular for its condensed milk (“FrieslandCampina Indonesia”, n.d.). FrieslandCampina Indonesia employs approximately 1,750 fulltime staff and around 2,000 personnel who are directly involved with the organization. Several products are locally manufactured and included milk powder, long life milk and the well-known cans of sweetened condensed milk. FrieslandCampina Indonesia processes 600 million liters of milk a year. A small part is supplied by local dairy farmers. FrieslandCampina works together with these farmers in small cooperatives. The farmers own an average of three to five cows each and farmers daily take their collected milk to small milk collection points. After the quality check, the milk is transported to the factories in large tankers, after which it will be processed in various dairy based products (“FrieslandCampina Indonesia”, n.d.).

FrieslandCampina has two production facilities in Indonesia, the Ciracas plant and the Pasar Rebo plant. Both plants are located in the capital Jakarta, approximately 6 kilometers away from each other. The Pasar Rebo plant is also home to the headquarters of FrieslandCampina Jakarta. The management of FrieslandCampina Jakarta and most of the office employees are located at this plant. Most of the data for this research was gathered at the Pasar Rebo plant. The work space of the office employees is very open and welcoming. The offices employees either have their own cubicles or are working at so-called ‘islands’ (a cluster of desks). Higher level employees often have their own offices, sometimes with a secretary working in a small space next to the office and the doors of these individual offices were hardly closed.



## 5. Results

This chapter includes the results from the research. The chapter consists of three sections. The first section will discuss the ethnic background of the respondents, the overall perception on ethnic diversity within FrieslandCampina Indonesia and what they perceive to be the positive and negative aspects of ethnic diversity. The second section includes the relation between ethnic diversity and individual and team performance. The third section discusses the availability of courses and trainings related to ethnic diversity and whether FrieslandCampina Indonesia has a policy on ethnic or cultural diversity. The results are presented in the order of the sub-questions and also the interview guideline. The respondent's sex, age, nationality and job function will be used when presenting their quotes. Even though the research focuses on ethnic diversity, the respondent's ethnicity will not be mentioned, since not only respondents with the Indonesian nationality, but also respondents with other nationalities were interviewed. It might be confusing when the Indonesian respondents would be categorized by ethnicity, whereas the expat respondents would be categorized by their nationality. Also, names will not be given, as to guarantee the respondent's anonymity.

### 5.1. Ethnic diversity

As the focus of this research is on the influence of ethnic diversity within an organization, it is important to know the ethnic diversity among the employees and how they explain their own ethnic background. The purpose of this section is to answer sub-questions concerning ethnic diversity: *'From which ethnic backgrounds do the employees mostly come?'*, *'How do employees from various ethnic backgrounds manage to work together?'*, *'Do they face ethnic issues on the work floor?'* and *'Are they able to maintain their ethnic origin culture?'*. The questions on ethnic diversity were asked to form a clear idea on how ethnic diversity is perceived within FrieslandCampina Indonesia. Respondents were asked about their own ethnic background, the ethnic diversity within the organization and the struggles and/or issues related to ethnic diversity

#### 5.1.1. Ethnic background

In order to introduce the topic of ethnic diversity, respondents were first asked about their own ethnic background and how they would identify themselves in terms of their ethnic background.

There were differences among the respondents in terms of the length of answering the question regarding their own ethnic background. Whereas most expats simply mentioned their nationality, the Indonesian respondents often elaborated on which part of Indonesia they are specifically from or the ethnic background of their parents:

*“My father is half-Moluccas, half-Chinese. My mother is Chinese and Javanese. Central Java, to be exact. But they grew up in the central Javanese culture, so I can say that practically Chinese, I don’t know. Okay, Javanese and somewhere Chinese background...I think we define our culture into two separate years and separate groups. Most of the Chinese went to Indonesia around 1700. We already consider ourselves more Indonesian than the Chinese from other islands. People from central Java and east Java already blend. The culture is blended with the local culture. We can speak Javanese, but we cannot speak Chinese.”* (Male, 41, Indonesian, Head of Corporate Affairs)

*“I am from [name], but I am not Javanese, I am Chinese. Even though my parents were born here. Also my grandparents were born here, and also my great-grandparents. I don’t even speak Chinese. I, myself, I am so much Indonesian, but I cannot be neither. I grew up with a lot more Javanese culture, other than Chinese culture. However, I still too have some Chinese culture. So it’s really mixed. And I respect both of them.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“My father and mother both come from Sumatra, but my mother was born in Java. After they married, they moved to Jakarta and that is where all the children were born. I think Sumatra is more dominant in my family”.* (Male, 33, Indonesian, HR business partner and talent management)

Most of the Indonesian respondents said they are Javanese, but the ethnic heritage of their parents, or even the great-grandparents in the case of Indonesians with a Chinese background, is still very important to them and a big part of their ethnic identity. However, when the expats were asked about their ethnic identity, they mentioned that where they are at that time is of importance:

*“Here I am Dutch, in the Netherlands I am Fries and in Friesland I am a Leeuwarder. There are always subgroups.”* (Male, 33, Dutch, Project Portfolio manager)

*“If you ask me that question when I was in Malaysia I would say I am an Indian, but because I am out of Malaysia I will say I am Malaysian. But then a lot of times I would say I am Malaysian-Indian.”* (Female, 38, Malaysian, Marketing manager)

### **5.1.2. Ethnic diversity among employees**

After respondents were asked about their own ethnic background, respondents were asked if they considered FrieslandCampina Jakarta to be an ethnically diverse organization. Most respondents gave an affirmative answer to this question, even though approximately 75% of the employees of FrieslandCampina Jakarta, according to the respondents themselves, come from central Java. There is a difference however between the employees in the factories and the employees in the office. Almost all the employees in the factories are Javanese:

*“There are only locals working in the factory, most of them are Javanese.”* (Female, 47, Indonesian, Plant manager)

*“In FrieslandCampina, I think most of the employees are from central Java. So we speak in the Javanese dialect.”* (Male, 41, Indonesian, Head of Corporate Affairs)

*“If you are Javanese, because of majority of the people in the labor (factories) are still Javanese, then you can have benefit being Javanese. You will be easily accepted by them.”* (Male, 33, Indonesian, HR business partner and talent management)

Javanese employees are the majority in the office as well. However, there is more ethnic diversity within the office compared to the factories:

*“We have people from central Java, Javanese, and West Java, who are called Sundanese. But we also have people from Sumatra, who are Batak and people from North Sulawesi and Kalimantan.”*

*I don't think we have people from Papua, but we do have people from Bali. I think they are coming from all over Indonesia, but the majority is Javanese.*" (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

Besides the various Indonesian ethnicities within FrieslandCampina, there are also people from other nationalities and ethnicities working for the organization. There are not many so called 'expats' working for FrieslandCampina Jakarta, however the expats who do work for the organization are mainly Dutch:

*"Most expats are Dutch, we also had people from Bangladesh and now we have people from Malaysia, Vietnam and Thailand, but most expats are still Dutch."* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

Even though most employees are Indonesian, one respondent mentioned a 'strange ratio' between the expats and the Indonesians within the organization:

*"There are about 2000 employees and only seven of eight of them are Dutch. However, within the Board of Directors, four of them are Dutch and only two are Indonesian."* (Male, 33, Dutch, Project Portfolio manager)

With this in mind, respondents were asked if they consider FrieslandCampina Jakarta to be an Indonesian, Dutch or multinational organization. The answers to this question were quite diverse:

*"It really is an Indonesian organization that is part of a Dutch organization. That's how they feel and see it, so they are an Indonesian family and with it are some Dutch people...FrieslandCampina Indonesia is an Indonesian organization, part of a global company that sometimes exchanges people and knowledge and that's fine, but it in its origin is an Indonesian organization."* (Female, 29, Dutch, Financial Planning and Importing Manager)

*"I believe some part we still feel that we are a Dutch company. But we already push our self to broaden our mind, our mindset, that we are a multinational company. I believe that we are still*



*on journey to be the true multinational company...I think the development unit try to really boost everybody to open their mind about the diversity, that we are the multinational company, the way we operate, the way of thinking, the way of working and everything. It should more cope with the diversity and the multi of race and multi of nationality.” (Male, 41, Indonesian, Head of Corporate Affairs)*

*“It’s an Indonesian organization with some flavors of international, so they are held by the international influences they get from our company.” (Male, 65, Dutch, President Director)*

*“It was a very Javanese organization before the 90’s. Now are also managers from Sumatra coming to Java, so it will be more Indonesian now...I think FrieslandCampina is very Indonesian, but now we feel more internationally actually, in the last six years...After the merger we want to create a global value, global vision and they are arranging a standard organization structure globally. We are more becoming a part of a global company in the past six years...If this company will become more international, it means that I can sell it to potential candidates. We can sell it to improve our awareness and then those potential candidates look at you differently. So, our target market already knows that this company is international, then it will be easier for us to try and get better candidate. I think that’s the connection between of the company is on the path to become more international, then I think it will be better for us. (Male, 33, Indonesian, HR business partner and talent management)*

As mentioned before, most of the employees working for FrieslandCampina Jakarta are Javanese. Thus, according to the respondents, employees from Java are considered to be the ethnic majority within the organization. Respondents were then asked if they felt that the ethnic majority, the Javanese, had an influence on the minorities. Most of the respondents did not experience the Javanese to have an influence on the minorities. However, one respondent did feel that the Javanese majority influenced the minorities in terms of company culture:

*“I think the majority influences the minorities. It is quite knowledgeable, because the culture here is quite Javanese. Javanese people are really very polite and friendly.” (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)*

### 5.1.3. Maintaining identity

Respondents gave various answers to the question if they considered FrieslandCampina Jakarta to be an Indonesian, Dutch or multinational organization even though only a small number of the employees are from a different nationality than Indonesian and most of the Indonesian employees are Javanese. With this in mind, respondents were asked if they felt that they could maintain their identity and could bring their own values and heritage with them or if they felt that they had to adapt themselves to a different work ethic than they are used to. The respondents gave various answers to this question. Several respondents felt it that working at FrieslandCampina Jakarta is a combination of maintaining their own identity as well as adapting to different aspects of the organizational culture. However, most respondents did acknowledge that they had to adapt to a certain extent when working at FrieslandCampina Jakarta:

*“I have three bosses, two from the Netherlands and one from Thailand. I learned about the Thailand culture and about the Dutch culture. What they like and what they don’t like. So I also adapt with their culture. Starting from me, not starting from you, something like that. If they don’t want to learn about my culture, I don’t mind.”* (Male, 45, Indonesian, Corporate Research and Development manager)

*We are what we are, but we also adapt, right? Like now if you see the culture in Frisian Flag, it is very different than the culture of the normal Indonesian, let's say. Because we are more open. So it depends on what is your definition about your own identity. So when we learn that culture from outside the family, that you will lose your identity. No.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“It’s the small things, like ‘how are you exactly being you’ because here I’m still me but in a different environment, so you also change...I’m more reserved in the way I clothe myself or how I express myself. Because I am a foreigner, I’m already less direct than I normally would be.”* (Female, 29, Dutch, Financial Planning and Importing Manager)

*“I think you will adapt. For example people from Sumatra are more outspoken compared to people from Java and people from Kalimantan are more calm. But over time people adapt and even start talking Javanese. It is not forced, because we (Javanese) are so friendly, but others willingly adapt, just like that...I am influenced quite a lot by the Dutch culture, I almost always had a Dutch boss. Sometimes people told me that I am more Dutch than Dutch, because I am quite punctual and straightforward.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“I think that, when you get into an international environment you will change. You cannot be exactly the same so you need to adapt to the situation as you, whether it's in Russia, whether it's here, you will adapt. But that's automatic as soon as you go international.”* (Male, 65, Dutch, President Director)

*“Because I have two ethnicities, from my father and my mother. So having two ethnicities also has a benefit. I can go to the factory and then become Javanese. I can speak Javanese. I can easily get in touch with them. And then when I meet people from Sumatra, then I can switch into Sumatra.”* (Male, 33, Indonesian, HR business partner and talent management)

*“I try to adapt to the working values and I try to change that as well. Something I don't like, I change. Something I think is really good, I keep. For example with the people in here, you have to respect people, yes. That's a must. And they way to respect people here is different from Vietnam, so I need to learn about that...Yes. I can tell who I am. I think if I move to another country, it will be the same. It's just the different way I send my message. You just need to find the best you are, to learn the best you can. And the way I try to send the message to them, I try to make them believe that this is good for them. Of course you have different ways to do that, but at the end of the day, when I leave the company, I would like people to remember me not as a boss, but as their friend.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“Yes, however, in Malaysia you can probably be yourself, because the language and the slang words you can use, people understand. But here, sometimes they don't understand. I'm saying something, sometimes it's a joke and no one understands the joke. It's the context. So I can be*

*myself, I mean, I am confident in being myself, but I have to be a bit cautious about how people perceive it or understand it. And sometime I don't understand when they tell a joke.”* (Female, 38, Malaysian, Marketing manager)

*“Yes, no issues, because it's also in general of Indonesians that people now are also transforming. People becoming more and more global citizens. But the face of what's changing in multinational companies is of course much faster. So I can compare when I talk to my colleague local for a local company. I can feel that I'm much more open, much more adapting to new changes.”* (Male, 44, Indonesian, National Sales and Distribution manager)

Some respondents actually mentioned that they felt that the ethnic and/or cultural background is not of importance at the work floor of FrieslandCampina Jakarta:

*“For me, it is not so important where I came from.”* (Female, 47, Indonesian, Plant manager)

*“Don't bring your own culture, because it's a multi international company, yet mixed with all the culture in here. So when we are sitting in here, we are more focused into the job, not the culture.”* (Male, 45, Indonesian, Corporate Research and Development manager)

#### **5.1.4. Preference**

Respondents were also asked if they had any preferences regarding working with colleagues from a specific ethnic background. Several respondents said that they did not have any preference:

*“It gets more difficult also with all the Koreans and Japanese and all the influences you have now. So we don't look at it. You look just at what the person can do or not can do and the same is for male and female. And now we start looking at people who are disabled even.”* (Male, 65, Dutch, President Director)

*“I don't have a problem working with any ethnicity. But that's just me, and I think that's a lot to do with my upbringing. And on top of that, my father was in the army, was an army man. An*

*officer. And we used to move cities every two, three years. It was in Malaysia, but you can imagine, as a child growing up, every two to three years go to a new school, make new friends. The downside to that is I don't have any strong root, the upside to that is I am highly adaptable.”* (Female, 38, Malaysian, Marketing manager)

*“No, basically different background is even more interesting for me. People ask me “why you selected people with a different background?” and I tell them the training program in here is already sufficient and also the knowledge is everywhere, spreading everywhere. People want to learn, they want to read, they want to understand, they want to join. For me, that's already of great value.”* (Male, 45, Indonesian, Corporate Research and Development manager)

*“If I relate it to personality, my personality is extrovert. Because I am extrovert, for me, to meet new or alien people, is excited. So for me personally, I don't mind.”* (Male, 41, Indonesian, Head of Corporate Affairs)

*“There is no problem. As long as they bring something to us. It is about whether they can bring more knowledge here for us, and also whether they can open up our mind.”* (Female, ±40, Indonesian, Head of Marketing, Media management, Marketing Support)

*“I don't have a preference. This is my advantage, because I have a background in Asia and also in Europe. So I can work with all of them, with different people. I cannot use the Dutch or European approach to work with my colleague in factory, and I also cannot do the same approach with the people in the factory, to the Dutch people. So now I have more experience, or more ways to approach them.”* (Male, 37, Indonesian, Member of Distribution Team)

There was also a respondent who, at first, mentioned that he didn't have a preference of working with colleagues who have a specific ethnic background. However, he did give an example of when it is easier to work with a colleague who shares the same cultural values:

*“I don't really have a preference of working with someone from a particular ethnicity, but I work with a Dutch colleague and our way of giving feedback is very Dutch; we use much more*

*humor and are cynic because we know we won't damage each other with it. But this is difficult for an Indonesian, because you don't want them to lose face. Some of them think it is okay, but some of them don't. I am not sure where the boundaries are and that's why I hold myself back. If you make a certain cynic or funny remark to an Indonesian, I would immediately look at his face to see if he would be insulted or not and almost ask 'are you okay?''.* (Male, 33, Dutch, Project Portfolio manager)

And after this example, he even altered his first statement:

*"It's easier to understand the ways of working together when you work with fellow Dutchmen."*  
(Male, 33, Dutch, Project Portfolio manager)

Most of the respondents mentioned that they did, sometimes unconsciously, have a preference of working with colleagues who have a specific ethnic background, either because they have the same nationality or share similar ethnic or cultural values:

*"It's a difficult question, because I find the best of both... best of Dutch way and also the best way to work with Indonesia. So kind of mixed. If you ask my preference, I prefer to work with the Dutch."* (Male, 37, Indonesian, Member of Distribution Team)

*"I notice now that people from Sumatra are more direct and open and it's easier for me to work with them because that's more how I am as well."* (Female, 29, Dutch, Financial Planning and Importing Manager)

*"As a human being, yes. Honestly, yes. It is more comfortable for me if I can work with a particular group of people that have the same frequency with me, the same language, same values..."* (Male, 41, Indonesian, Head of Corporate Affairs)

*"Usually we hire more people also from local, because they are best in terms of dealing with the local distributor as well."* (Male, 44, Indonesian, National Sales and Distribution manager)

*“Particularly in FrieslandCampina Indonesia there are lots of people from central Java and because I grew up with the Javanese culture, to communicate and to interact with most of the people in here is easier. Because here I can speak in their language. I know about the culture, how to approach Javanese, it is different than in the rest of Indonesia and is even an advantage for me here.”* (Male, 41, Indonesian, Head of Corporate Affairs)

### **5.1.5. Experience abroad**

Respondents were also asked about their experience abroad, whether they felt it contributed to their frame of reference regarding ethnic and cultural diversity and if it broadened their mindset. Almost all respondents mentioned that they have experience abroad, either for short visits at other FrieslandCampina divisions or for a longer stay for educational purposes or long-term assignments abroad:

*“I think it is a very good advantage for the employee of an international company to have international exposure. Because when I meet or discuss with other colleagues from other countries, it gives new perspectives about business, about the way we operate ...I think as a multinational company employee, I think we should have this kind of experience. So we have more of an open mind. When we decide something, when I decide or design a plan, in Indonesia I have to think more internationally.”* (Male, 41, Indonesian, Head of Corporate Affairs)

*“The people who experienced living abroad in other countries they understand more than the people who never experienced living in other countries, because for me myself I have experience living in the UK and going to other countries. We have experience being a minority there, so we can see how other people treat us. We will be open minded. You can listen to people and you can understand and then you can come up with a wise alternative solution.”* (Male, 40, Indonesian Regulatory Affairs)

*“Maybe because I have experienced working in Japan before, so I can feel and I can, like I feel the cultural differences and I can sense it as well and then I can absorb and embed in my own values. That's why it makes me able to adapt working in the cross-cultural and also optimize myself, and maybe that's why. I mean, when I moved to another company then maybe I can*

*easier adapt with this kind of this cross-culture.*” (Male, 44, Indonesian, National Sales and Distribution manager)

Several respondents mentioned that exchanging talent within the various divisions of FrieslandCampina really developed after the merger between Friesland Foods and Campina in 2008. Before this merger, expats would often come over from the Netherlands or other west-European countries and pass on their knowledge to the local employees. Respondents mentioned that until ten to twenty years ago, not a lot of Indonesians owned a Bachelor or Masters degree and therefore the knowledge was brought in and passed forward by expats who did have a degree. Today, however, more and more Indonesians have an opportunity to educate themselves and retrieve a degree. Respondents noticed that FrieslandCampina recently started to put more emphasize on exchanging knowledge; not only expats coming to FrieslandCampina Indonesia, but also Indonesian employees who are sent to other countries as well:

*“The time is better now. A lot of what we call STA and LTA, short term assignment and long term assignment, so we send people around and actually work in a different country. I think in the old days it was more the Dutch knowledge would transfer here, but now they also transfer the knowledge from here to other.”* (Male, 39, Vietnamese, Head of Financial Accounting team)

#### **5.1.6. Differences between ethnicities**

Although several respondents mentioned that they do not pay attention to the ethnic differences, most of the respondents did gave clear answers when they were asked about ethnic differences between the employees with the Indonesian nationality:

*“You see the differences and what you see is that people develop themselves in directions where they are strong at and in trade and in sales you will see more successful Chinese based people and that you see Javanese people...Chinese of course, those are the people who trade. If you do business, the Chinese always are very good at that. The Indonesians, if you take the Javanese, I think are much more laid-back, much more eager to please. It's a totally different way of working...We are always looking for Batak people when something needs to be done and yes there is quite a difference in the populations in Indonesia, but you need to know it. When you*



*come the first time and you don't see really the differences. When you are longer at it, the Chinese, especially in business, you see them very much. So different types who you see advantages, disadvantages, or stronger, or less developed.” (Male, 65, Dutch, President Director)*

*“Normally the Chinese, they are really fast, smart quick, similar to Vietnam. They learn things fast and they move fast, fast action and things like that. Indonesian are slow but they really stick to the thing that you say. So that’s between Chinese and Indonesian people. Indonesian people, if they come from a different area, that will be different as well. Medan people, Medan is actually like... like strong. Java people are really nice and really welcome and they are a bit soft. It’s just the way they behave. Of course it depends on the person, how good or bad the person is, but the culture, the area that they come from... Makassar people will be different, people who come from Papua will be different. But that’s normal.” (Male, 39, Vietnamese, Head of Financial Accounting Team)*

*“Sumatra is more liberal, I think. Sumatra is more outspoken and it will be more...loudly, more active. They may also speak loudly even though among fathers, mother, and son. But in Java, if the father comes, we have to put with respect to not speaking loudly...To me, Javanese, if you ask them, they want to please others. That’s one of the typical Javanese culture. They don’t want to hurt people.” (Male, 33, Indonesian, HR business partner and talent management)*

Many respondents also mentioned the differences they noticed between Indonesians and the Dutch. The difference in directness between people from Indonesia and people from the Netherlands was mentioned the most by respondents:

*You can talk directly if you say to the Western people or to the Dutch people and because we talk with the ratio, not with the feels. But most Indonesians, if you touch their limit, they will push out from their comfort zone for example and they know they will experience problems, they tend to defend. At the same time they will think 'can I do this?', 'what if I can't do this?'. They will defend: 'no I can't do this'. 'No just try first', 'no, I think I cannot do this'. Something like that. But they will not speak directly if they can't do this, so say they will ask many things that is not*

*related to the topic actually. So, finally they will understand that and ok then they understand, but that takes time. (Male, 40, Indonesian, Regulatory Affairs)*

*“Oh there are many things that you would do different here than in Holland, definitely. That has to do with the culture, the directness that you have in Holland, you don't have here. As I normally say, in Holland you go into a meeting and you fight for your point. In Indonesia you go in a meeting and the decision has been taken and just in the meeting you confirm the decision. I think that is one of the key things. Also the way you approach people. You want to be nice to other people and if you go very blunt into other people, you can have completely different reactions than if you don't do it. Be careful in how you approach people and how you communicate, that is very important.” (Male, 65, Dutch President Director)*

However, several respondents mentioned that Indonesian employees working in the office of FrieslandCampina Jakarta, especially in higher management, are more used to a more direct form of communicating:

*“For some positions, let's say managerial top, maybe we got used to more direct conversation. But because the Dutch is more into the senior management level, so they don't communicate directly to the operators here. I think for the regional manager and up, I think we got used to it, to have a direct communication.” (Male, 41, Indonesian, Head of Corporate Affairs)*

Another respondent also mentioned that, even though there is a difference between Indonesians and the Dutch in terms of directness, Indonesian people working in FrieslandCampina are more used to being open and transparent. Moreover, he noticed a change in Javanese people overall regarding being open:

*“I think if you talk about general people, maybe Java tend to be not so open, but I think in FrieslandCampina, because we already, our working environment already open and we are very professional, so I think in terms of open and transparency, I don't see any cultural differences on this, but being direct or straightforward, still there is some because of the culture. But when we talk about open and transparency, it's really more on the personal side. So I believe also that*

*Javanese also already expose with a lot of other cultures and also right now media is very open. We talk about a lot of things in the government and the economy also, no talking about the corruption, now people are very more and more open. So I don't see any differences in that. But in terms of, yes direct and non-direct still.*" (Male, 44, Indonesian, National Sales and Distribution manager)

One Indonesian respondent, who worked for FrieslandCampina in the Netherlands, noticed that now he is more direct and straightforward compared to his Indonesian colleagues:

*"Sometimes when we talk to the director, some of my colleagues feel...polite... Not polite, more hesitant. While I'm, as long as we're talking about the content, then I can just straightforward discuss with him or her. If I disagree, I just can express my disagreement: how about this, what about this? If he or she says something which is not correct, I challenge him. My colleagues do not dare to do this to a boss."* (Male, 37, Indonesian, Member of Distribution Team)

One respondent mentioned the difference he noticed between his former Dutch bosses in another company and his current Dutch boss at FrieslandCampina regarding directness:

*"My first bule (white person) in Nestlé was from the Netherlands, but he's not that Dutch. My second boss in Nestlé was also Dutch. He is not that Dutch. But I think the Dutch in this company are more Dutch, because they are more direct."* (Male, 41, Indonesian, Head of Corporate Affairs)

The Dutch expats who were interviewed also mentioned differences other than directness between Dutch people and Indonesians:

*"If you look at how we are treated as foreigners, as Dutch people, I always feel ashamed. And I experience difficulty with the idea that people see me as more important or a boss because I am tall. I try to take it away as much as possible, but you notice it is in their culture...Loss of face is much more important here. For example, when something costs eleven Euros when ten Euros was budgeted, in the Netherlands we would be more opportunistic and say 'that's the way it is, I*

*can't change it now', but in Indonesia they would feel like they have failed and are even willing to pay the other euro themselves...I spoke to an Indonesian colleague the other day about the culture around a meeting. I said that in the Netherlands, it is insulting if you show up late at a meeting, or if you are looking at your phone, or if you walk out of a meeting without saying something. His jaw dropped and he was listening with amazement but also with pleasure.”*  
(Male, 33, Dutch, Project Portfolio manager)

*“There are some things which are less Indonesian. The way business is managed, a better authoritarian management structure. I think that in business there's a major difference between the heritage culture of Holland or western European type of management and the Indonesian. What you see is that the Dutch are very much analytical based, so people understand, they make conclusions from facts. Indonesians have very much difficulty with that. It's not in their culture. They accept things to happen as a fact of life. Destiny who is doing that. And we analyze. These are the things Indonesians have very much difficulty with...Yes. The way we manage is definitely, if you get quality and what I'm saying... Especially the way you do business based on facts and make plans, implement... The planning and implementing they are very good at, the first part not very good at. So that's where we're at and in the implementation I think that Indonesians are even a lot better than the Dutch...The point is that Dutch like to discuss and once you have an agreement here in Indonesia people start doing it and if they question then they think they can do better, but in Holland you have much more a culture of 'overleg', people continue to discuss before they start doing things. But here the assignment needs to be done and they start doing it and most of the time they do it very well.”* (Male, 65, Dutch, President Director)

*“I think it is an Indonesian thing, doing things at the very last minute and the impossible made possible by being very creative and thinking in solutions. You don't stop until you are finished and people here are very dedicated...Work here is part of life, 90% of your free time you spend working, while in the Netherlands you go home around 6 pm or 7 pm, 8 pm is already working late and here they would say 'you're leaving already?'”.* (Female, 29, Dutch, Financial Planning and Importing Manager)

The above difference between Dutch people and Indonesian people regarding work hours and how work is part of life mentioned by a Dutch respondent was also noticed by one of the Indonesian respondents when he worked in the Netherlands:

*“I feel when I was in production, once in two weeks or once a week, we hang out together, to drink, maybe have dinner together. Make us more compact. Sometimes we discuss different issues or in the restaurant. While in the Netherlands it is quite difficult, because everyone goes home. They have to have dinner at their home, because the wife already cooked some things.”*  
(Male, 37, Indonesian, Member of Distribution Team)

These differences in work culture between Indonesians and Dutch people are related to the family value, which is very strong in Indonesia. Many respondents mentioned that the family value is very important and very present within FrieslandCampina Indonesia. Colleagues are treated as family and work is a big part of life. Respondents noticed that this is different for their Dutch colleagues:

*“What I picked up in the office in other countries, or when I meet with the global team, the importance of family values is different. I mean there can be companies that can also enriched in the whole global organization, but I think in general Dutch culture is very much based on the team effort. So you see for any specific case we have to get agreement on the team before we move forward. So that's the difference. These things like consensus or agreement among the group before moving on to another part of the team for the spirit.”* (Male, 44, Indonesian, National Sales and Distribution manager)

And of course the other expats who were interviewed also noticed difference between them or people with the same nationality/ethnicity and their Indonesian and Dutch colleagues:

*“In Vietnam they are very smart and they are very quick. They tend to take the shortcut. With a smart person, you normally tell them once and they understand it, and next time they can do that. But the third time, fourth time, they say “Okay, why don't we do it shorter?” They start to take a shortcut, and that's when something goes wrong. They sometimes forget about the basic things,*

*they actually did it for certain reasons, and then they take a shortcut and then... lack of patience is one of the things.” (Male, 39, Vietnamese, Head of Financial Accounting Team)*

*“Indonesian people are very conforming. Very willing to conform, very willing to try something new, very open. They are very into collaboration. When in Malaysia it’s different. Especially in the working culture, people are a little bit more individualistic, little more cautious. Dutch people are very direct. And when you go to the Dutch people, you just go straight into the topic...People in Malaysia, the competitiveness is higher and the job pride is higher. It’s more the competitive nature. They take it is a challenge. “Oh, you say my work is shit? Okay, now I do for you”, like that. They like that sort of challenge back, and they come back with something better. So that’s quite a big difference. (Female, 38, Malaysian, Marketing manager)*

#### **5.1.7. Issues related to ethnic diversity**

All respondents mentioned that they believe the overall atmosphere towards ethnic diversity within FrieslandCampina Jakarta is very positive and colleagues are very respectful towards each other. However, many respondents did mention that some differences between ethnicities or cultures led to issues or struggles at the work floor. Again, the difference between Indonesians and the Dutch, or other expats from west-Europe, regarding directness and straightforwardness was named as an example by the respondents which sometimes led to issues or misunderstandings at the work floor:

*“Maybe ‘bule’ or foreigners have difficulty to work with the Indonesians, because he is not prepared well to know about the Indonesian culture. We are more indirect than direct. He’s never been to Asia, so in a senior level, with all Indonesian staff, then he has difficulty in communication. I think you should be prepared here. Indonesia is more indirect...I know that somehow they (Dutch colleagues) have this style, really open and blunt, to give maybe feedback or input. For somebody that doesn’t know the background of Dutch people, I think they get more offended, yeah. To give such feedback.” (Male, 41, Indonesian, Head of Corporate Affairs)*

*“I’ve heard stories that people came with their own way of working, some even Dutch expats. And they came in here and they were very forward, you know, if someone comes with a bad*

*report “this is a bad report.” It was disaster. Yeah, whereas in Indonesia when someone comes to you and you know it’s a bad report, you cannot tell them it’s a bad report, you tell them “Oh, this is a great effort that you’ve done. I really appreciate.” Because the people generally have put in their best into the work for you, and if they cannot do it is either they didn’t understand you better, or they just didn’t know how to do it, but they don’t want to lose face by asking. So the way you say “Oh, I think we can make it better. You think we could do this or this”. It’s like a flower: you don’t crush the flower, because if you crush the flower, it will never bloom again here. And they will immediately have this block and they wouldn’t ever do the work for you. Here you have to take the flower, have to stroke it and then you tell it “You know, if you do this, you can become even more beautiful and colorful flower”, and they will be happy and come and work for you. The way you approach people just like that.” (Female, 38, Malaysian, Marketing manager)*

The direct or sometimes even blunt way of giving feedback by Dutch employees is something the Indonesian employees are not used to. Receiving feedback about your personal work performance from your manager and co-workers often happens in organizations in the Netherlands. Setting a personal target for a subordinate by the manager is also common in the Netherlands. A respondent mentioned that FrieslandCampina also works with personal assessments. Indonesians however are not used to receiving comments or an assessment, as the respondent explained:

*“You get a personal assessment, a personal target. A lot of Indonesians have difficulty with this, but it does happen.” (Male, 33, Dutch, Project Portfolio manager)*

The family value, as mentioned before, is very important in Indonesia. Respondents mentioned that colleagues are seen as family members and managers or bosses are respectfully addressed as ‘Pak’, which means ‘father’ or ‘Sir’, or ‘Ibu’, which means ‘mother’ or ‘Mrs.’. One of the Dutch respondents however mentioned that he feels uncomfortable when he is addressed as ‘Pak’:

*“I said from the beginning to them that I am not their boss. I also don’t want them to call me ‘Pak’. I think that it is slowly changing, that they know that we are equals. I try to take the*

*hierarchy out of it. But the lady who has an administrative and a lower function, I think that she still has difficulty with it.”* (Male, 33, Dutch, Project Portfolio manager)

The presence of the family value within Indonesian organizations also means that team work is very important. This is no different in FrieslandCampina Jakarta. Several respondents mentioned situations in which projects were rapidly approaching the deadline and colleagues, who weren't responsible for that particular project, were helping out in order to finish the project on time. One respondent noticed there is less emphasis on team work in FrieslandCampina in the Netherlands compared to Jakarta. Working individually and being responsible for your own work are important working values in Dutch organizations:

*“The Dutch working culture is very straight to the point. Dutch humor is direct. Also in delegation, what shocked me at the time was when I had to present something to the global directors, which is very important, I sent it to my boss and asked him if he checked it. He said ‘What for?’ and I asked ‘But what if I made a mistake?’ and then my boss said ‘You have to make it perfect and then present it to the director.’ While in Asia, it will not happen. The boss will have checked, sheet by sheet, page by page. So we probably just created 50% or 80%, because we know that our boss will complete or finalize it. So in the in the Netherlands I have to work it a hundred percent.”* (Male, 37, Indonesian, Member of Distribution Team)

One of the Dutch respondents noticed this difference as well and mentioned that he needs to take time to explain to his subordinates what they are expected to do:

*“I much more take them by the hand and sit next to them to discuss everything and guide them with which steps they have to take. It is something they're not used to compare to the Dutch. That's also what they say about the differences between Europeans and people living in the tropics: Europeans and the Dutch always had to fight to survive and eat and therefore they need to plan, but here, whenever you kick a tree, something edible falls out of it.”* (Male, 33, Dutch, Project Portfolio manager)



The difference between the Dutch and Indonesians in long-term and short term-planning was also named as an example by several respondents as to point out how it could have a negative impact on project planning:

*“Another big difference between the Dutch and the Indonesians is the long-term and short-term politics. An Indonesian often looks at tomorrow or the day after tomorrow and a Dutch person tend to look at the next three or four years. This difference sometimes results in issues with project planning.”* (Male, 33, Dutch, Project Portfolio manager)

*“Javanese people most of the time say “yes, I will do it”. Then Europeans think: “if she says yes, she will do it”. But Javanese think: “I will do it, but maybe today, or tomorrow, or the day after.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

Frictions related to different perceptions about the importance of individuality and feeling responsible versus the importance of following the manager’s instructions are not only mentioned by Indonesian and Dutch respondents:

*“Indonesian people are different. I don’t say they are not smart, but they are probably a bit slower in the way they test your idea. Understand “Why is that?” Also I think the way of thinking, they all believe what you say if you are the boss, is right. So they don’t really ask why it’s like that. That’s why I try to change the attitude in here. You have to challenge me, if you don’t know why, you have to say “Why do I do that?”. But they just follow what you say, and then if they believe it is fine, they keep doing what is fine, and they don’t change. And they are very patient...Indonesian, their pro-activeness is not that high. Also a few other things, the hierarchy is really strong here, and when you really want them to challenge you, that’s very difficult.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

Again it is mentioned that hierarchy and having respect for your manager or boss is very important in Indonesia. As a result, Indonesian employees are less likely to challenge their manager. Respondents furthermore mentioned that Indonesian employees feel more comfortable executing a task given by their manager or boss. Indonesians are also less likely to discuss a task

or ask questions about it, whereas Dutch people are used to discuss tasks and give feedback. A Dutch respondent mentioned that even though a 'west-European' style of management has its advantages, it sometimes has its disadvantages when employees focus too much on discussing about a certain task rather than executing it:

*“Where they (west-European management style) are better in? Still the analytical part, that's very important and you see that Indonesians also start understanding it and managing that, but they are much more, we say, determent to implement and to make sure it happens. That's something, where I think, the western management has difficulties with. The 'overleg cultuur' has advantages, but also has disadvantages.”* (Male, 65, Dutch, President Director)

Issues regarding pro-activeness and direct and straightforward communication not only occur between Indonesian and Dutch employees, but also between Indonesian colleagues. Several respondents mentioned that the global management style of FrieslandCampina is very open and transparent. Especially Indonesians in higher management or Indonesians who visited or worked at west-European or Dutch divisions of FrieslandCampina, are more used to this type of communication and management style. This sometimes led to issues between Indonesian employees and their colleagues or their subordinates:

*“After I went to the Netherlands, I took my responsibility for my tasks, and when I came back, for the first two months, my boss was kind of irritated because I wrote a report and sent it to him. I didn't ask him permission. In the past, I always asked him permission.”* (Male, 37, Indonesian, Member of Distribution Team)

The same respondent also gave an example of the difference between Indonesian people and Dutch people regarding arriving late and how it influenced him:

*“In the first two months after I came back from the Netherlands, my colleague couldn't agree with my behavior. I couldn't accept that he was late for a meeting, but this is normal in Asia. But before my stay in the Netherlands I would also be late.”* (Male, 37, Indonesian, Member of Distribution Team)

The above respondent thus adapted to a different working culture and way of communicating when working in the Netherlands and resulted in frictions between him and his Indonesian colleagues when he moved back to Indonesia. The respondent was also asked if his current Dutch colleagues at FrieslandCampina Jakarta like his straightforwardness and pro-activeness gained from experience in the Netherlands:

*“Some yes, some no. Because the Dutch also assimilate with Asia. So some build hierarchy, something like that.”* (Male, 37, Indonesian, Member of Distribution Team)

Thus, even though the above respondent currently uses ‘Dutch’ work values he learned in the Netherlands, some of his current Dutch colleagues have difficulty with this because they themselves adapted to ‘Indonesian’ work values. A respondent explained why it is of importance that expats, especially managers, need to understand and adapt to Indonesian values:

*“The one who coming here, usually the bosses, right? So we like it or we do not like it, we have to adapt to the boss. But the boss can work more effectively, then they also have to understand the subordinates. So in that way, many times I just tell the bosses most of the time. It's better if you would like to deal with Indonesians, you should do it like this and not like this.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

However, sometimes it is necessary to hire a (Dutch) expat because of their different management style and not their ability or willingness to adapt to Indonesian management values:

*“Or they want to have some changes, most of the time. The reason that you have Dutch people also has a reason that you want to have the type of management adapted to what is working in other areas.”* (Male, 65, Dutch, President Director)

Issues or misunderstandings between colleagues not only occur based on different ethnicities, different perspectives or a different management style. One respondent explained how using a particular medium of communication occasionally resulted in misunderstandings between colleagues:

*“The most difficult thing is when we talk in the telephone. You talk with someone somewhere, you do not see the expression. Expression is important, because maybe you do not understand the impact, but from the body language you know. Whether he has been happy, angry, not angry, something like that.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

### **5.1.8. Language diversity**

FrieslandCampina is a Dutch organization; its headquarters is in the Netherlands. However, there are many branch offices and factories in and outside Europe, which makes FrieslandCampina a multinational organization. With regard to FrieslandCampina Jakarta, most of its employees are Indonesian. It is therefore interesting to research if respondents ever experienced issues at the work floor related to language. Respondents were furthermore asked which language is mainly used at the work floor. All Indonesian respondents mentioned that the main language used in the office is Bahasa Indonesia. However, the Javanese language is also often used:

*“We talk mostly in Bahasa, but we also use Jakarta slang. There’s, I don’t know how, but from long time ago, there is Jakarta language like a specific style of Jakarta language.”* (Male, 40, Indonesian, Regulatory Affairs)

*“In FrieslandCampina, I think most of the employees are from central Java. So we speak in the Javanese dialect. So it’s easier for me to blend with them if I can speak Javanese...Most people in the operation, in the factory, they speak more fluently Javanese.”* (Male, 41, Indonesian, Head of Corporate Affairs)

All Indonesian respondents mentioned that the main language is Bahasa Indonesia. One Indonesian respondent used to be an expat himself when he worked in the Netherlands for several years. He was asked about his experience regarding language:

*“Sometimes they forced me to understand Dutch, so they said “We are talking in Dutch”, because the topic is quite difficult to speak in English, because also not all Dutch can speak English well, so they speak Dutch. Moreover, when we visit or when we have a discussion in the*

*factory, so mostly they can't speak English.*" (Male, 37, Indonesian, Member of Distribution Team)

The respondent was also asked if he mind that his Dutch colleagues were speaking Dutch in his presence:

*"I was more realistic. If I mined, what's the benefit? Do they change? No, they don't change. So I didn't expect. If you continue to speak in Dutch, you speak in Dutch. Because you can't speak English anyway."* (Male, 37, Indonesian, Member of Distribution Team)

The respondents who were interviewed who are currently the expats at FrieslandCampina Jakarta were also asked about their opinion regarding the main language used in the organization and if they experienced issues with it:

*"I don't mind if they speak Bahasa. But for them, I encourage them to speak more English, because that's good for them. In a few years they can actually go to another international company, can apply easily for jobs."* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*"I try to communicate in English as much as possible. I am taking a course in Bahasa Indonesia for 1,5 years now and I can understand what they care talking about, so sometimes I say to them 'just discuss in Bahasa Indonesia, not a problem, as long as I get a recap afterwards' ...It's a very big step for them to switch from Bahasa Indonesia to English and you notice that they communicate in very different way and with a different pace and are much more confident when they speak in Bahasa Indonesia".* (Male, 33, Dutch, Project Portfolio manager)

*"I think when I first came here I wasn't comfortable with my Bahasa. Actually I speak more Bahasa now than I did in my whole entire life. And because of that I speak English, and my English I speak... I think very fast. It is my first language. And again, because the people here, although they are very collaborative, but they also have very high pride. Indonesians have very high pride. They don't want to tell me they don't understand. So I have to be very aware of*

*people's body language. Because in the body language you can tell. So once I had a meeting regarding demand planning, with the sales team. So I started my presentation in English and I could see blank faces, I could see that they didn't understand me at all. And at the time I wasn't confident in my Bahasa as well, so I just quickly finished, and then afterwards, the head of the demand, who could understand context, "Could you... do your part, and please continue in Bahasa, cos I can understand." And immediately you saw the engagement of the room and everyone is talking and getting involved. So nowadays what I do is I speak half-half. Switch on and off." (Female, 38, Malaysian, Marketing manager)*

Above results show that the expat respondents often deal with colleagues who have difficulty with speaking English. The expats therefore allow them to speak in Bahasa among each other and ask for a recap afterwards since this often gives faster results than if they force them to speak English.

#### **5.1.9. Positive influences**

Even though almost all respondents gave examples on how ethnic diversity led to issues or misunderstandings between colleagues, most of the respondents also gave examples on how ethnic differences between employees had a positive influence. The expat respondents were asked why they like working at FrieslandCampina Jakarta and how they feel about their Indonesian colleagues:

*"If you live here longer, you really appreciate the Indonesian people. They are really open and really friendly. They really welcome you, even if sometimes you did something wrong to them, they still forgive you. That's a really good thing about Indonesian people. I feel really at home now. They treat expats very well." (Male, 39, Vietnamese, Head of Financial Accounting Team)*

*"Indonesians are very tolerant. They think most things are okay." (Male, 33, Dutch, Project Portfolio manager)*

The above respondent not only mentioned the tolerance of Indonesians as one of the aspects why he enjoyed working at FrieslandCampina Jakarta. He also explained how the presence of other

expats, not only other Dutch expats, helped him in the collaboration between himself and other expats:

*“There is also someone from Vietnam here who I feel connected to because we both left family behind and came to a new country to build something. This connection makes it easier to work with each other.”* (Male, 33, Dutch, Project Portfolio manager)

The Indonesian respondents were also asked how they feel about their Dutch colleagues and if they notice positive aspects from management implemented by Dutch employees working at the senior level:

*“The Dutch company, the thing I think is very good is they always have a prudent approach in terms of growing a business. So we have to make a decision based on something that is, we have like a procedure to approach that, but yet very much in the key thinking. So this is actually something that really makes our decision more structural. And then secondly, with the Dutch approach also they always have a thing about the long-term benefit as well. So not only just short-term benefit and they also look at it from a different angle, not only just commercial growth but also the whole impact. So when they make a decision, they want to make sure that this one is sustainable. Usually when we have agreed on something, Dutch are also very good on the tracking and monitoring and being disciplined, they are very good on that. We have a structure approach and then the decision making is really made by the group, not just individual make a decision and then when we decide that committed and then follow-up regularly and monitor the decision made. So I think those are key points, positive points, I learned from the Dutch organization.”* (Male, 44, Indonesian, National Sales and Distribution manager)

*“Dutch people in here now and the Dutch people ten years ago is quite different. Dutch people ten years ago, they kind of developed to be Asian. Be more demanding and also less delegation. I don't know, maybe it is because of the person, maybe it is because of the atmosphere. But now our expats here delegate more, and are more understanding. They don't mind if we speak out our opinions.”* (Male, 37, Indonesian, Member of Distribution Team)

In the previous section, respondents gave examples on how the importance of family values, in Indonesia overall and in FrieslandCampina Jakarta in particular, could ease frictions between colleagues regarding responsibility and individuality. However, the presence of family values within FrieslandCampina is also seen as something positive by many respondents:

*“If there are problems, then people are able to do things which would never happen in the Netherlands. Everybody starts helping as a family and try to solve the problem, whereas in the Netherlands people would say ‘it is not my responsibility’. People here really feel as though they are part of a family”.* (Male, 33, Dutch, Project Portfolio manager)

*“In Indonesia, the value is really family. So, we feel that we are family. So, this is very strong. So not because of the management of this one company, but we are already like that a long time ago. So, this value, this culture still, we make them connected. So, if there is a new hire, newcomer, they will be influenced with the current culture of the company.”* (Female, 47, Indonesian, Plant manager)

*“In FrieslandCampina I think we have a so called like a professional family culture. Because I think that the company is already here for more than 90 years. So the working culture here is actually is really, you feel like being part of the family.”* (Male, 44, Indonesian, National Sales and Distribution manager)

Two respondents explained that the importance of family value is not only present within FrieslandCampina Indonesia; it is also a value the organization emphasizes globally:

*“The company values of FrieslandCampina is consistent anywhere in the world. The company culture in itself is quite apparent across the world. And what that is, is the familiness. This company is very big in family values. They’re very... I call it nice. Like, they always when... there is a conflict situation, they are always very collaborative. There’s a lot of empathy, there’s a lot of focus on people’s feelings. That’s the culture. I think it stems from the fact that we are all farmer corporated.”* (Female, 38, Malaysian, Marketing manager)



*“They have a family value in FrieslandCampina in Europe as well. This because we are not a plc, we are not a public listed company. We are a private company, FrieslandCampina. We are owned by the farmers. So we're not in the stock exchange, no. That makes a bit difference with other organizations that we can talk easily. That we can talk easily inside the organization internal.”* (Male, 40, Indonesian, Regulatory Affairs)

Thus, even though FrieslandCampina is a large multinational organization with offices and factories in several countries, at the same time respondents mentioned the importance of the family value within the organization. Respondents really feel part of the organization and together with the Indonesian value of having respect for one another; this may explain why respondents were very positive when they were asked about the overall atmosphere regarding ethnic diversity within FrieslandCampina Jakarta:

*“We start embracing the cultural differences as part of our enrichment.”* (Male, 44, Indonesian, National Sales and Distribution manager)

*“FrieslandCampina is a global company now and they really respect diversity. Respect gender as well. So it is really open... We learn from the culture from the expats. We are already used to set times.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“The way ethnic diversity is managed here is very positive and encouraging and endorsing the diversity.”* (Male, 41, Indonesian, Head of Corporate Affairs)

*“In here you feel the motion, feel they really appreciate that. The relationship you have with the people in here.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“We respect the value of differentiation. We respect expats here, expats respect the Indonesians here. Also among the Indonesian from ethnicity, we respect each other. So the Batak, the Java, we can communicate with each other, we can cooperate with each other easily... Very positive here. We can work mainly in the projects with a kind of diversity, that's no problem. Sometimes it's important, it can help us. During for example, because of the differences we can have an*

*idea: 'oh it is better to do it this way from my experience abroad', 'oh that's good'. Yes, it's good for us.'* (Male, 40, Indonesian, Regulatory Affairs)

*"I need to open up in the culture, trust each other and respect each other. No matter what kind of program, where you are from and also the position. I don't make any differences between them. Start with that and then the prejudices will be gone. Because I started with giving the same to everybody. So we don't talk about the differences, but we are talking about a team."* (Male, 45, Indonesian, Corporate Research and Development manager)

Several Indonesian respondents furthermore mentioned that this positive atmosphere within FrieslandCampina Jakarta is also related to globalization and the development of Indonesia as a country. They explained that much more young Indonesians now have the opportunity to study and get a degree and how globalization made is possible for Indonesians to go abroad as well:

*"Now if we have a job fair, we can sell that our Indonesian people have opportunities worldwide. One person even is managing director in the middle east."* (Male, 33, Indonesian, HR business partner and talent management)

*"I think it will be developed, in terms of changes, it will develop, because now we are in the project of employer friendly. FrieslandCampina friendly, to get more people, to attract more people to start working in our organization. Not only the Jakarta people, but the Indonesian people. That will change us. That will make us more colorful. Let's say the Javanese is 70% here but, but if there will be less Javanese and the newcomer is not only Javanese, but other ethnicity from Indonesia, it will be good, it will be great, because we can fill the atmosphere with, the atmosphere will develop from now. And it will, everybody will be more open minded, more understanding."* (Male, 40, Indonesian, Regulatory Affairs)

*"The way we communicate between the superior and the subordinate is not really... There is no barrier and we can talk to each other very freely."* (Female, 47, Indonesian, Plant manager)

*“The way we work, the way we develop the company became more and more international or even multinational, a lot of people are send here and we actually are committed to export more talent as well. I think what's critical about this company is actually, yes we develop a professional and international culture, but we still have a lot of Indonesian values in here. So culturally it's actually multinational, but we develop our own Indonesian values, FrieslandCampina values, that I think still live within this company. The spirit of togetherness, the spirit of family. So I think those Indonesian values still live in this company and I can feel it across the organization, not only in sales.” (Male, 44, Indonesian, National Sales and Distribution manager)*

*“We have a very strong empowerment in the organization, so people get chances to present themselves and to work together with higher ranks. People would come into my office who would never do that before. So what you see is that new people who are coming, they have the feeling that the differences between the ranks in the company are still very high. They are surprised that that is different...The basics are the same (compared to 30 years ago). What has changed is that the Indonesians have developed much more, the thinking, the experiences, so I was quite surprised in how the management in the company has grown over that period. And I think that the management quality in Indonesia has grown much faster than in the west. So they're really catching up. I still think that there are some areas where the western management is better, but the eastern, especially in this case Asia, is catching up a lot faster. So there's a good chance that they will overtake us in the next 5 to 10 years.” (Male, 65, Dutch, President Director)*

The above examples given by the respondents show that the overall perspective towards atmosphere regarding ethnic diversity within the organization is considered to be very positive. Respondents furthermore mentioned how they noticed a change within the organization regarding ethnic diversity and attribute this change to globalization and also the how Indonesia progresses regarding transparency and education.

#### **5.1.10. Religious diversity**

The focus of this research is on ethnic diversity. However, religion is a very important part of life for almost all Indonesians. Therefore, a few questions about religion were included in the

interviews. The largest religion in numbers in Indonesia is Islam. Most Indonesians consider themselves to be Muslim. This is no different within FrieslandCampina Jakarta. When asked about religious diversity within FrieslandCampina Jakarta, respondents mentioned that most employees are Muslim, but there are also Christians, Hindus, and employees who practice a religion other than these three or who practice no religion. All respondents mentioned that there is a lot of respect towards each other regarding religion within FrieslandCampina Jakarta. Muslims can for example make use of a prayer room when they want to pray during the day. It was also mentioned by some respondents that the factory has to run 24/7. In order to achieve this, Christians have to work during Muslim holidays or festivities and vice versa:

*“In FrieslandCampina we have mostly Muslims, but we respect other religions as well. For example, during Ramadan we have a kind of ceremony, and then during Christmas also and we also can join it...In the meeting, if I have to pray, then I ask the chairman that I have to pray for a minute and that is okay.”* (Female, 47, Indonesian, Plant manager)

*“If you don’t pray for only one time on Friday, it is okay and the line in the factory can’t stop. So some Muslims sometimes don’t pray on Friday because they have to work and other times they can switch with colleagues so they can pray.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“We have to implement the regulations from the government. If your majority is Muslim, we should allow them to take a leave if the reason is for pilgrimage for one month.”* (Male, 33, Indonesian, HR business partner and talent management)

*“I think religion is a very strong and important part of... especially Asian, I think, more than the Western world. I think religion sensitivity is important. You have to respect what they need to do. But I don’t... but it shouldn’t be part of the company. You should keep it separate. They should be aware, especially here, like the Muslims need to pray and you need to give them the time that they need to pray.”* (Female, 38, Malaysian, Marketing manager)

Two respondents explained that they believed the reason why employees of FrieslandCampina Jakarta have a lot of respect towards each other regarding religion has to do with the overall perception that Indonesians in general are very respectful people:

*“Indonesian Muslims are more open compared to other countries and we also respect other religions.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“They think it’s more important that you believe in something than in what you believe.”* (Male 33, Dutch, Project Portfolio manager)

One respondent mentioned that he believes it is important to not only work with a team of people who share the same religion, but to have a mix of religions and ethnicities to not only broaden his own mindset but of his team as well:

*“I like to make my department with five religions. I’m a Muslim, so I don’t want to have a seat with all Muslims. It should be mixed with the Christian, Buddhists, and also the Hindu’s. So mixed. So I made it my department like Indonesia, different cultures.”* (Male, 45, Indonesian, Corporate Research and Development manager)

However, he also mentioned that although his team is mixed in terms of religion, he does not allow his team to express their religion in the office in terms of religious artifacts or symbols:

*“My department is only the office. So I say to them: ‘any kind of the people of the religion is not allowed in here’. Because it is an office. If you put something on your table, a Buddha image or something, you already feel that I’m different with you. So better you put it at home, don’t put it in your desk. So I make kind of certain standard of working place. I want a clean desk for the people in my office. My department is not a church or a mosque, this is a place how we gather together in terms of working. Not for reading the religion.”* (Male, 45, Indonesian, Corporate Research and Development manager)

According to respondents, differences in perception or work ethic related to religion hardly led to issues between colleagues. Two respondents explained why:

*“Indonesia believes that: whatever happens to me, that God already arranged it. You cannot do anything, cannot change anything. I think somehow a bit different. You have to try your best, and then whatever comes to you is something beyond your control. But you have to try your best first. Some people just think: why try really hard, God already arranged for me. So they take a bit passive position in the way they do, which I think is not good. So I try to change a bit of that. But you can't really touch religion or their belief.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“We are really careful with that. We don't want to have issues with that. It is very sensitive and it can easy 'burn'. It is easy to explode, so no, we don't want to touch that part.”* (Male, 40, Indonesian, Regulatory Affairs)

Thus, respondents noticed the presence of religious diversity within FrieslandCampina Jakarta also mentioned that most employees within the organization are very respectful and understanding towards each other regarding religion. However, it was also mentioned by some respondents how differences in religion sometimes caused frictions between colleagues. Nevertheless, these frictions hardly caused serious issues between colleagues because religion is something that cannot be ‘touched’, as explained by several respondents.

#### **5.1.11. Age and gender diversity**

Besides ethnic diversity and religious diversity, respondents were also asked if they noticed differences between employees from different generations. Several respondents mentioned that it is very important in Indonesia to have respect for the older generation and this is also present within FrieslandCampina Jakarta:

*“Respect for older people is very important in Indonesia. But in here, we have to respect no matter if he is older or he is younger. But we respect because we are human. You have to respect the other person. That's what we believe.”* (Female, 47, Indonesian, Plant manager)

*“With older people and young people you need to approach it differently, because older people, the way of thinking is different. I must say, that’s a difference you cannot change.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“Even to your subordinate, if they are older than you, you will have a polite language.”* (Male, 40, Indonesian, Regulatory Affairs)

One respondent mentioned how it sometimes can be difficult for the older generation of employees when the organization needs to implement a change:

*“Sometimes the most challenge you will face if you have to change their behavior. For example from paper to paperless. That’s very difficult for the very old Frisian people who’ve worked in FrieslandCampina for more than 20 years. That was hard at the time, but you need to have a strategy. Execute your strategy very smooth, very careful, because you have to approach them personally, one by one.”* (Male, 40, Indonesian, Regulatory Affairs)

One respondent mentioned that this is the reason why FrieslandCampina is currently attracting young talent. He mentioned that FrieslandCampina wants to be more dynamic and exchange talent and the younger generation is more open for change compared to employees who are older:

*The diversity is not only on the culture or the race but also on the demographic, meaning to say that on this department we tend to put more and more young blood in the organization. The group is becoming younger and younger, so this makes the group become more and more dynamic and it's easier to influence a new change, or a new way of working.”* (Male, 44, Indonesian, National Sales and Distribution manager)

Respondents furthermore mentioned that these younger employees of FrieslandCampina Jakarta are more open and willing to discuss and ask questions:

*“What I see from the past is that people were probably more shy in expressing their opinion. But now, with the youngest generation, it’s not happening anymore.”* (Female, ±40, Indonesian, Head of Marketing, Media management, Marketing Support)

*“I believe that the younger generation are better in English and because of that, the communication between me and them is much easier. They are also not afraid of coming in my room”.* (Male, 33, Dutch, Project Portfolio manager)

Thus, respondents noticed that there is a difference between the younger and older generation employees regarding openness and willingness to ask questions or discuss. However, most employees still have respect for older colleagues and will always use a polite language, even if they are subordinates. Another topic which was briefly discussed with respondents was gender. Female respondents were asked if they noticed they were treated differently because they are a woman. All female respondents mentioned that they never experienced issues based on their gender. Female employees have the same opportunities as male employees, according to one respondent:

*“Gender is no issue in our company. You can grow and you can get lots of things, same with men.”* (Female, 47, Indonesian, Plant manager)

However, one male respondent mentioned that transportation needs to be arranged when female employees work late:

*“For women in Indonesia, if they have to work past 10 o’clock in the evening, then we have to arrange the transportation back to home.”* (Male, 33, Indonesian, HR business partner and talent management)

Even though the female respondents believed they had the same rights and opportunities as their male colleagues and they never experienced issues based on gender, FrieslandCampina Jakarta does have the intention to help women grow within the organization:



*“There is a kind of ambition that there should be – what is it, 35 or 40% should be lady. So there is an importance to move to that direction. Just a month ago it was already announced that one of our executive board, it is the first time that a female comes in that position.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“We have the intention to help women in the top 100, they call it. They are having the intention to increase the number of women there.”* (Male, 33, Indonesian, HR business partner and talent management)

## **5.2. Performance**

One key aspect of this study is to investigate whether ethnic diversity within an organization has an influence on the performance of the employees. First, respondents were asked if they felt that the ethnic diversity among employees working for FrieslandCampina Indonesia had an influence on their individual performance and if they could give either positive or negative examples. Secondly, respondents were asked if they felt that the ethnic diversity among the employees had an influence on the team performance and if they could give examples.

### **5.2.1. Individual performance**

Respondents were asked if they felt that ethnic diversity within the organization had a direct influence on their individual performance. The respondents who were expats were asked if they felt that they had to adapt to a different working method and if they noticed this affected the outcome of their individual performance. The Dutch respondents gave various answers to this question. Two Dutch respondents mentioned how they had to make changes in the way they lead a team and how they communicate:

*“It took a while for me to notice that I had to change my leadership style. People here like to be monitored, whereas in the Netherlands it would be a sign of distrust. Now I walk through the project in detail with them.”* (Male, 33, Dutch, Project Portfolio manager)

*“You notice in the office that you don’t understand people. I have a team of four people, but at that moment you are also new for a team. And it goes differently compared to the Netherlands*

*where people are more direct and communicate more open and are more clear in discussing the issues.*” (Female, 29, Dutch, Financial Planning and Importing Manager)

Another Dutch respondent mentioned how the difference between the Netherlands and Indonesia regarding management style and working values enriched him and influenced his personal management style:

*“Here, it was actually, when you looked at Indonesia, the business was not important, the personal life is much more important. And to make that change, I think enriched me a lot. That you start thinking different about why am I living and what am I doing. And that for me was, it changed my life quite dramatically. You see that other things than being successful in business is important, family became much more important and that is something I think which is based on what I experienced in Indonesia...I always like the spice in the food. Your life, your management style, spices it up. You get a different way.”* (Male, 65, Dutch, President Director)

The other expat respondents who were interviewed also gave various answers when they were asked about their individual performance. The Malaysian respondent also mentioned, like one of the Dutch respondents, how she had to adapt to a more indirect way of communicating:

*“In Malaysia I can be more direct with my feedback to people. I see the example, I can say “This is shit work, come on, you can do better.” You tell them how to do it and... Here you cannot do that. Here if you want to [school] somebody, you school them with a smile on your face. So here you really have to... I had to be very conscious about the approach that I take to people. Here you have to be extra polite.”* (Female, 38, Malaysian, Marketing manager)

She furthermore mentioned how a leadership program made her aware of the importance of empathy in Indonesia and how she felt this awareness changed her into being a better leader:

*“When I was in the leadership program I had to do self-reflection and one of the biggest areas I had to improve on to become a better leader, was to have more empathy. Indonesia is one of the countries you need high empathy in order to get work done. So definitely I have improved my*

*empathy skills, even at home. I used to be much more directive type of person; now I will ask the question, instead of telling, “Oh what do you think?” Then it becomes more open and... I guess it makes me seem to be a nicer person.”* (Female, 38, Malaysian, Marketing manager)

However, the Vietnamese respondent mentioned that he tries to treat every colleague the same regarding their ethnic background:

*“It doesn’t matter where you are from, I like to treat the same. Because maybe there is a bit of sensitivity in there, but I’m trying to ignore that one. The moment you pay attention on that one, people have an excuse to really step back to who they are. If they joined a big city, it is an environment that they work with, they need to have the way that people normally do it. So if you respect the area in a direct way, you accept that one person can be tougher than the other person.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

The expat respondents were divided in their answers about the impact of ethnic diversity on their individual performance. Some respondents mentioned how they had to change their leadership style or the way they communicate, whereas other respondents mentioned how the differences between ethnicities in the organization enriched them and thus had a positive influence on their individual performance. The Indonesian respondents also gave various answers to this question. Several respondents mentioned how they used certain techniques or values from their background in order to understand their subordinates or they want to have a team consist of employees with various ethnic backgrounds in order to enrich their performance:

*“Maybe you know about the Kung Fu? You take a step back, one or two steps, something like that. This trick I use to follow what they mean. Maybe I also don’t understand what they mean, because of the different culture, right? But I try to listen ‘what do you mean?’, ‘what do you want?’, because this is also important. And at the end we found the best solution together.”* (Male, 45, Indonesian, Corporate Research and Development manager)

*“For me it’s more about the circle of control. It is on how you can actually manage within your control. So sometimes the best way is to have different approach for different people. In this*

*company, for many years I can see how to approach people differently, based on their characteristics.” (Female, ±40, Indonesian, Head of Marketing, Media management, Marketing Support)*

*“So in my history, most of my team is mixed. A mix of cultural diversity and also ethnic background and even mixed in their educational background and experience background. I make sure that the team is actually much more diverse. I believe actually that this is something that can enrich your performance.” (Male, 44, Indonesian, National Sales and Distribution manager)*

*“There’s the fact that you have to deal maybe with an international company, every ethnicity having a good and bad side. But because you are working in a professional world, then you have to act professional right?” (Male, 33, Indonesian, HR business partner and talent management)*

*“I think the way my parents raised me influenced me quite a lot. All the values that they gave to me. That you have to be open, you have to have the integrity. Then you have to be disciplined, you have to work hard. These kind of things, that’s what my parents taught me since I was a child.” (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)*

The above respondent also mentioned how she got some advice from her boss about her personal traits and how expressing these traits to her subordinates could have a negative impact on the way they perceive her:

*“I recently got some very good advice from my boss: ‘you are a very strong woman. You are powerful, you have power. Please use it wisely.’ Because if you do not use it wisely, your strength is also your weakness.” (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)*

Another Indonesian respondent, who worked in the Netherlands for several years, mentioned how he prefers certain Dutch working aspects, but also how being a minority, when in the Netherlands, kept him from growth within the organization:

*“I prefer to work with Dutch for the way of working. Not about giving the responsibilities. That’s why I find the best in Indonesia and the best in Dutch. I prefer to work in Dutch, it is more about the job, the focus, the clarity, scope. It’s clear. However, for time being, I can’t grow fast in the Netherlands. I can only grow fast in my home country...It’s not about culture, it’s more about the opportunity. When I am in Indonesia, because I knew the system, I was very good in my job. When I am in the Netherlands, I’m nothing. It’s hard for me to develop, because they didn’t know my background. They only know “oh, you are from distribution”, something like that. But back in Indonesia I become something again, and they gave me more responsibility, more trust to work in other fields. While in Netherlands, it’s hard to get this opportunity.” (Male, 37, Indonesian, Member of Distribution Team)*

Finally, one respondent mentioned that he believed the influence of ethnic diversity on individual performance in FrieslandCampina Jakarta is very minor compared to branch offices in other areas in Indonesia:

*“In the head office I think ethnicity based influence is very minor. We have our brand office in Sumatra and also in Papua. I think it will be interesting for the sales people, because they have to adapt to the local branch. I think they have to adapt in a certain way to the local culture.” (Male, 41, Indonesian, Head of Corporate Affairs)*

Above results showed that expat respondents as well as Indonesian respondents have different opinions about the influence of ethnic diversity on their individual performance. Some respondents used particular techniques or values from their background in order to manage a team; whereas others believed ethnic diversity or cultural differences within FrieslandCampina Jakarta did not have an influence on their performance.

### **5.2.2. Team performance**

Respondents were also asked if they felt that the ethnic diversity among employees of FrieslandCampina Jakarta influenced the team performance. Again, respondents were divided in their answers. Some respondents for example mentioned that they believed ethnic diversity has a positive influence on the team performance:

*“I think ethnic diversity has a positive effect, because every ethnicity has their plus and minus. By having so many, then you can have more ideas. It’s more rich, I think.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“I think my team is more open now. Before the gap between manager and staff was huge. But now, when I’m sitting with the team, I told the lowest level staff “You can challenge me any time you want”. I can be wrong. So people start to believe that, “This guy somehow can be wrong, why don’t I ask him why I do this?”. I try to explain to them in a way... they need to understand the reason behind it. If it is not me but somebody else, that they also challenge that person as well. That’s what I want.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

Another respondent mentioned that FrieslandCampina wants to improve their organizational performance and how ethnic diversity could have a positive impact on this change:

*“Personally I think with my team, as you know that right now FrieslandCampina is very aggressive in making a change, to improve our organizational performance. We have a lot of projects, so I found that with the ethnic diversity, this actually makes the change become faster. Because, for example when we have a group of people from outside Java, they tend to be more outspoken, so actually we can convince them they become also more outspoken to share the good news to the others as well.”* (Male, 44, Indonesian, National Sales and Distribution manager)”

However, several other expat respondents were more critical about the influence of ethnic diversity on team performance. One of the reasons is that some respondents were used to a different way of working and had to adapt themselves in order to prevent disappointments:

*“The team here is not on the same level as my team in the Netherlands and the amount of comments and criticism I received from them. If I have an idea here, my team thinks, without arguing, that it’s a good idea. When I tell them I need feedback, some give it to me and some don’t. I wouldn’t say that it’s because they’re Indonesian, it depends on the personality, if they feel confident enough.”* (Male, 33, Dutch, Project Portfolio manager)

*“If you don’t adapt first, it is possible that you don’t receive the information that you want or need to receive. So you have to build up a relation first before they grant you the information, sort of speak.”* (Female, 29, Dutch, Financial Planning and Importing Manager)

Another Dutch respondent furthermore mentioned how ethnic diversity does not necessarily need to have a negative impact on team performance and it is much more depending on the situation:

*“It doesn't need to be ineffective. But you need to make sure that you take care of the fact that people may think different and people work different and when you need to have a top achievement you don't have time to do other things with your team in a mixed environment...Depends on the situation, I think. If the team really needs to deliver a top achievement, then communication and working together is important and then you need to have the strongest team at that moment in time. Diversity in my view, it's much more the flavor which gives it to you. By itself it's not strengthening the team. It's nicer to do it, it's a nicer environment, but it does not necessarily mean that's more effective or successful.”* (Male, 65, Dutch, President Director)

These results showed how respondents differ in their opinion regarding the influence of ethnic diversity on their team performance. Several Dutch respondents mentioned how they noticed differences in team performance when they compared their current team with the team they worked with in the Netherlands. Another Dutch respondent mentioned how the influence of diversity on performance could be situational. Several Indonesian respondents however explained why ethnic diversity had a positive effect on the team performance.

### **5.2.3. Exclusion**

Respondents were asked if they ever felt excluded or discriminated against while working for FrieslandCampina and/or if they noticed colleagues were excluded or discriminated based on their ethnic background. Almost all of the Indonesian respondents mentioned either feeling excluded or being discriminated against themselves, or witnessing a colleague being excluded or

discriminated. One Indonesian respondent mentioned that it was possible for Indonesian employees to feel excluded or discriminated against in the past:

*“Maybe at the past years, but now no. In the past all the knowledge was kept by the Dutch people, we only got the instruction and followed the instruction. So when we faced a problem and tell the problem, then we got a solution. But starting from the 2000’s, they are more open. They invite us to come to the Netherlands.”* (Male, 45, Indonesian, Corporate Research and Development manager)

The expat respondents also never felt they were discriminated against based on their ethnic background. They did however experience feelings of exclusion, either because they have a different ethnic background or because they did not speak the language (Bahasa Indonesia):

*“I sometimes feel excluded because I can’t understand what they are saying, for example during lunch. But there is no discrimination on the work floor...You will always be the foreigner. Even though you know the people, you still are the ‘bule’ and they say it to you as well. In advance I have sort of an idea and you think about integrating and you think you will do a lot of things together, but in the end it is much less because you remain an outsider because you don’t speak the language, because you look different, because you eat different things...There still remains a large gap. As expat you are most responsible to close that gap, because you’re the guest and you have to look for a connection. On the other side, it is also about understanding how to deal with a guest and how flexible are you. You notice that it’s still ‘us’ and ‘them’”.* (Female, 29, Dutch, Financial Planning and Importing Manager)

*“I still don’t feel as one of the guys and I won’t become one.”* (Male, 33, Dutch, Project Portfolio manager)

*“One time I had a meeting with the sales team and they switched and made a joke in Bahasa, which probably they say something not really good about me.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)



*“There are certain times when people start really talking in their Indonesian and they talk so fast I can’t understand, especially when it’s social conversation. And that’s when sometimes I feel a little bit like I can’t understand. But I’ve never taken it negatively.”* (Female, 38, Malaysian, Marketing manager)

### **5.3. Policy**

Another key aspect of this research is whether FrieslandCampina Jakarta has a policy regarding ethnic diversity or not. Several topics were included in this section. Respondents were asked about a policy regarding ethnic and/or cultural diversity, whether FrieslandCampina enforced a policy based on language, if there are any courses or training about ethnic diversity and if respondents knew about a policy regarding hiring new employees.

#### **5.3.1. Ethnic/cultural diversity**

Respondents were first asked if they knew FrieslandCampina, either globally or FrieslandCampina Jakarta, had a policy regarding ethnic or cultural diversity. Most respondents said they did not know of such kind of policy. Only a few respondents mentioned they did know about a policy, even though they were not sure if this policy was official and where to find it. However, it was also mentioned this policy was not specifically about ethnic or cultural diversity, but more about a code of conduct:

*“It’s written down in the code of conduct that you do not discriminate. That you have to respect each other...There is a policy that we respect all the nationalities, ethnicities, everything. And the race and then the religion, gender, we respect. That is a written policy. It was implemented after the Frisian Flag and Campina merger in 2008. I have to find out where it is. I think the policy is on the intranet, you can see it there.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

Thus, most of the respondents were not aware about an official policy regarding ethnic or cultural diversity. A few respondents did mention the code of conduct, which tells employees not to discriminate and to respect each other. Respondents were then asked if they believed an official policy regarding ethnic and/or cultural diversity should be enforced by

FrieslandCampina. Several respondents mentioned that they believe there should be an official policy regarding these topics or at least think it is a good idea to have such a policy:

*“I believe that there should be a policy on how you want people to interact with each other, but I think that there shouldn't be a policy on cultural diversity. I believe that cultural diversity is not within a country, but within the people. It's in your personality and how you deal with it.”* (Male, 33, Dutch, Project Portfolio manager)

*“I think there should be one. You know, like: respect each other, respect the religion, respect the difference in... culture or country. Yeah, I think that would be good...In the other company I worked for they often have what they call sharing sessions. A Malaysian people can actually do a sharing session about Malaysia, and Vietnam I can do one, they can do a session about Holland. Then people will understand more about the other people.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“It would be nice also to have some ethnic diversity in the organization, yeah, maybe... ten, fifteen percent needs to... because you bring different lengths to the working environment. So for example, I would say in a function like marketing, finance and even operations, this cross-country or ethnicity transfer would add value to your work. But for example in HR, maybe not, because you need to know about the local laws. There could be added value, in more a different way of opening the minds of the people.”* (Female, 38, Malaysian, Marketing manager)

*“I think that would be better. So they also want to make sure that also in terms of people working in a certain level, every level basically, that there is diversity between gender, age and race. Yes, I believe there is more and more encouragement on that, but maybe not yet become something written and really endorsed. Maybe we don't feel we need it, because so far, the family values, bonding or gluing very well, but I believe that this is very important and very good. But the critical ways how we communicate that. Because my experience working in the American company, the intention is good, but maybe the way we communicate is very much, how do you call it, formal, or something like that. So people have no issue. It becomes a rumor, so maybe there's an issue, so that's why we have to put this one. So no, we have to communicate that this is*

*actually, we want to enrich our work. Otherwise, if we don't bring it very well then the impact can be different. But I think I agree that this is very important.*” (Male, 44, Indonesian, National Sales and Distribution manager)

Several expat respondents mentioned how they believe a policy on ethnic or cultural diversity is a good idea. However, only one Indonesian respondent agreed with this as well. Most of the other Indonesian respondents mentioned how they think a policy regarding ethnic or cultural diversity is not necessary:

*“I think as a multinational company, that such a policy of regulation, control, or something, it wouldn't work because employees working within an international company, we have to really open our minds. If we would have a regulation that ‘Muslims should be this, Christians have to be there, Javanese have to be in there’, it would create subcultures and it would be divided and then it's not open, not the right spirit for us to open our mind, to be as open as we can... We never have direct or indirect rules or policy that, somehow, banned or restrained the practice of you own culture.”* (Male, 41, Indonesian, Head of Corporate Affairs)

*“I don't think that there should be a specific policy because I think Indonesia, from years ago, is already diverse. That's why we have you know, different but united as one. That's also our symbol.”* (Female, 47, Indonesian, Plant manager)

*“It's not necessary to have that. It will feel strange to have that. Why should we have a regulation for that? Why diversity should be formal? No, let it flow.”* (Male, 40, Indonesian, Regulatory Affairs)

*“Expatriate policy is discouraged by the Indonesian government because unemployment is very high in Jakarta and it would be strange that people from the Netherlands are continuously getting jobs here and the locals, who work day and night, can't get a promotion.”* (Female, 29, Dutch, Financial Planning and Importing Manager)

Several Indonesian respondents thus mentioned how they believe a policy regarding ethnic and/or cultural diversity is not necessary. Either because they believe Indonesia is already quite diverse and regulations about ethnic diversity or about culture are therefore not desired, or because Indonesian government enforces organizations to hire local people in order to counteract unemployment in Indonesia.

### **5.3.2. Triple A**

Even though most of the respondents were not aware of a policy regarding ethnic and/or cultural diversity, several respondents did mention the triple A. Triple A stands for, Alignment, Accountability and Action. Roughly it means that divisions from FrieslandCampina globally should align with each other. This alignment leads to accountability for the separate divisions, which then results in actions. The triple A method is implemented on a global scale for FrieslandCampina:

*“HR program of FrieslandCampina uses the triple A. Triple A is about the Alignment, Accountability and Action. We don't say that alignment only is in Indonesia. No we should also align with other FrieslandCampina divisions. And then you have to create accountability at the end. Not only alignment and accountability, but you get to actions. These are the kind of values we have and make it certified that we all unite, with all the differences we have.”* (Male, 45, Indonesian, Corporate Research and Development manager)

One of the expat respondents mentioned how he believed the triple A method is a European way of working and why it does not fit the Indonesian work values:

*“We are all trained in the way we work international. Triple A, which is about Alignment, Accountability and Action. It's a way of working put out by FrieslandCampina, which is very European. With accountability you are responsible for the outcomes and if things go wrong, you communicate it with your supervisor. This doesn't fit with the culture here. Triple A is not based on cultural differences, but it is a specific way of working.”* (Male, 33, Dutch, Project Portfolio manager)

However, another respondent mentioned how triple A ensured a good company culture:

*“I think right now in FrieslandCampina we have a very good culture as well, because we have triple A. And that is actually already embedded in our way of thinking as well. Yes, in terms of basic people feel a bit shy or polite, but getting more and more open and transparent. There’s still a difference, but I think it’s getting better and better in terms of we understand each other.”*  
(Male, 44, Indonesian, National Sales and Distribution manager)

*“They (head office FrieslandCampina) say that you have to embrace interdependencies, interconnections, project clarity, accountability, personal ownership, personal responsibility for safety and role model safety. For me this is very logical, but an Indonesian says “I’m not responsible, but we all are.” The family value, we do it together.”* (Male, 33, Dutch, Project Portfolio manager)

Thus, respondents generally believe triple A is a good working method outlined globally by FrieslandCampina. However, one respondent believed this method does not match with Indonesian organizational or work values.

### **5.3.3. Language**

It was already mentioned above that language diversity sometimes caused misunderstandings or issues between co-workers. The main language used in FrieslandCampina Jakarta is Bahasa Indonesia, however, it was also mentioned that the official language of FrieslandCampina is English. Respondents were asked if there is a policy regarding language and most respondents mentioned that there is no language policy or they were not aware about such a policy:

*“There is no policy on language. When we work with expats we use English, which is kind of an unwritten rule. But sometimes I ask if I can talk in Bahasa because it is more quickly to understand each other and then after it, I will explain what has been discussed.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

Respondents were also asked if they believed there should be a language policy. None of the Indonesian respondents believed there should be a policy regarding language. However, several expats respondents believed a language policy is a good idea:

*“A policy on language would be helpful, because I get a lot of mails from Holland in Dutch and then I need to involve people here... It’s a big problem. In Holland there are a lot of people who just mail in Dutch and then we need to rewrite the part that is most important. Sometimes I send it back and say ‘if you want to have an answer, then send it in English.’”* (Male, Dutch, 65, President Director)

*“I think because we are a global company and because we are becoming more moving people here and there, I think it would help to have some sort of a guideline, I guess. Or even, I think when I was in my former company, they were even more global. There’s a policy in place that all communication can only be in English. Just to make sure that it’s fair for everyone. And those sort of things, I know it has been mentioned that here English is the official language of the company, but many a time you still get Dutch announcements or conversations between, like for example, even recently, my boss sends me and my team an email, forwarded from our category team Singapore, in Dutch, about our project. Then we are like “Okay...” and then we Google Translate, or call to find out. But to me, that shouldn’t have happened. It’s fine if it’s purely something to do about the Netherlands, nothing to do with us, but the conversation was about our project. And then sometimes, like even here, emails here between the teams, are written in Bahasa. I mean, I can understand it, but if I am not Malaysian and I want people to understand it, and you don’t understand the context. Then that’s a little bit unfair, I guess. It’s like you have a standard so that there is no discrimination, I guess. Because otherwise, if couldn’t understand that and I am supposed to act on it, it is an unfair advantage because I didn’t understand the communication.”* (Female, 38, Malaysian, Marketing manager)

#### **5.3.4. Hiring**

Respondents were also asked if they knew about a policy regarding hiring new employees. For example if FrieslandCampina Jakarta hires new employees based on gender or ethnicity. One

respondent first mentioned that the organization does not recruit new employees based on ethnicity, religion or gender:

*“When we recruit people we do not see their ethnicity or their religion or their gender, no. We don’t have any preference, we just treat them equally. As long as you are fit to our culture, you have the capability, then why not.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

However, at another point during the interview, she did mention FrieslandCampina Jakarta uses the tie-break method based on gender when recruiting new employees:

*“If there is a candidate and both of them are really equal to each other, then you have to choose the lady. The tie-break method.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

*“We have a regulation on gender. If there are two the same applicants, we would hire the female.”* (Male, 65, Dutch, President Director)

Two respondents mentioned how it depends on the situation if FrieslandCampina Jakarta should hire more expats; either because an expat brings certain knowledge or to bring in expats for short-term assignment. One of these respondents also mentioned how Indonesian government forces organizations to hire locals in order to reduce unemployment:

*“The government forces us to have more Indonesians. Sometimes it's a good idea because they want the population to work more, but for the specific for example, the new technology and we don't have any expert on that or any trainer or any training organization can issue a certificate for export of the job, we need someone from outside Indonesia.”* (Male, 40, Indonesian, Regulatory Affairs)

*“From my point of view, because we are a multinational company, I think it will be more positive, good for us, if we can have more expatriates here for the short-term assignments.”*

(Male, 41, Indonesian, Head of Corporate Affairs)

### **5.3.5. Courses/training**

Many respondents gave examples of issues or misunderstandings between co-workers who are caused by ethnic and/or cultural differences. The expat respondents were asked if they received a course or training about ethnic or cultural differences before they moved to Jakarta. All expat respondents mentioned they indeed followed a two day course in which the main differences were highlighted. One Indonesian respondent, who was also an expat when he worked in the Netherlands, mentioned he had this training after he arrived in the Netherlands:

*“When I went to the Netherlands, I had a two-day training after I arrived. It focused on communication, cultural differences, social, historical...”* (Male, 37, Indonesian, Member of Distribution Team)

None of the expat respondents were given the opportunity to take a course or training about ethnic or cultural differences after they arrived in Jakarta. One expat respondent explained why she believed it would be a good idea for FrieslandCampina to provide this to the expats:

*“Before you go abroad you get a training about culture, but maybe it’s a good idea to have coaching along the way as well that focuses on those differences. Sort of a self-reflection.”*

(Female, 29, Dutch, Financial Planning and Importing Manager)

All respondents were asked if FrieslandCampina Jakarta organized courses or trainings for all employees, not only expats but also the Indonesian employees, about ethnic or cultural diversity, how it might have an influence on the organization and the employees. None of the respondents mentioned FrieslandCampina Jakarta provides such courses or training. One respondent did mention managerial training for effective communication:



*“There are managerial training programs, like effective communication, where you learn about active listening and how you notice if people are engaged or not engaged. So yes, there are programs like that. There are also leadership programs, like how you bring the best out of people, situational leadership.”* (Female, 38, Malaysian, Marketing manager)

Respondents were furthermore asked if they believed courses or training about ethnic or cultural diversity within the organization would be a good idea. One Dutch respondent mentioned that he believes this indeed would be a good idea:

*“I don’t think they (Indonesians) get training in how to deal with Dutch colleagues, which, I think, would be a good idea...The differences are sometimes so big, that it would be good if they were explained.”* (Male, 33, Dutch, Project Portfolio manager)

However, two other expat respondents were more hesitant:

*“Yes and no. Yes, to a certain extent, yes, you need to know some things. No, because it is about who you are. Do you respect others or not? I mean, you are arrogant, whatever training they give to you, it doesn’t matter: if you don’t respect, you don’t respect. So it’s not the number of training, it is about the way you think. When you come to a new house or new environment, you need to adapt.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“I think it depends on how the organization wants to promote that. For example, if it is in the interest of the company to have ethnic diversity, of course, then if they consciously want to have a mixed culture, then I think it is relevant to have a program like that. However, I find a lot of this ethnic training and differences, I call it very generalizing. You tend to generalize a lot of the people. Oh, the Dutch are very direct and they’re tall... you get a very... stereotyping. But I guess it depends on the objective of the organization. But if the organization is more into local [to] local and developing local talent to take over the leadership, then I don’t see the need, I guess.”* (Female, 38, Malaysian, Marketing manager)

The same question was also asked to Indonesian respondents. Most of them did not believe a course or training about ethnic or cultural diversity is necessary because the overall atmosphere regarding ethnic diversity at the work floor is positive. Only two Indonesian respondents believed a course or training might be a good idea:

*“Good idea. To have a training. Let’s say we have a new boss from the UK and if we know our boss is used to travel, then it is not too relevant to understand that our boss is British. From the UK. If he comes directly from the UK, then it is worth to learn about how the UK work, or the behavior or the culture. However, if the boss used to travel or work in Asia, I don’t think that’s necessary.”* (Male, 37, Indonesian, Member of Distribution Team)

*“To focus, I mean, to make people aware that there is a culture difference and how to optimize that rather than think about it as an obstacle. I think that is very important.”* (Male, 44, Indonesian, National Sales and Distribution manager)

Respondents were diverse in their opinions about given the opportunity to take a course or follow training about ethnic or cultural diversity. Most respondents, Indonesian and expat, did not believe it is necessary because they think FrieslandCampina Jakarta is already very open and positive towards ethnic diversity within the organization. Only a few Indonesian and expat respondents explained why they believed it might be a good idea to create even more understanding among employees.

Finally, respondents were asked if FrieslandCampina Jakarta organizes informal activities for their employees. Most of the respondents mentioned an employee day FrieslandCampina organizes every year for its employees during which employees can participate in different activities. Every other year the family of the employee is also invited:

*“We have a kind of agreement with our union that every year we will have family day or employee day. One year family day, the other year employee day. It is funded by the company to go somewhere, to have fun together.”* (Female, 54, Indonesian, Human Resource and Corporate Affairs manager)

Several respondents also mentioned other activities that are either organized by the company or by groups of employees themselves:

*“The team alignment is very important. So they organize a lot of meetings and... informal, you know, like a band or singer coming in after a meeting and that’s where people come really close, it’s like a family.”* (Male, 39, Vietnamese, Head of Financial Accounting Team)

*“There’s also groups in this company, like people who love football, people who love riding. So they have that. They have their own community. People who like hiking or mountain climbing. And this consists of diverse groups, because of the same hobbies. This also strengthens the organization.”* (Male, 40, Indonesian, Regulatory Affairs)

Respondents are thus often involved in various kinds of activities, either organized by FrieslandCampina Jakarta or by employees based on shared interests. Several respondents mentioned that these activities are organized because of the importance of the family value not only in Indonesia but also in FrieslandCampina Jakarta. As mentioned before, colleagues are treated as family members.

### **5.3.6. Survey**

One respondent showed a survey which is held every two years among employees working for FrieslandCampina. Around 20,000 employees are asked to fill out a questionnaire on different topics all regarding FrieslandCampina and especially the division they work for. Unfortunately the respondent could not hand over a digital or paper version of the results of the survey because some countries had negative results on several topics. FrieslandCampina conducted the survey for the first time in 2012 and 98% of the employees participated. The second time, in 2014, 99% participated. The respondent showed the results of the survey on her computer. The survey consisted of nine categories: (1) management style, (2) strategy, (3) change capability, (4) customer, (5) working together, (6) performance & development, (7) line management style, (8) safety & social responsibility, and (9) sustainable engagement. The survey was first held in 2012 and results showed that FrieslandCampina Indonesia scored very high on all the topics and

scored better than most other division of FrieslandCampina. According to the respondent, FrieslandCampina Indonesia is in the top 3 of best scoring divisions. The survey resulted in an average score, for all the topics combined, which lay between 0 and 100. FrieslandCampina Indonesia had an average score of 80 in 2012 and 88 in 2014.

## 6. Conclusion and Discussion

This chapter consists of six different sections. The first section is the conclusion in which the results are summarized and the research question is answered. The next section is the discussion and consists of two parts. The results of the study are linked with the theoretical background in the first part. In the second part, findings are more elaborated with the researchers' own interpretation. The fourth section will discuss recommendations for further research. The fifth section consists of recommendations for FrieslandCampina Jakarta. The final section of this chapter discusses the limitations the researcher experienced during the research.

### 6.1. Conclusion

Before summarizing the findings, the research question needs to be reintroduced. The research question was as follows: *'What is the perception of middle level and higher level management employees of FrieslandCampina Jakarta on the effect of ethnic diversity on the individual and group performance of these employees?'* This research question was established in order to explore the struggles but also the positive influences employees at FrieslandCampina Jakarta might experience regarding ethnic diversity, the influence of ethnic diversity on the individual and team performance of employees and if and how ethnic diversity is managed at FrieslandCampina Jakarta. In other words, this research will give more insight on how employees of FrieslandCampina Jakarta perceive ethnic diversity within the organization and how the organization copes with ethnic diversity.

In order to investigate the negative and positive influences of ethnic diversity employees of FrieslandCampina Jakarta might experience, it is necessary to investigate how diverse FrieslandCampina actually is and if employees experience FrieslandCampina Jakarta to be an ethnically diverse organization. According to the gathered data, FrieslandCampina Jakarta is not a diverse organization in terms of nationality. Most of the employees are Indonesian. There are expats working at FrieslandCampina and most of these expats are Dutch. However, FrieslandCampina Jakarta could be considered a diverse organization in terms of ethnicity. There is much diversity among the Indonesian employees. Most of them are Javanese, but there are also many employees of whom the ethnic background stems from other Indonesian islands, such as Sumatra, Bali and Sulawesi. Data also showed that employees of FrieslandCampina Jakarta

have different perceptions about whether they consider FrieslandCampina Jakarta to be an Indonesian, Dutch or multinational organization. A reason for this difference in perceptions could be that the work floor culture is or work norms are very 'Indonesian', but the management style is considered to be very 'Dutch' or 'West European'.

An important question in this research was if employees felt they could maintain their identity within the organization. According to the data, working at FrieslandCampina Jakarta is a combination of maintaining your own identity as well as adapting to different aspects of the organizational culture. However, many respondents acknowledged that they had to adapt to a certain extent when working at FrieslandCampina Jakarta. The difference between this organization, i.e. a multinational, and local Indonesian organizations was also mentioned. These type of multinationals much more consist of employees with a (higher) educational background, who have experience abroad, and who deal with people from different cultures/ethnicities on a daily basis. As a result, employees in multinationals such as FrieslandCampina are much more adapted to a management style that is different from the management style in 'typical Indonesian' organizations. Even though employees working for multinationals often have experience in dealing with co-workers who have a different culture or ethnicity, data showed that these employees, sometimes unconsciously, do have a preference of working with colleagues who have a specific ethnic background, either because they have the same nationality or share similar ethnic or cultural values. In line with this, data in fact showed that differences in nationality and ethnicity are often noticed by employees. Even though data showed that employees of FrieslandCampina are more used to direct communication, the level of directness is still named as one the largest differences between Indonesian and Dutch employees. However, a small remark is in place since level of directness should be discussed with use of a sliding scale. Vietnamese and Malaysian employees are considered to be more direct in communication than Indonesian employees, but less direct compared to Dutch employees. Above data showed that the Vietnamese and Malaysian respondents are both more used to the directness of their Dutch co-workers, while Indonesian employees more often experience difficulty with the directness of Dutch co-workers. Besides directness, the gathered data showed that there is also a difference in work culture between Indonesian employees and the expats. The work hours of Indonesian employees are much longer compared to the expat employees. Work is furthermore an important part of life for Indonesian employees, whereas the expats make a clear distinction between work

life and social life. The results suggest that this difference exists because of the important family value in Indonesia; colleagues are treated as family and there is no distinction between work life and social life.

These differences between Indonesian employees and expat employees sometimes leads to issues between colleagues on the work floor and differences in directness, but also straightforwardness are often at the root of these issues. Dutch employees are for example much more used to a blunt way of giving feedback, whereas Indonesian employees are not used to giving or receiving feedback. This is also linked to the importance of hierarchy for Indonesian employees; they have respect for their manager and as a result will not challenge him or her. Besides giving feedback, Dutch employees often work with personal assessments. Again, this is a way of working that is not common for Indonesian employees. Data showed that these differences sometimes caused frictions between co-workers. The important family value for Indonesian employees also caused frictions between co-workers. Team work is for Indonesian employees much more important, whereas Dutch employees focus much more on their individual tasks. Above results furthermore showed that differences in short-term versus long-term planning caused frictions as well. Dutch employees are more long-term oriented whereas Indonesian employees are more short-term oriented. This difference sometimes caused problems in project planning.

Religious diversity was also briefly mentioned in the interviews, since religion is very important part of life for Indonesians. However, it can be concluded from the results that religious diversity hardly caused issues between co-workers. A possible reason for this is that respect for religion is very important for Indonesians. Thus, frictions between co-workers related to religion might occur, but they will not be addressed because of the respect colleagues have for each other.

Besides the negative influences of cultural and ethnic diversity between employees at FrieslandCampina Jakarta, data also showed positive influences of cultural and ethnic diversity. For example, the results showed that employees of FrieslandCampina Jakarta believe the overall atmosphere towards ethnic diversity is very positive and open. While the importance of family values for Indonesian employees sometimes lead to frictions, it was also experienced as something positive. For example when the deadline of a project approaches and co-workers step

in to help. Besides this, expat respondents mentioned that their Indonesian colleagues have a lot of respect for other people which makes the atmosphere at the work floor relaxed.

A key aspect of this research is to investigate whether ethnic diversity has an influence on individual and team performance of employees. The gathered data showed that ethnic diversity per se does not have an influence on employee performance. However, differences in culture do have an influence. For example, the difference between employees in directness leads to employees altering their leadership style or their way of communicating with or to their co-workers. Data also showed that these differences sometimes had a positive effect on employee performance since it personally enriched them. With regard to team performance, above data suggests that the influence of ethnic diversity differs for employees. Some employees felt that ethnic diversity did not have any influence on team performance, whereas other employees mentioned that ethnic diversity either had a positive influence or they had to adapt themselves in order to jeopardize team performance.

Finally, this research investigated how ethnic diversity is managed at FrieslandCampina Jakarta. The gathered data showed that there is no specific policy on ethnic diversity within the organization. Several expats mentioned that a policy on ethnic diversity would be a good idea, whereas Indonesian respondents did not believe a policy on ethnic diversity is necessary. A reason for this difference might be that expat employees are the minority within the organization and might feel that there is not enough understanding from the majority towards their ethnic and/or cultural background. Even though there is no policy regarding ethnic diversity, there is a policy enforced by FrieslandCampina globally about the work method within the organization: triple A (Alignment, Accountability and Action). This shows that FrieslandCampina as an organization does not want to make a distinction between their various divisions.

## **6.2. Discussion**

In this section, the findings of the research will be linked with the theoretical background. The findings concern ethnic diversity, individual and team performance, and policy.

A distinctive characteristic of ethnicity is a sense of common descent or history (Smith, 1989; Aspinall, 2011; Siebers, 2009). This characteristic also came forward when the respondents were asked about their ethnicity. Especially the Indonesian respondents elaborated on their ethnic history. Often a link was made between their ethnicity and the ethnic background



of their (grand) parents focussing even more on a common descent. When looking at the ethnic identity of the employees of FrieslandCampina Jakarta, it could be argued that they much more lean towards situationalism. Levine (1999) describes situationalism ethnicity as cultural traits and identities that constantly change to the contingencies of everyday life. Data showed that due to globalization, experience abroad, higher education, and daily exposure to other cultures and ethnicities, employees of FrieslandCampina much more adapt themselves and their identity to an international mindset. This is also in line with the findings of Brubaker (2002) that ethnicities are not entities, but processual, dynamic and relational and even corresponds with Vertovec's (2007) theory of super-diversity who argued that in today's world of extreme globalization, the ethnicity and identity of people are changing. In terms of ethnicity, there still is a clear distinction at FrieslandCampina Jakarta between the majority ethnic workers (Indonesians) and the minority ethnic workers (expats). However with regard to cultural aspects, it is noticed that the majority is much more adapted to the way of working of FrieslandCampina, which is considered to be 'Western'.

With regard to interethnic issues at the work floor, Schaafsma's (2008) and Sieber's (2009) findings correspond with the results of this research that interethnic issues often occur because of differences in communication, language deficiencies and cultural diversity in social norms. Directness was named as one of the most present differences between Indonesian employees and expat employees and also caused most of the issues between co-workers. As mentioned before, there is a sliding scale with regard to directness, but overall are Dutch employees considered to be very direct, whereas Indonesian employees are considered to be very indirect in their way of communicating. However, Schaafsma (2008) also found tensions or issues between co-workers related to prejudices, ethnic clique formation and discriminatory remarks. She furthermore found issues related to preferential treatment of ethnic minority or majority employees by managers. Issues based on these remarks did not come forward in this research. This does not mean that there is no presence of preferential treatment by managers, ethnic clique formation, discrimination or prejudices within FrieslandCampina Jakarta. If this occurs, it is not considered to be an issue. Siebers (2009), on the other hand, discusses differences leading to issues between ethnic majority workers and ethnic minority workers that did come forward in this research. Siebers (2009) mentioned how differences in work values (e.g. career perceptions or attitudes) and differences in cultural habits (e.g. clothing or religious

practices) could be a cause for issues between co-workers. Results of this research clearly showed differences between ethnic majority workers (Indonesian employees) and ethnic minority workers (expat employees) in work values and how this sometimes caused issues between co-workers. For example differences in long-term versus short-term planning caused issues since Indonesian employees focus more on the short term of an assignment or project whereas the expat employees, especially the Dutch employees, focus more on the long term of a project. Although it is older research, these findings still correspond with the research of Hofstede (1980) that Indonesia is more short-term orientated, whereas the Netherlands is more long-term orientated. It also corresponds with the outcomes of House et al. (2004) who found similar results. With regard to differences in cultural habits, differences in religion also came forward in this research. However, if religious diversity caused issues or frictions between co-workers it was not named, because religion is a precarious subject and also because respect for each other's religion is important in Indonesia. According to Siebers (2009), ethnic minority workers more often experience these interethnic workplace issues compared to ethnic majority workers. This finding also corresponds with the results of this research, since Indonesian employees (the ethnic majority) named less issues or differences than the expat employees (the minority). Siebers (2009) furthermore explains how minority employees' identification aims are about recognition for being a good colleague and also for their individual differences. The results of this research showed that the ethnic minority employees often adapted themselves to different work values and social norms in order to be recognized as a good colleague. However, results also showed that ethnic minority employees still felt that they could maintain their identity within the organization and individual differences are therefore recognized by their co-workers.

With regard to the influence of ethnic diversity on individual employees' performance and team performance, results of this research showed that issues between co-workers occurred because of these differences. The Indonesian employees were very much focused on team work, whereas the expat employees, especially the Dutch employees, were more focused on completing their individual tasks (Roe et al., 2000). The family value is an important value of life for Indonesian employees. Co-workers are treated as family and work is part of life for them. Because of this, team work and the performance of the team is much more important than the performance of an individual employee. Dutch employees were furthermore used to giving and receiving feedback and being personally assessed (Roe et al., 2000), whereas Indonesian

employees were less likely to challenge a co-worker and especially their manager and receiving feedback felt as criticism on their work. Again, this corresponds with the findings of Hofstede (1980) and House et al. (2004) that Indonesia is collectivistic, whereas the Netherlands is considered to be much more individualistic. Also, these values are a sliding scale in which Vietnam and Malaysia are less collectivistic than Indonesia, but also less individualistic than the Netherlands. Schaafsma (2008) furthermore explains that differences between ethnic majority and minority employees could become an issue when they affect people's sense of belonging (e.g. the unity of the team), sense of achievement (e.g. when work goals are threatened), and/or sense of equality (e.g. unequal treatment). The latter did not appear in this research, however, this research showed that differences between Indonesian employees and expat employees sometimes affected employees' sense of belonging and their sense of achievement. Even though expat employees did not feel excluded in particular, it was mentioned that they probably will not be 'one of the guys' or be fully included in the team because of ethnic differences and language differences. As mentioned before, work goals were sometimes threatened because of the differences in work values (e.g. difference in long-term and short term planning, difference in important of team work versus importance of individual efforts).

Shore et al. (2011) described that belongingness and uniqueness form the basis of an employee's perceived feelings of inclusion. Shore et al. (2011) furthermore aim for individual inclusion in work settings, let each individual feel as belonging to the workforce. For this research, the ethnic minority sometimes experienced difficulty with fully belonging to the workforce. Language differences often were the cause of this. However ethnic minority workers did not perceive this as very negative. Ethnic minority workers therefore hardly experienced feelings of exclusion. This relates also to the theory by Hornsey and Hogg (2000) who suggest that an ethnically diverse workforce might have its impact on the social harmony of the workforce, but also on the social identity of the employees. Ethnic diversity within FrieslandCampina Jakarta sometimes did lead to issues between ethnically diverse co-workers. However, the social harmony of the workforce and the social identity of the employees did not seem to be threatened. A possible reason for this is that having respect for people is a very important value in Indonesia. Thus, even if issues occurred between ethnic majority workers and ethnic minority workers, it did not have an influence on the social harmony of the workforce.

Singh, Winkel and Selvarajan (2013) mention that not only a diverse climate, but also perceptions of psychological safety (perceived freedom in the expression of true self) matter in shaping employee performance. If there are negative perceptions of psychological safety it could have its effect on employees' individual performance, but also the performance as a group. For this research, psychological safety did not come forward during the interviews. However, when looking at the overall results, it could be assumed that the psychological safety is perceived to be positive for ethnic minority and ethnic majority employees within FrieslandCampina Jakarta. As mentioned before, employees mentioned that even though they adapted to work values and social norms different than their own, they still felt that they could maintain their identity. Research by Brodbeck, Guillaume and Lee (2011) furthermore showed that positive and negative effects of a diverse work climate on individual performance exist simultaneously at multiple levels and interact across levels. This in particular corresponds with the results that were found at FrieslandCampina Jakarta since both positive and negative effects were named which interacted across various levels.

With regard to policy, Hill (2005) explains this as a course of action or a web of decisions that are made over a long period of time in order to solve a problem or an issue. Kroon (2000) furthermore mentions that a policy is a systematic and purposive activity aiming at achieving well-defined goals, using well-defined means in a well-defined time structure and a well-defined budget. The findings of this research suggest that there is no policy on ethnic diversity present at FrieslandCampina Jakarta. It was also suggested that such a policy is not necessary. Therefore, Kroon's (2000) policy cycle of eight phases for forming and implementing a policy, did not come forward in this research. Wilpert (1999, p. 42) found that it is important to "to find the optimal fit between managerial style on the one hand and the characteristics of organizations, task and socio-cultural environments on the other". Even though there is no policy on ethnic diversity, FrieslandCampina implemented the triple A method (Alignment, Accountability and Action) on a global scale. As a result, FrieslandCampina does not make a distinction between the various divisions of the organization and, as a results, also does not make a distinction between employees. By implementing this method on a global scale, FrieslandCampina carries out equality and unity.

### **6.3. Directions for further research**

Further research on this topic is advisable. This case study offered a view on ethnic diversity within a multinational organization and how it could have an influence on the individual and team performance of the employees. Even though several issues regarding ethnic diversity were mentioned, many of the respondents indicated that the overall atmosphere regarding ethnic and cultural diversity within the organization is considered to be positive at the level of middle management and higher management. It would be interesting to research if this is also the case for lower level employees working for a multinational organization. Most of the employees working at the middle or higher management level are able to speak English. However, it is possible that lower level employees only speak one language and thus experience much more difficulty in understanding each other resulting in issues or frictions between employees.

Another direction for further research is that much more case studies need to be done on the influence of ethnic and/or cultural diversity in multinational organizations. In this case, the organization with Dutch owners stems from the time when Indonesia was colonized by the Netherlands and the management of this organization thus has much experience with the Indonesian people. However, there is not much research to be found on ethnic or cultural diversity within multinationals who settled in Indonesia after the colonization. It is possible that results of a research of such kind differ from this research. Finally, extensive research needs to be done on multinationals that have a division in a particular country of which the majority of the employees do not consist of people with the nationality of which the division of the organization is located. In other words, this case study is about a multinational with Dutch heritage and Dutch owners, but the Indonesian division largely consists of employees with the Indonesian nationality. However, it would be interesting to research the influence of ethnic diversity within an Indonesian division of a multinational of which the majority of the employees is not Indonesian. For example, a German multinational in Indonesia of which most of its employees are German or European. These case studies can be done in various countries and this would contribute to the topic of ethnic diversity in multinationals.

### **6.4. Recommendations for FrieslandCampina Jakarta**

This section discusses the recommendations for FrieslandCampina Jakarta based on the results and the literature. The recommendations should be seen as an advisory rather than an obligation.

As mentioned previously in the conclusion and in the result section, the overall atmosphere on the work floor towards ethnic diversity within the organization is very open and positive. Both majority (Indonesian) ethnic workers and minority (expat) ethnic workers feel comfortable working at FrieslandCampina Jakarta. As mentioned before, FrieslandCampina is a multinational and most of the employees working in the office are educated and have experience working or living abroad. As a result, employees at FrieslandCampina Jakarta are more open towards other cultures and ethnicities and are more used to a more 'Western' or 'European' way of working, compared to employees working in Indonesian organizations. The issues between co-workers based on ethnic or cultural diversity that were mentioned by the respondents were often examples of situational issues rather than permanent present issues between co-workers. The triple A method that is maintained by FrieslandCampina globally is a very good way of not making a distinction between divisions and thus not making a distinction between employees. I furthermore agree with most respondents that a policy on ethnic diversity is not necessary for FrieslandCampina Jakarta, even though several expat respondents did mention that they believe a policy would be a good idea. It was furthermore mentioned by several respondents that a course or a training to highlight ethnic diversity within the organization would also be good idea. However, if a policy on ethnic diversity or courses or training on ethnic diversity would be introduced, there could be a risk of emphasizing ethnic and/or cultural differences between employees. This could become counterproductive since this will maintain prejudices and stereotyping. Instead, I would recommend increasing the exchange of employees between the various divisions of FrieslandCampina. Currently, most of the expats of FrieslandCampina are European. However, not only European knowledge should be brought to Indonesia, but Indonesian knowledge should be brought to European divisions of FrieslandCampina as well. This way, employees learn from each other, not only in terms of technology, but also in terms of work culture and work norms. As a result, the organization would become much more a unity, as they wish to carry out with the triple A method as well.

## **6.5. Limitations**

This section discusses the limitations which were experienced during the research. Despite this research aimed at reducing or preventing issues that could have influenced the research, there are some limitations that need to be discussed. The first limitation concerned the position of the

researcher and is also related to language differences. The researcher presented herself as a Dutch student to the respondents and explained that the interview would be held in English since the researcher was not able to do the interview in Bahasa Indonesia. Even though almost all respondents were fluent speakers of the English language, it is possible that some respondents experienced difficulty in answering questions in English since it is not their mother tongue. For this reason, it is also possible that the answers to some questions were not as detailed or extensive as respondents would have wanted. After all, it is much easier to pick up social cues or understand nuances or the context of an answer when both researcher and respondent are able to speak in their mother tongue.

The second limitation is related to culture characteristics. As mentioned before in this research, one of the biggest differences between Dutch people and Indonesian people is the level of directness in communication. Dutch people overall are considered to be very direct in communication. This could be perceived as offensive by Indonesian people, who use a much more indirect and polite way of communicating. Since the researcher is Dutch, it is possible that respondents perceived some of the questions as too direct. However, since Indonesian people tend to be very polite, some respondents might have felt uncomfortable to challenge the researcher or to answer the question in much detail. As a result, it is possible that respondents left out critical or relevant information.

The third and final limitation is related to the duration of the gathering of data. The researcher's stay in Jakarta lasted only two months. One interview was already set up before the researcher travelled to Jakarta. However, it took approximately one month to find a contact person at FrieslandCampina Jakarta and set up more interviews with help of this contact person. The gathering of data and conducting the actual interviews also took a month. The researcher also wanted to include field notes in the research by spending time with one or more respondents during (part of) an average workday. Unfortunately, because of the busy schedules and approaching deadlines, none of the respondents were able to show the researcher around the office in order to experience a 'typical day at the office'. Another consequence of the limited time spent in Jakarta by the researcher is that it was difficult for the researcher to make a distinction between the Indonesian respondents with regard to their ethnicity. When the researcher would have been able to spend a longer amount of time in Indonesia, it would be easier to notice differences between respondents who share the Indonesian nationality, but differ

in ethnicity. If this was the case, it could be possible that the interview question would be asked in a different manner or a different context.



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