



Internalization Strategies of Company Culture: A Case Study of Ex-Employees of Chevron Pacific Indonesia Transitioning to Pertamina WK Rokan

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ABSTRACT: In today's business world, organizational changes are frequent and are often motivated by variables like as mergers, acquisitions, and strategic realignments. These transitions sometimes include substantial alterations in the company's culture, which can pose obstacles and offer possibilities for employees, especially those who are moving across businesses. This study examines the methods used by PERTAMINA WK Rokan in order to assimilate the former workers of Chevron Indonesia and to adopt the business culture of PERTAMINA WK Rokan which is AKHLAK as they transition between the two companies and post-transition. It sheds light on the challenges and intricacies involved in assimilating to a new work culture during and after change in management. Cultural integration plays a crucial role in organizational changes, impacting employee morale, productivity, and ultimately, the effectiveness of the business. When employees switch from one organization to another, they carry their values, beliefs, and work habits with them. These may or may not match the existing culture of the new firm. Gaining insight into how individuals embrace the process of transitioning between cultures is crucial for promoting effective integration and cultivating a harmonious work environment.

KEYWORDS: Culture, Change Management, AKHLAK, Kübler-Ross, DMIS.

INTRODUCTION

In the current globalized world, corporate culture management is one of the most crucial corporate challenges. Tensions resulting from disparities in values, attitudes, communication styles, and business methods offer challenges for firms operating in varied cultural contexts. As interactions between people from diverse cultural origins develop on a worldwide basis, techniques for handling different cultures are also needed. Local surroundings also have an impact on the corporate culture since they have particular cultural quirks, societal standards, and historical circumstances that influence relationships. When two or more groups collaborate and set aside their differences, things go smoothly, which in turn increases the company's productivity. Different perspectives, approaches, or values regarding the goals or task at hand, which often resulted in interpersonal tensions and often such tensions escalate to a degree where it evolves into leadership and power struggle that may derail the team collaboration. Understanding corporate culture, assessing the root of such tensions and their potential, how they impact team performance, and how to manage them efficiently have been a focus of the literature on small teams for more than the past 20 years. Ever since the seminal work in the mid-1990s on task versus relational conflicts in teams, as explained by Greer and Dannals (2017).

COMPANY CONTEXT

A PT. PERTAMINA Hulu Rokan ("PHR WK ROKAN"), established on December 20, 2018, is a company that functions as the operator responsible for managing the Rokan Working Area (WK) for a duration of 20 years, commencing from August 9, 2021, and continuing until August 8, 2041. It is a division of Indonesia's state-owned oil and natural gas company, PT PERTAMINA (Persero). PHR WK ROKAN focuses on exploration, development, and production activities in Indonesia's Riau province's Rokan Block. With over 6,058 square kilometres, the Rokan Block is one of Indonesia's biggest oil and gas blocks. It has substantial reserves and has long played a vital role in Indonesia's oil output. PHR WK ROKAN was assigned the operatorship of the Rokan block in August 2021 and has fully managed all the activities since.



PHR WK ROKAN operates in the so-called Region 1 of the Sumatera Working Area, and this area spans from the province of Aceh to South Sumatra, which is divided into four zones:

- 1) Zone 1 encompasses fields in North Sumatra Offshore (NSO).
- 2) Rokan Working Area (Zones 2 and 3) includes oil and gas operations in the province of Riau.
- 3) Zone 4 covers the fields that located in the province of South Sumatra.

The vast area managed by PHR WK ROKAN, with the majority of fields being mature, poses challenges for PHR WK ROKAN to operate and produce while maintaining economic efficiency without compromising operational safety and environmental protection. As a part of the broader PT PERTAMINA (Persero) family and Sub-holding Upstream PERTAMINA as the parent company, PHR WK ROKAN will continue to innovate and strive to provide the best possible contributions to the nation's energy sustainability efforts.

PHR WK ROKAN also undertakes the responsibilities assigned by the Sub-holding Upstream PERTAMINA for managing the upstream oil and gas business and operational activities in Regional 1 – Sumatera. Through these dual roles, PHR WK ROKAN has emerged as a significant oil and gas producer in Indonesia, actively contributing to the national energy supply.

With the acquisition of Rokan Block back in August 2021, 2.600 employees from previous operator, Chevron, were recruited by PHR WK ROKAN. As in many instances, the integration of new employees from different operational backgrounds can pose challenges (i.e. Conflicting approaches) if not addressed properly. Such potential challenge in this particular context is related to different corporate culture inherited by the employees from previous operator.

For this research, the PHR WK ROKAN mentioned in this research is the PHR WK Rokan Working Area (Zone 2-3), as it is the main focus.

AKHLAK CULTURE

AKHLAK is a framework of moral ethics intended to provide direction for entire Indonesian State-Owned Enterprises (SOEs). The core values of SOEs are strategically formulated to facilitate the enhancement of human capital within these enterprises, thereby elevating their competitiveness on a global scale and cultivating a pool of exceptional talents.

The acronym AKHLAK corresponds to the principles of Amanah (Trustworthy), Kompeten (Competent), Harmonis (Harmonious), Loyal (Loyal), Adaptif (Adaptive), and Kolaboratif (Collaborative). The attribute of being trustworthy entails the manifestation of high integrity, reliability, responsibility, commitment, accountability, honesty, and discipline.

PERTAMINA regards AKHLAK as an emblematic representation of its corporate identity, embodying a work culture anticipated to uphold the operational excellence of PERTAMINA and its affiliated entities. In addition to adhering to the State-Owned Enterprises (SoE) Core Values, PERTAMINA has diligently implemented the New PERTAMINA Clean Charter, signifying the company's steadfast commitment to fostering a transparent and ethical organizational environment. The brief explanation of AKHLAK's aspects are as follows:

- 1) Amanah (Trustworthy) Upholding trust given.
- 2) Kompeten
Continuously learning and cultivate capabilities.
- 3) Harmonious
Acknowledge and respecting differences.
- 4) Loyal
Dedicated and prioritize the interest of the nation and country.
- 5) Adaptive
Innovative and enthusiastic in facing change.
- 6) Collaborative
Establishing synergized cooperation.



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| Supply Chain Optimization** | 101.42% |
| Cost Saving in Goods & Services ** | 110% |
| Learning and Development Effectiveness** | 110% |
| Inauguration of Non-Conventional Oil and Gas Exploration Tajak (MNK)*** | July 27 th 2023 |
| Highest Production Record 2023 PostManagement Transfer**** | 172.000 BOEPD (barrel(s) of oil equivalent per day) |
| **) Realization of KPI EVP BS WK Rokan Jan - Jun 2023 ***) Broadcasted - CEO of PHR: Two Years of Transfer of Management of the Rokan WK. Published online at the Ministry of Energy and Mineral Resources (esdm.go.id) ****) Emitennews.com; Kontan.co.id | |

Figure 1. The Impact of the Implementation of AKHLAK in PERTAMINA WK ROKAN

ORGANIZATIONAL LEVEL

During the initial phase of the acquisition period, the main branch of PERTAMINA initiated a transition program, where the organization is still imitating the previous operator’s organization. PERTAMINA sets a target for the end of the transition organization after a specified period of time, and the end of said period will be defined as an “End State” organization. For the sake of simplicity, “End State” is when the organization model from the previous operator is fully integrated into the PERTAMINA organization model. The objective of this process is to create a single work culture, which is PERTAMINA culture and AKHLAK as the base of the culture.

It is worth noting that the organizational structure of Chevron (the former operator) and PERTAMINA differs. The main difference is that the former has a decentralized organizational structure; this means that each regional branch is independent of the central branch and has a bigger authority to conduct large-scale operations, which does not always require central approval. Meanwhile, the latter is more of a centralized organization, where each regional branch has limited authority and many decisions require corporate office approval.

With the acquisition of the previously mentioned Rokan Block back in August 2021, in that same month, PERTAMINA created a “Transitional” organization with the goal of transitioning the organization created with the style of the previous management into a full-fledged PERTAMINA-style organization. “End State” was targeted to be achievable and fully applied by August 8th, 2023. However, due to the complexity, scale of the operation, scale of the region, stakeholders, and other elements involved, of which all of the above were beyond the expectations of the central branch, by August 8th, 2023, “End State” was deemed far from achievable. Thus, the central branch re-evaluated the approach and extended the deadline for “End State” to the second quarter of 2024.

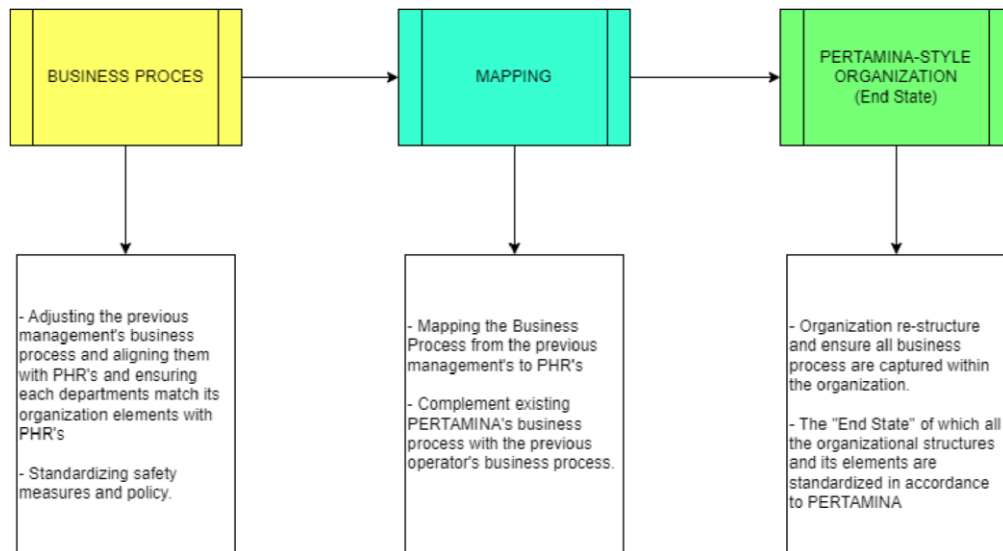


Figure 2. The Impact of the Implementation of AKHLAK in PERTAMINA WK ROKAN

The final stage involves changing the organization template to PERTAMINA’s, followed by employee placements, assigning the employees to specific placements based on the said placements, including the MoC (Management of Change) process.

The stage of the “End State” organization structure is currently at the final phase, and it is currently in progress, which is conveniently named the primary goal. The “End State” has yet to be achieved as it is currently in the final phase of the approval process from stakeholders. Assigning employees to their new positions may cause several challenges; one of them is when employees leave the “good life” (or their comfort zone) to be reassigned to his/her new position, which in turn may have a “shock” impact. In the context of PERTAMINA, this is what change management is all about minimizing the “shock” of reassignment, unfamiliar positions, and other unpredictable factors that may disrupt company operations.

EMPLOYEE LEVEL

The employees absorbed into PHR WK ROKAN back in 2021 during the handover numbered around 2.600 individuals, all of whom are the previous operator’s employees. In summary, all of PHR WK ROKAN’s new employees are just Chevron’s (The former operator) former employees. The previous operator’s employees simply changed their uniform and allegiance. With this, PHR WK ROKAN already has an advantage regarding skilled employees as resources. Very few can be pointed out as the majority of the employees from the previous operator already accepted the AKHLAK culture as soon as they were admitted into PHR WK ROKAN but were not completely internalized.

Successful transition of operatorship through properly managing corporate culture also requires stakeholder support and commitment, which includes:

- 1) Employees
The employees of PHR WK ROKAN are key stakeholders due to the fact that they directly contribute to the company's operations and work culture in general, which in turn contribute to the overall company performance.
- 2) Management
The management team of PHR WK ROKAN, including executives and supervisors, plays a critical role in shaping the work culture and addressing tensions. Their responsibilities include promoting and implementing policies while simultaneously maintaining effective communication between management levels.
- 3) Local Communities
PHR WK ROKAN operates in specific regions where it interacts with local communities. These communities may be affected by the company's activities and their perceptions of PHR WK ROKAN's operations. This also affects PHR WK ROKAN's public reputation.
- 4) Government

PHR WK ROKAN operates within the legal framework and regulatory environment set by government authorities. Maintaining a positive work culture and transparency in internal conflict resolutions are also crucial in maintaining good relations with governmental bodies.

A question still remains. So far, everything looked fine, so what is the issue? The issue lies in the challenges faced by both the employee and the organization when transitioning into PHR WK ROKAN and the state in which the employees are in. Thus the aforementioned point lead to further interesting questions to be discussed within the following framework:

- 1) What is the primary working culture in PHR WK ROKAN?
- 2) How do employees internalize AKHLAK culture?
- 3) What are the AKHLAK implementation stages? Referring to the Kübler-Ross change curve and Bennett Model, at what condition are employees after 2 years of transition?
- 4) How can AKHLAK culture be better implemented for future success?

The scope of the research refers to human resource management, which can be seen by analyzing the work culture of PHR WK ROKAN based on the data availability. Current company solutions and work environment observation can be used as the unit of analysis. In this research, the data was gathered from the ready data, company program, and work environment observation, which will be used and analyzed based on referenced theories. The elements would be the Organizational Values and Beliefs, Company Solutions, Employee Engagement, Organizational Structure, and observation.

THEORETICAL BASE KÜBLER-ROSS THEORY

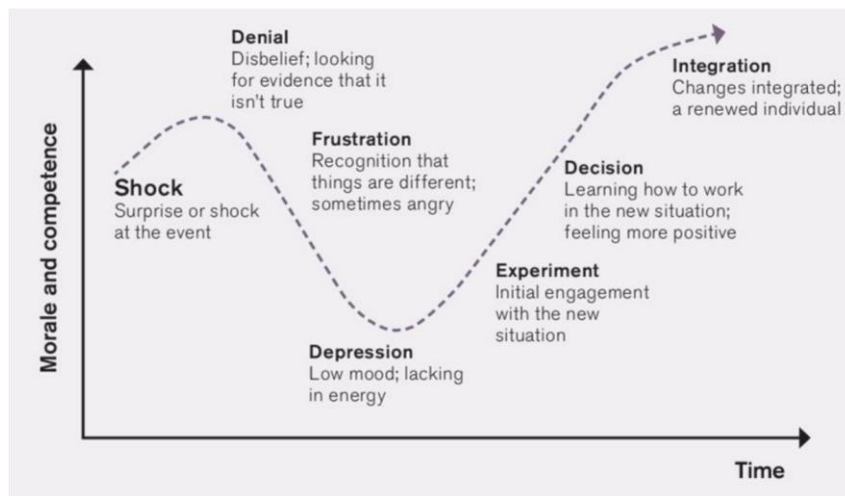


Figure 3. Kübler-Ross Curve (Austin, 2015)

The Kubler-Ross model is often used as a change model in an attempt to elaborate on how people confront negative events. When put into an organizational context, which in this case is an organizational change in culture, the Kübler-Ross model mainly describes the reactions of individuals when confronted with the demand for change in an attempt to address individuals' resistance to change (Austin 2015).

According to Austin (2015), an inherent limitation of recovery models is in their assumption of resistance to change, which has the potential to manifest as a self-fulfilling prophesy. Recovery models recognize that the initiation of change might function as a catalyst for adverse responses. Their primary focus is not on informing the design of the change, but rather on reducing obstacles and opposition to the implementation of a change project. Furthermore, Austin (2015) also concluded that recovery models are advantageous and valuable in that they encourage and enable the exploration of the emotional effects of organizational change through conversation. Numerous employees experience an emotional reaction to change, even if they refrain from overtly expressing it. Recovery models provide validation to these feelings, facilitating their resolution, and assisting HR managers in anticipating resistance to change.

DEVELOPMENT MODEL OF INTERCULTURAL SENSITIVITY (DMIS)

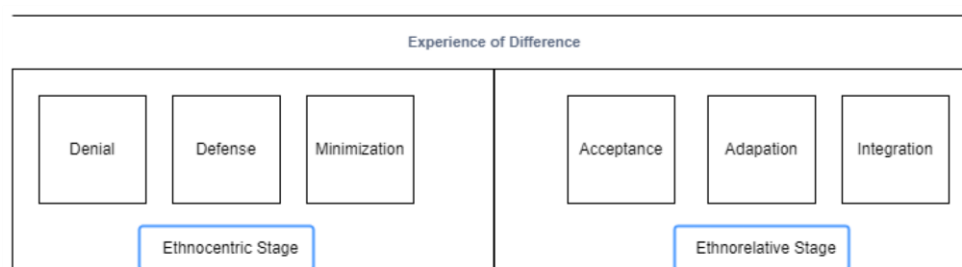


Figure 4. Development of Intercultural Sensitivity (Tayyaba Iqbal, 2021)

There exist numerous theories and models that revolves around intercultural development, often focusing on subjective cultural aspects, adaptation, common humanity, and common organizational goals. One of them is The Development Model of Intercultural Sensitivity (DMIS for short), also known as the Bennett model and as such this research shall refer to it from here on.

Iqbal (2021) indicates that individuals or groups always pass through different stages in developing intercultural sensitivity: Ethnocentric and Ethnorelative Stages (Figure II.2). As the first stage, Ethnocentric consists of three stages, which mainly means that the first three stages are related to the individuals or groups' native culture. The first three stages of Ethnocentric is the Denial stage. In this stage, individuals' or groups' experience is the only reality. The second stage is Defense, in which individuals or groups see their culture as the best or best fit for them; the third stage is the stage of Minimization. Simply put, this stage is when individuals or groups are ready to accept aspects of other cultures that are similar to their own culture.

The three stages shown above are the Ethnorelative stages, where individuals or groups feel that their own culture is experienced in the context of another culture. They are relating what was once their own culture to another new culture. This stage can be differentiated into another three stages as well. First is the stage of Acceptance, which means other cultures are experienced as similar but different in structure and nature. Second, the stage of Adaption, which means gaining experience from different cultural contexts, is the part where individuals or groups learn and understand the culture, they are facing in order to grow. The final stage is Integration. This final stage of Ethnorelative is where individuals' or groups' experience develops the once somewhat foreign experienced culture into movements involving in and out of cultural world views; this stage is Adaption (Bennett, 2004).

This theory is somewhat similar to the previously mentioned Kübler-Ross; the differences lie in the Ethnocentric and Ethnorelative sections, where Kübler-Ross does not specifically mention said elements.

FIXED AND GROWTH MINDSETS

A fixed mindset is where people believe their values (sets of skills) are just that, fixed traits. Growth mindset on the other hand, is where people perceive their values (sets of skills) are possible to be developed by efforts and dedication or other standards (Dweck, 2006). Effort is only for people who do not have any value or capabilities. Further, Dweck (2006) emphasizes that people with fixed mindsets often perceive the success of others as either a threat or simply as nothing more than a mere good fortune that leads to that person's success. People with a growth mindset perceive things differently and they genuinely believe that even the most gifted person would also put much effort into their success. Effort is only for people with deficiencies. Further, when people already know they are deficient, they have nothing to lose by trying. However, if the claim to fame has no deficiencies, then people are considered a genius, blessed individual, or natural, and only when it is time to have nothing to lose. Efforts can reduce them in a sense (Dweck, 2006).

When it comes to putting knowledge into action, people with a fixed mindset cannot do so due to their essential mindset, the firm belief in traits being fixed. Therefore, when they try to put it into action, they instead instinctively believe success is about being more gifted than others, failure is the measurement, and efforts are for those who do not have any capabilities (Dweck, 2006).

The most peculiar part of this is that there is a possibility that there are people out there with both of the aforementioned discussed mindsets, but it works situationally either out of passion or out of opportunities. For example, in the field that a person is passionate about, said person's mindset automatically switches into a growth mindset, thus thriving when being put into the field.

Conversely, when being put into a field which said person is not passionate about/or lacks enthusiasm, that same person's mindset automatically switches into a fixed mindset. In this situation, therefore, switching mindsets according to the environment has something to do with how humans adapt to a social environment. The following figure depicts the strategy of developing mindset growth based on Dweck's (2006) proposal.

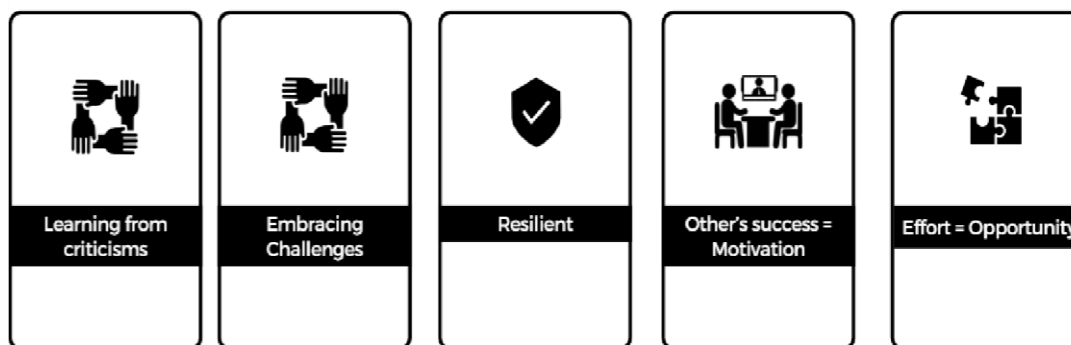


Figure 5. Growth Mindset, a conclusion based on the first three paragraphs of this segment

The conclusion based on the previous couple of paragraphs is that, in the working environment, people who possess a growth mindset tend to be more open to challenges by learning from criticism, more resilient, do not feel threatened but instead motivated by the success of others, and perceive efforts as a gateway to opening more opportunities to reach success.



Figure 6 Fixed Mindset, a conclusion based on the first three paragraphs of this segment

Meanwhile, Figure IV indicates that within the same context, people who possess fixed mindsets are likely to be more avoidant when encountering new things, less enthusiastic when faced with a challenge (let alone challenges), less resilient, perceive the success of others as a threat, and ignore criticisms as part of an effort to learn or develop new sets of skills or values.

METHOD AND DATA

The design for this research applied the qualitative analysis, specifically an interpretive method. Unlike the positivist tradition in its underlying assumptions, research objectives, and inference process, qualitative analysis often uses individual themes as the analytical unit rather than linguistic components. A subject could be conveyed with a single word or even the whole text document (Yan Zhang, Barbara M. Wildemuth, 2005).

Qualitative analysis also does not revolve around numerical significance but instead uncovers patterns, themes, and categories that are crucial in understanding social environments. Despite the widespread use of quotes to support conclusions, effectively showcasing research findings through qualitative analysis may be challenging (Schilling, 2006). In summary, qualitative research is fundamentally interpretive, and it depends on the researcher's understanding of the studied phenomenon (Patton, 2002). More specifically, Patton (2002) also explained that the study applied Qualitative Content Analysis, which aimed to compress unprocessed data into categories or themes through reliable inference and interpretation. This method employed inductive reasoning,



in which themes and categories emerged from the data through the researcher's thorough inspection and continuous comparison. However, qualitative analysis could still include logical reasoning (Patton, 2002). Utilizing concepts or variables from previous research and theories could also be efficient and advantageous for qualitative-based research, particularly during the first stages of data processing (Berg, 2017).

Qualitative content analysis was and is a valuable and effective alternative to more conventional quantitative analysis. When a researcher conducts research in an interpretive field, this method is a valuable backup method as the goal is to identify crucial themes, categories, or patterns within a body of content, which enabled them to provide a plentiful description of the social reality created by said themes, categories, or patterns in a relevant context or setting. Utilizing thorough data preparation, coding, or interpretation, the outcome of qualitative content analysis could support the development of new theories and models, as well as validate the currently existing theories and provide in-depth insights into particular phenomena (Yan Zhang, Barbara M. Wildemuth, 2005).

The qualitative content analysis process began during the data collection phase. This facilitated the transition between conceptual formulation and data collection, therefore guiding data gathering towards sources that are relevant for resolving the research inquiries (Miles & Huberman, 1994). To provide accurate findings, qualitative analysis necessitates a structured and clear set of methods for data processing. There is some similarity or shared elements with traditional quantitative analysis, but there are exceptions (Tesch, 1990). But then again, it all comes down to the research intentions, as they could also be flexible and/or standardized. The research conducted by Ayşe Gözde Koyuncu and Rufaro Denise Chipindu (2019), in which qualitative methods were used, and the research conducted by Dr. Rehna V. J. (2020), where the descriptive methods were based on primary and secondary data, gave insights into the methods needed for this research. It is important to note that using a qualitative and social approach in this research would provide clear, comprehensive information and an in-depth understanding of the elements of organizational transformation, particularly in the context of culture. These approaches have been the focus of social constructionist discussions and theories in literature. Sayers & Smollan (2009) emphasized that the prevailing belief in social constructionism is that knowledge is not impartial, politically neutral, or apart from the emotional and physical parts of human experience. Instead, it was inherently ideological, political, and influenced by values. Qualitative content analysis is a method that aims to compress unprocessed data into categories or themes through reliable inference and interpretation. This method relied on inductive reasoning, in which themes and categories emerged from the data through the researcher's thorough inspection and continual comparison. Nonetheless, the qualitative analysis incorporated logical reasoning.

In this research, the data were analyzed using the company's current running solution, the LCV Program. The LCV program itself was then analyzed using qualitative methods. The results of analyzing the LCV program gained from the primary approach were then correlated with two methods: the Kübler-Ross theory and the stages of the Bennett model. The Bennett Model was used to analyze the current pace of the management transition, the reasons behind this pace, and the need for its extension. Furthermore, the Bennett Model was utilized to analyze the cultural sensitivity of those who worked at the previous management in embracing the new management and the flow of the maturity levels so far. The analysis derived from the Kübler-Ross theory would assist in identifying specific traits associated with the employees involved in the management transition, as well as the current state in which these employees are operating. Conversely, the secondary approach's data underwent a simple descriptive analysis.

The main goal of the data was not to figure out and compare how feasible and effective it is to change the work culture based on performance, but to find out what the current state of PHR WK ROKAN is during and after the change in management and work culture based on the data given. This research utilized secondary data that PERTAMINA WK Rokan had provided, as the company did not highly recommend conducting interviews and surveys. In other words, the company provided the processed data, which included the conclusions and results of interviews with employees from the previous management (Chevron) who transferred to PHR WK ROKAN, as well as conclusions from internal reports. The LCV program and internal company reports comprise one of the already processed data sets. In this circumstance, the writer's research role was as a participant observer who carried out comprehensive observations to find answers to research questions. The researcher then interprets the data in the analysis process using a qualitative approach and utilizing the Bennett and Kubler-Ross theories, as well as briefly mentioned the mindset theories. The PHR WK Rokan change management process aligns well with this approach and the theories mentioned above.

COMPANY LIVING CORE VALUES (LCV) ANALYSIS

In the context of the implementation of AKHLAK's main values, AKHLAK's elements have a critical role in PERTAMINA because they ensure the employees' behavior is perfectly aligned with the execution needs (i.e., strategy and operational models) with the purpose of achieving PERTAMINA's vision and aspirations; thus, the LCV Program was created.

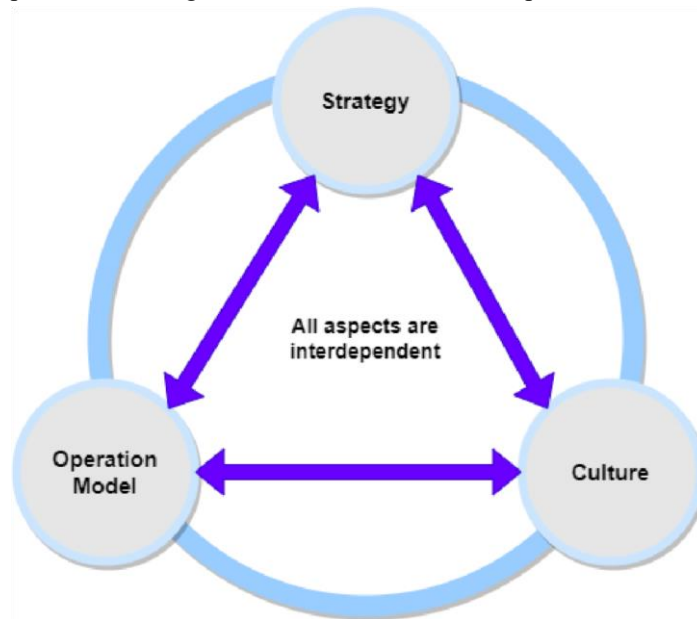


Figure 7. Living Core Values as Vehicle of Aspiration Model

PERTAMINA's operation model relies on each branch having its representatives and said representatives are responsible for the main branch of its organization. In the aspect of culture, PERTAMINA relies on AKHLAK as its main cultural foundation. This cultural aspect has become the identity of the company; therefore, it is mandatory for the employees and service members to implement it. PERTAMINA's strategy relies heavily on its vision and aspiration, both of which aim to achieve a world-class company. In conclusion, PERTAMINA's culture-based aspiration model is interdependent with one another. The operation model uses organizational structure as the base, vision and aspiration for its strategy, and AKHLAK for culture.

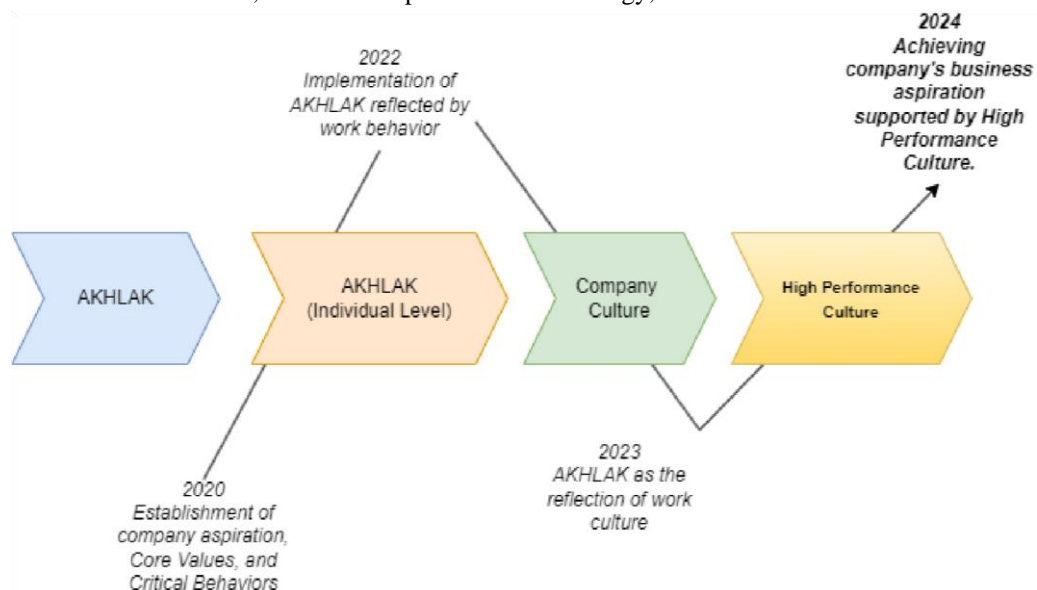


Figure 8. The Culture Process of the Living Core Values

AKHLAK was formulated back in early 2020 and established as the standard work culture for every state-owned company, not just PERTAMINA. By 2022, the integration of AKHLAK was focused on the individual level, then expanded into the reflection of work culture by the following year. Currently, PERTAMINA's AKHLAK culture is in the stage of high-performance culture, where it has already supported the company in achieving its business aspirations.

Standardized Project Charter Budaya (Culture Charter Project) was initiated and affects business overall. This Culture Charter Project was executed by the Change Agent teams, which handled the systematic format that integrated with AKHLAK's main values.

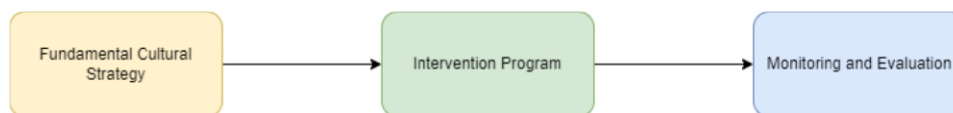


Figure 9. The integration process of LCV

The Fundamental Cultural Strategy is comprised of 'Project Charter Budaya', which is standardized and revolves around the impactful effects on business. This strategy is supported by the initiation of the formal system that has been integrated before, initiated by the Agent of Change (AoC), with AKHLAK as the main value. This stage can also be seen as the formulation stage.

The intervention program mainly focused on socializing the 'Project Charter Budaya', AKHLAK values, and daily behavioral change. The AKHLAK campaigns and standardization of reward consequences are also part of the focus. All of these aimed to be fully implemented and initiated by the Agent of Change (AoC) of each department involved. It can also be concluded that the intervention program is in the initiation and implementation stages. As the name suggests, monitoring and evaluation are comprised of measurements and evaluation. These terms included assessing and overseeing the cultural implementation as well as comprehending the AKHLAK culture. Furthermore, evaluating the influence of 'Program Budaya' (this will be referred to as 'Culture Program' from now on) on a unit or department's business process. In another way, these three stages are formulation, implementation, and monitoring and evaluation.

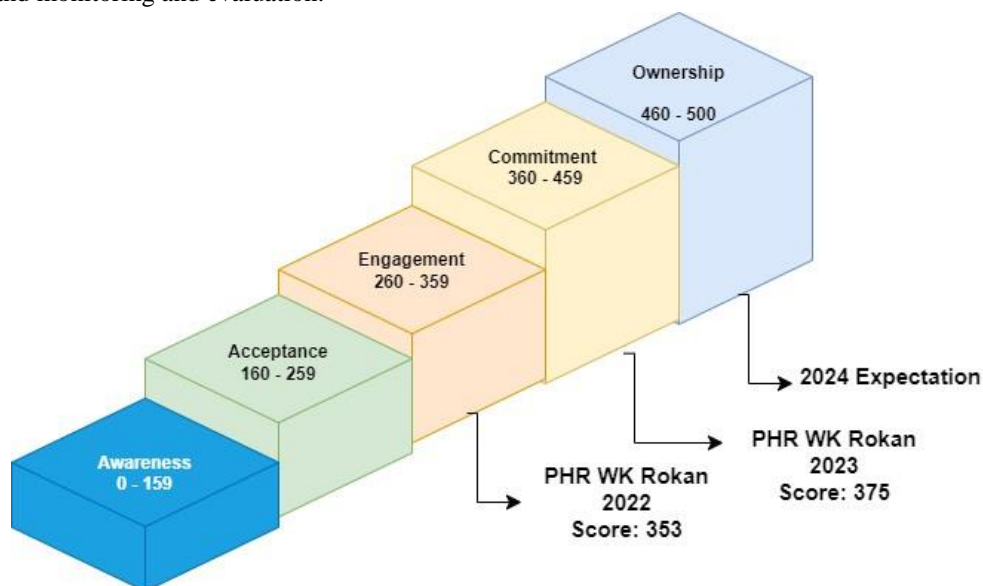


Figure 10. LCV Maturity Levels (Score gathered from Pertamina (Persero) LCV Portal)

The LCV Program aims to prepare and evaluate a unit or department in a company and its maturity level during a change. Thus, a five stage maturity levels were created, and with PHR WK Rokan taken to account, the levels are as follows:

Awareness:

- Only know AKHLAK, has yet to implement AKHLAK and its Critical Behavior.
- Formulation Stage of the cultural program.

Acceptance:

- The process of integration, initiation, and review with regards to the cultural program.
- AKHLAK and its critical behaviors implemented.

Engagement (2022 position, with the score of 353):

- Leader as the unit’s role model empowers the unit under its authority whilst participating actively in the implementation of the cultural programs.
- The aforementioned point includes the implementation of the cultural programs in accordance to the workplan and the success indicators.

Commitment (Current position, with the score of 375):

- The role model and leader in AKHLAK culture.
- Promoting and stimulate the implementation of culture towards units’ performances.

Ownership (Target and Expectation for 2024):

- AKHLAK and its Critical Behavior elements embedded itself into each and every element of the organization.
- The embedded culture and the organization elements are integrated into the management system.
- All units act and behave in accord to the expected cultural elements.

| Dimension | | 2022 Indicator | 2023 Indicator |
|-----------|--|------------------------------------|--------------------------------|
| People | Role Modelling | Management and Leaders | Management and Leaders |
| | | Change Agents (AoC) | Change Agents (AoC) |
| Process | Fostering Understanding and Conviction | Communication | Communication |
| | Developing talents and skills | Learning and Development | Learning and Development |
| System | Reinforcing formal mechanisms | Reward and Consequences | Reward and Consequences |
| | | Hardware and Software (Technology) | |
| | | Working Operational Procedures | Working Operational Procedures |

Figure 11, LCV Assessment Dimension and Indicator

In the context of PHR WK ROKAN, the company has undergone two assessments, the Assessment of 2022 and 2023. Both used the dimension presented above and included it in the annual reports. Suffice it to say that based on the dimensions and assessment indicator, the company is using the People, Process, Technology framework, albeit using an alternative form for the ‘technology’ part. Nevertheless, the framework is suitable for the current issue: the change management and the implementation of AKHLAK culture.

As previously mentioned in the business issue segment with regards to the acquisition of the previously mentioned Rokan Block back in August 2021 and the explained “End State”, the evaluation of the maturity level occurred a year after the acquisition, which is the year 2022 and 2023. The first assessment conducted in 2022 yielded a score of 353, a high score for the PHR WK

ROKAN employees who were immediately recruited from Chevron during the acquisition. The second assessment conducted in 2023 yielded a score of 375, an improvement from the first assessment. This score can be considered as a great leap forward as it propelled PHR WK ROKAN from the Engagement Stage to the Commitment Stage; this may also indicate that the recruited PHR WK ROKAN employees are committed to their current environment, and embrace the PERTAMINA’s culture and values.

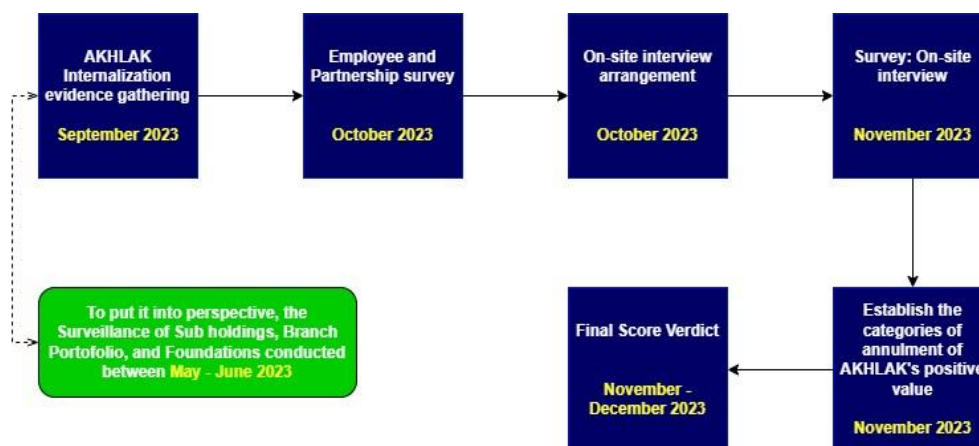


Figure 12. LCV Assessment Process

The LCV assessment is conducted annually, the process starts every September until December for PHR WK ROKAN and May until June for the other branches of PERTAMINA. During the 2023 assessment, there are several improvements gained from the previous year’s LCV, four of them are as follows:

- 1) Simplification of measurement parameters for LCV 2023.
- 2) Assessment from the LCV 2022’s incremental score to LCV 2023 score.
- 3) The establishment of Rewards and Consequences leader.
- 4) LCV Evidence submission tool utilization.

In the assessment process and the LCV program in general, there are key leaders in involved. The general outline is as follows:

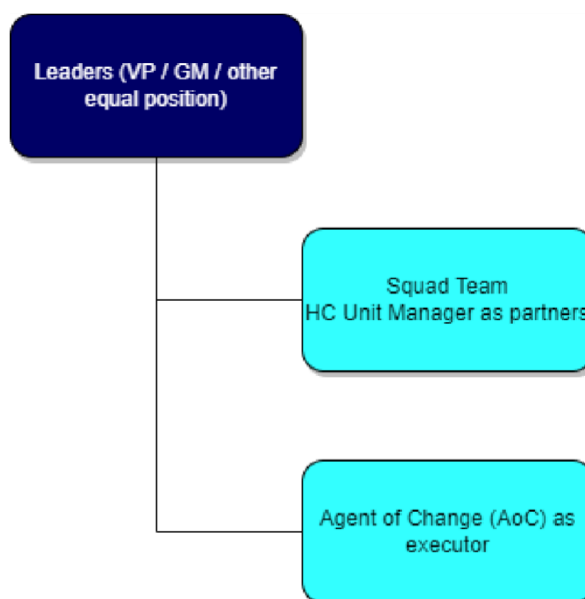


Figure 13. Key Success Leader in LCV Assessment

The Key Success Leader in LCV's framework has its own responsibilities in the LCV program. For instance, the leaders act as 'sponsors' by collaborating with the squad team and HC unit managers alongside AoC's, ensuring AKHLAK's internalization (the Cultural Program Charter) process is conducted accordingly. They socialize the 1st Package of the booster (the Communication Package) to employees, partners, and external parties and then ensure and monitor the AKHLAK Internalization program alongside AoCs in order to support business and improve Unit/Function's performances, which then regularly evaluates the overall implementation of AKHLAK's Internalization (Plan vs Actual).

Other elements in the Key Success Leader in LCV Assessment involve HC Unit Managers alongside the squad team. This element is comprised of motivating the leaders and AoC to be more active in speeding up the internalization of AKHLAK by ensuring the leader possesses the fundamental cultural strategy (the Cultural Charter Project), involves himself or herself in the said program, and constantly evaluates the program (Plan vs. Actual).

The AoC conducts the execution by identifying whether the cultural program aligns with the fundamental cultural strategy. Ensuring the flow of the program as mentioned above proceeds as smoothly as possible by documenting the whole cultural program of each unit according to the AKHLAK Internalization AoC Booster Package, followed by creating the monitoring reports (Plan vs. Actual), which are then communicated regularly to the leader.

Before the AoC Booster Package, understanding the role of a change agent is relevant and essential. A change agent is someone who has the skill and capability to guide and facilitate the change effort. Change agents can be acquired externally or internally. The success of any change effort critically depends on the quality and feasibility of the relationship between the change agent and the organization's key decision-makers (Lunenburg, Fred C., 2010). Such an explanation was also further strengthened by the information from an employee who was the researcher's mentor during the writing of this thesis; he stated, "A change agent promotes, champions, enables, supports, and inspires others in an organization."

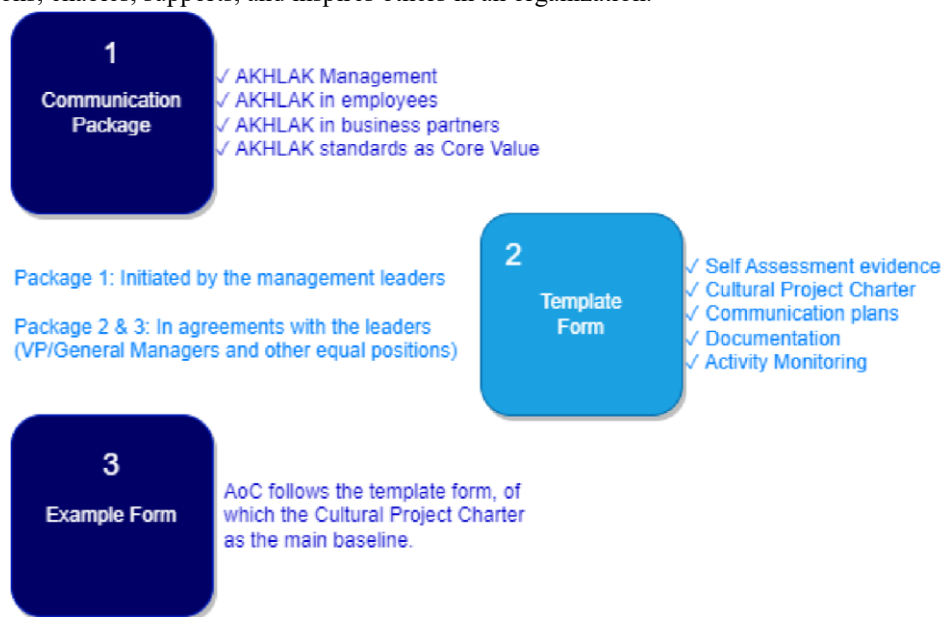


Figure 14. The AoC's LCV Booster Package

The AoC's LCV Booster Package consists of three packages. Package No. 1 is communication; Package No. 2 is the template form; and Package No. 3 is the core value form (form example). In accordance with the role of the AoC's, this booster package is not a compilation of steps but rather a compilation of elements that boost and amplify the effects of the AoC's empowerment and roles in the program. The Communication Package involves communicating and socializing AKHLAK-related information; this also includes communicating with employees about any changes that happen within the company, not just at the organizational level but also at the individual level. The template form involves assessment, documentation, and other evaluation-related activities.



Figure 15. AKHLAK internalization journey

In the case of the internalization of AKHLAK (the LCV Program), the main focus of the program is to develop, prepare, and familiarize the employees with all aspects and not just work culture during and after the change in management. Communicating change is the key to the program; the other form of communication, apart from the LCV program, comes in the form of town hall meetings. In a sense, a town hall meeting is a meeting that focuses on regular announcements or updates combined with discussion activities discussing the changes that are currently in progress, to be expected, to come, their potential impacts, and the next course of action. They are aligning the company’s vision and mission. These town hall meetings are conducted once a year at the minimum; however, they can also be conducted at any given time when any changes occur. Each time a change occurs, a town hall meeting will be conducted.

DMIS ANALYSIS

Now that the LCV has been analysed, it is time to correlate the findings using the Bennet model. Of course, this will be divided into two parts. The ethnocentric and the ethnorelative. It is worth pointing out that the LCV maturity stages, when converted into the Bennett model, would be seen as below.

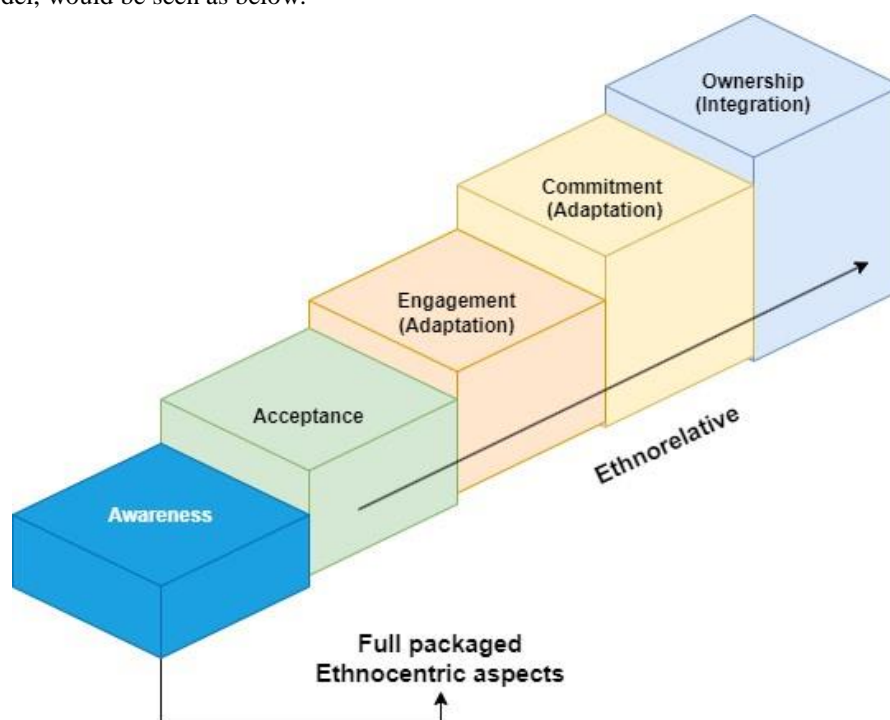


Figure 16. LCV Maturity to Bennett Model Conversion

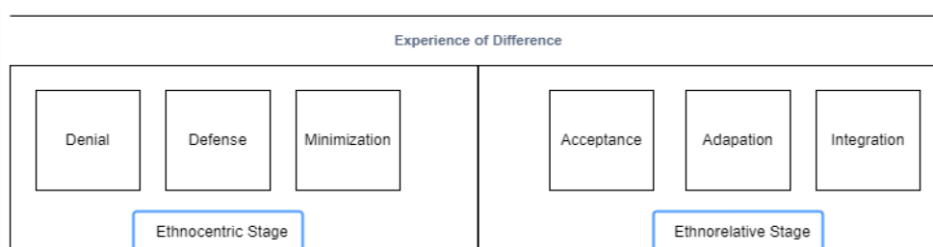


Figure 17. Development of Intercultural Sensitivity (Tayyaba Iqbal, 2021)

ETHNOCENTRIC STAGE

Correlating the LCV maturity scale with Bennett’s ethnocentric stage, the ethnocentric stage is only at the awareness level in the LCV maturity scale; when converted to the Bennett model, it would be the whole ethnocentric stage combined into one. During the acquisition, most of the ex-employees involved were aware of what AKHLAK is; however, there were no attempts at following it any further. Not to mention the maturity level of the newly acquired ex-employees during the acquisition, as the scoring itself is conducted annually, and the scoring process has just started simultaneously, hence the unavailability of the 2021 score. It would not be a far-fetched inference that there had been some employees who indirectly rejected the new work culture and opted to stay with Chevron’s work culture due to various reasons, from the threat of losing the culture that they already felt comfortable with to the stereotypes of government-affiliated companies and its work culture.

In the context of culture, it is safe to conclude that the Bennett model indicates such reactions to be common. People tend to act in such a manner when faced with change, often denying any changes and defending their old culture. However, when the change is too challenging to bear, people often try to minimize the change’s influence and emphasize adherence to universal values.

ETHNORELATIVE STAGE

Mentioned in the LCV maturity conversion section, the Ethnorelative stage spanned from acceptance, engagement, and commitment to ownership due to the fact that those four stages are more geared towards relating the experience. From the maturity score seen in the LCV section, the first and second maturity scores, which resulted in scores of 353 and 375, respectively, showed that in just one year since the acquisition, the employees had already accepted their new working environment and culture by entering the engagement level. The second year after the first maturity score, the score further increased to 375, which entered the commitment level.

This condition confirms the belief that the acquired ex-employees were prepared for the change in environment and adaptive enough to the change in the working environment. As one of the people from the company reveals, “Initially there were some ex-employees who rejected the new culture (AKHLAK) during the acquisition. It may be a form of defense, as they felt their “comfortable” work culture was being threatened by the new culture, which they had no experience with. However, when the LCV program was initiated back in 2021, those ex-employees found their new culture to be the same as their previous culture, only differing in approach. This circumstance made the integration process easier and more straightforward, hence the maturity score.

KÜBLER-ROSS ANALYSIS

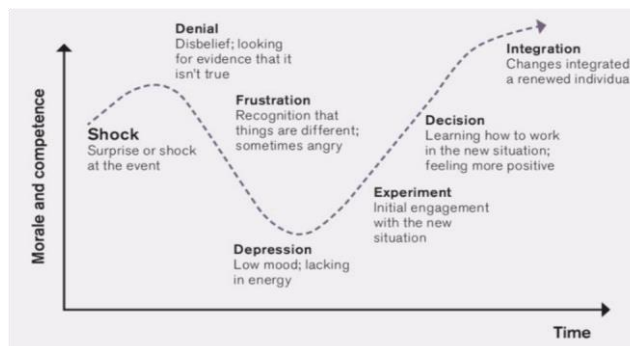


Figure 18. Kübler-Ross Curve (Austin, 2015)

As previously explained, the Kubler-Ross model is used as a change model in an attempt to elaborate on how people confront negative events. By applying the model, analyzing PHR WK ROKAN's process of AKHLAK's integration and maturity is possible by converting the maturity stages into the Kübler-Ross graph. The conversion is as follows:

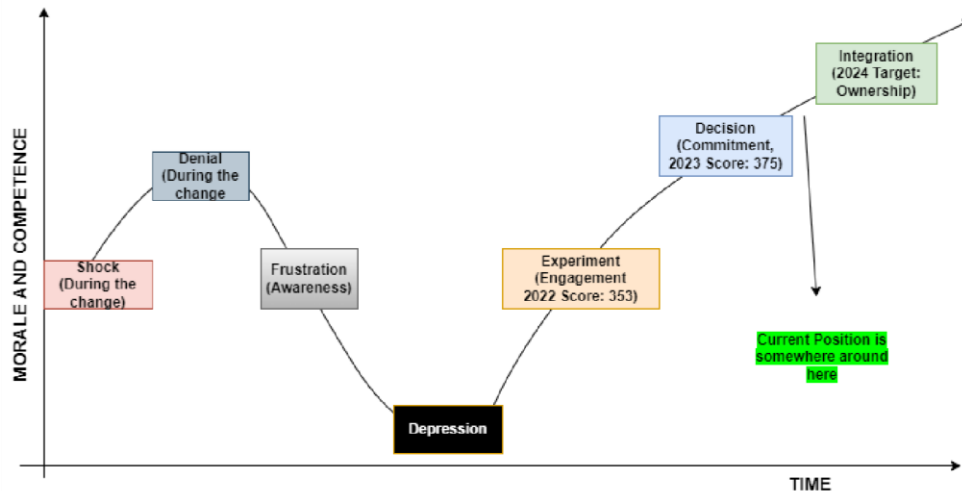


Figure 19. LCV Maturity- Kübler-Ross Curve conversion

In retrospect, the current LCV maturity score, which is 375, is currently in the commitment stage and at the decision stage in the Kübler-Ross curve. In addition to that, currently the company is at the stage of LCV 2024 assessment; therefore, the current position of the PHR WK ROKAN's maturity in the curve is at least somewhere between the decision and integration stages and heading towards the integration stage. The 2024 target is expected to achieve full integration.

FINAL ANALYSIS AND SOLUTION

The LCV assessments in 2022 and 2023 demonstrated a high score, indicating that the personnel who moved from Chevron after the acquisition were well-equipped to adapt to the new management and work culture. Here is when the two previously mentioned attitudes became apparent. There are two mindsets: fixed and growth mindset. The employees already have a growth mindset when transferred. As a result, in their first year at PHR WK Rokan, their LCV evaluation ratings were high, indicating they were well-prepared and adaptable to the changes in management and work culture. The Bennett model demonstrated that the employees had reached the Ethnorelative stage. The Kubler-Ross model further explains that employees are progressing towards the integration stage.

Multiple reasons are contributing to this substantial rise in maturity. The personnel already had a growth mentality and were committed to personal development, focused on controllable factors, trusting the change process, and engaging in feedback. For example, if they were to maintain a fixed mindset from the first day of acquisition through 2022, then surely the first LCV assessment score would be lower, and their level would be at least in the acceptance stage of the LCV maturity scale. When applied to the Bennett model, if the employees were to maintain a fixed mindset from the first day of acquisition all the way through 2022, the situation could be different, and the unforeseen tensions could have possibly erupted as the employees would be more ethnocentric and hold firm to the old working culture they once had. Their state in the Bennett model would remain somewhere in the ethnocentric phase, or at best, somewhere between the Ethnocentric and Ethnorelative phases, or, specifically, the minimization of acceptance. Meanwhile, referring to Kübler-Ross' perspective, the employees would still be either in the frustration and/or denial stage and in a worst-case scenario, they would still be stuck in the depression stage, unable to move on and have an impact on the new management.

Therefore, the paradox is that company values are fundamentally aimed at making individuals or employees obedient to their organization. However, this may result in instances where, instead of creating individuals with a growth mindset, they end up creating the opposite, a fixed mindset. The question now is how to ensure that the implementation of company values does not lead to employees having a fixed mindset. One of the approaches is to be open about implementing or embracing company values. This situation, in turn, would lead to company values being dynamic and not fixed or static. This openness to implement or embrace

company values can also be part of the employee's transformation. This personal transformation, according to PHR WK Rokan, is illustrated below.

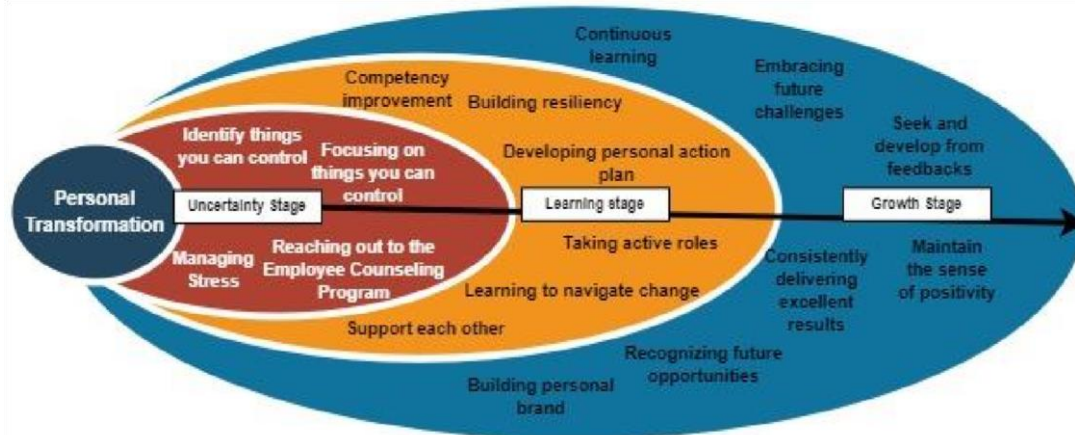


Figure 20. Company Personal Transformation

Personal transformation is comprised of three stages: Uncertainty stage, Learning Stage, and Growth Stage. The uncertainty stage is where things are filled with uncertainties. For example, what the ex-operator’s employees went through during the transfer (the moment of the acquisition of Rokan Blok by PHR) was when they felt uncertain about their new environment. The learning stage is when things are looking more certain, and the individuals are committed to learning about the new environment. The example for this stage is during the transition and August 2021 onwards after the acquisition. Finally, the Growth stage is where the individuals have already embraced their new environment and are focusing more on maintaining positivity and recognizing opportunities. To summarize, the openness to implementation can also be part of the employees’ growth.

In the case of PHR WK Rokan, it is recommended that the strategy is to continue implementing LCV Program in WK Rokan for employees. AKHLAK itself is the core value and a framework of thought, and when executed using the “Growth Mindset” as the baseline of personal transformation, the adaptation of AKHLAK can be utilized in any business conditions, especially in managing the current and future business dynamics to achieve company target or vision.

CONCLUSION

PERTAMINA initiated a cultural transformation effort by establishing the LCV Program, with AKHLAK as its central guiding principle. AKHLAK was officially instituted in the middle of 2020 as the prevailing work ethos for all government associated enterprises. The LCV Program was launched in August 2021 following the acquisition of the Rokan area from Chevron, the previous operator. Its purpose is to prepare, acquaint, and educate the employees who were transferred from the former operator to PHR WK Rokan about the work culture and company values, both during and after the change in management.

The primary operational culture of PHR WK Rokan is AKHLAK, which is the established work culture of all government owned companies. This culture is an integral component of the company's identity. By embracing personal transformation and adopting a growth mindset upon joining PHR WK Rokan after the acquisition, employees internalise the AKHLAK culture by embracing the changes. PHR WK Rokan further supports its employees by implementing the LCV Program, which aims to prepare them for the transition and provide ongoing support afterwards. The company's values are dynamic and may change over time. This flexibility allows for openness in the values themselves. This openness also extends to the integration of AKHLAK principles into the personal transformation of employees.

The primary approach for internalising AKHLAK culture centres around the Kübler-Ross change curve. The corporation greatly emphasises this, as the LCV program relies substantially on the mentioned change curve, particularly the maturity stages. After two years of migrating to PHR WK Rokan, following the Kübler-Ross change curve, it can be determined that the employees are currently in the decision stage and moving towards the integration stage. According to the Bennett model, the personnel have progressed to the Ethnorelative stage at the adaptation level and are progressing towards the integration level.



It is advisable to achieve future success by implementing the LCV program at WK Rokan for employees. AKHLAK is the fundamental value and framework of thought. When combined with the "Growth Mindset" as the foundation for personal transformation, AKHLAK can be applied in any business situation, particularly in effectively managing present and future business dynamics to accomplish the company's goals or vision.

The LCV Program has been effective up to the present day. The efforts undertaken by PERTAMINA and PHR WK Rokan were under the Kübler-Ross and Bennett models, with a greater emphasis on the Kübler-Ross model by the firm. The program's efficacy is evident from the initial evaluation of the LCV maturity level, which took place one year following the acquisition and transfer of personnel from the previous operator to PHR WK Rokan in 2022, to the subsequent year after the acquisition and transfer of staff in 2023. The maturity score increased from 353 to 375, and the level also progressed from the engagement level (experiment level in the Kübler-Ross and adaptation level in the Bennett Model) to the commitment level (decision level in the Kübler-Ross and adaptation level in the Bennett Model).

It may be predicted that the LCV maturity score for PHR WK Rokan in the 2024 assessment will improve compared to the score of 375 in the 2023 assessment.

The employees familiar with the previous operator's work culture were well-prepared for the anticipated changes in the new firm, PHR WK Rokan, to which they were moved. Employees with a growth mentality can quickly adapt and integrate into the new management and work culture. They were also prepared to contribute to adopting a work culture to achieve PHR WK Rokan's performance targets. The ongoing and regular enhancements of the LCV Program and the development mentality exhibited by the transferred employees played a role in the progressive increase of employee growth in cultural integration.

In AKHLAK's implementation during the duration of Change Management, there are several lessons can be learned during in Change Management, there are several lessons can be learned:

1. The company's AKHLAK culture, combined with the "growth mindset" possessed by the employees before the transfer, makes the internalization of AKHLAK smoother, and the employees are more adaptable to change.
2. Implementing a new work culture involves continuous efforts and constantly renewing the approach of the core value program in order to enforce the work culture, which is preferable for long-term employee growth and organizational stability.
3. In change management, it is crucial to take the change gradually in the work culture aspects. The LCV maturity assessment, for instance, is done annually, and by doing so, the growth is more stable and predictable. Forcing an instant work culture conversion will make things more unpredictable.
4. The Kubler and Bennett models are constrained by certain restrictions. For example, "What occurred following the integration phase?" What is the next goal? Does it only involve sustaining integration? Or is there an additional phase that is yet unidentified?

RECOMMENDATION

Utilizing Kubler Ross as the integration tool and growth mindset as the baseline is a solid foundation. It is advisable to incorporate additional models like the Bennett model and other relevant models to explore stages not covered by Kubler Ross. This enables employees to gain a deeper understanding of their current stage (ethnocentric or ethnorelative). Employees may utilize the development mindset for self-evaluation by identifying their ethnicity. Furthermore, the subsequent phase following the integration stage. It is advisable to outline the expectations, criteria, and maintenance procedures for the integration if it is part of the next phase. employees familiar with the previous operator's work culture were well-prepared for the anticipated changes in the new firm, PHR WK Rokan, to which they were moved. Employees with a growth mentality can quickly adapt and integrate into the new management and work culture. They were also prepared to contribute to adopting a work culture to achieve PHR WK Rokan's performance targets. The ongoing and regular enhancements of the LCV Program and the development mentality exhibited by the transferred employees played a role in the progressive increase of employee growth in cultural integration.

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