



EMCC company network

Case example of Schneider Electric

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Company background

Schneider Electric is a global company specialising in electricity and automation management. The company was founded in 1838 under the name Schneider & Cie by Adolphe and Joseph Eugène Schneider. Initially the company consisted of steel foundries. Over the ensuing decades the organisation built a presence in heavy mechanical engineering and transport equipment. In 1975 Merlin Gerin, a French manufacturer of electrical distribution equipment joined the group. Over the 1980s and 1990s Schneider Electric shifted its focus to electricity.

In 1988, the company acquired Telemecanique, a French company pioneering remote control systems for electric motors. In 1991, the group made a major acquisition in the United States, bringing in Square D, a US electrical equipment company. The group went on to expand its international presence, setting up operations in China and across Europe, amongst other locations. Since 2002 Schneider Electric has pursued a strategy of organic growth and acquisitions to enhance its geographic coverage, strengthen its core business and expand its potential accessible markets. The group is currently focusing on emerging countries such as China, Brazil, India and Central and Eastern Europe. Schneider Electric is also engaging in extensive research and development across the world, and has set up new research and development centres in China, India and Mexico. The group is also in the process of developing services, and is planning to recruit 8,000 people over the next few years to work in services.

Today the company employs 105,000 people around the world. The group comprises six business units, four corporate divisions and four operating divisions (European, North American, Asia-Pacific, International and Iberian). The company is present in 106 countries.

Schneider has three main priorities in place for the years 2005 to 2008. The first priority is to improve health and safety; the second is to recruit and develop employees and to make Schneider Electric a more attractive prospect for potential recruits. Finally, Schneider aims to recruit people who are interested and open to international mobility, 'doers, people able to go everywhere' ([listen to Luz Helena Rojas](#)), according to Luz Helena Rojas (Vice-President, International Mobility and Recruitment), who gave the presentation on Schneider Electric's diversity management practice at the seminar.

Operations

Schneider Electric operates in four main markets. Energy and infrastructure (electrical networks, water treatment, airports, tunnels, telecoms and data centres) constitute 16% of sales. Industry (food, beverages, automobiles, electronic packaging and pharmaceuticals) constitutes 32% of sales. Buildings (offices, stores, factories, hotels, hospitals, museums, schools and universities) constitute 37% of sales. And residential (single family homes and apartment buildings) constitutes 15% of sales. The core business of Schneider Electric is divided into electricity management and automation management. Schneider Electric ranks first worldwide in electrical distribution and second in international and secured power. The group also ranks second world wide in automation and control. The organisation provides products to control and supply power to equipment.

Customers

Schneider Electric's main customers are mostly distributors, systems integrators, contractors, panel builders and specifiers. The group also sells to a broad range of end users, such as electrical utilities companies.

Diversity management practice

Schneider Electric, along with 39 other companies in France, has signed a Diversity Charter against discrimination in the workplace. The group considers diversity to be at the heart of its identity as well as a source of wealth and creativity.

Why diversity management?

Schneider began to address the issue of diversity as a result of its strategy of expanding geographic coverage and acquiring new businesses. Both of these strategies contributed to a radically changing management and staff profile, as well as a much more diverse customer base. Over the years it has moved from a situation where most of the country managers were French, to today where the country managers come from many different nationalities:

‘(to) put together a different kind of mindset or culture is really interesting and necessary to our organisation. If we can put people together who come from different countries, for instance, we can have more customer insight. I cannot understand the customer from China if I have never been there.’ ([listen to Luz Helena Rojas](#))

While Schneider takes account of the legislative and policy requirements operating in the countries where it is present, the company holds a strong belief that in order to really make diversity work, it is essential to go beyond legislation and understand the concept of diversity as a business opportunity.

Diversity in Schneider Electric has been mainstreamed into the operational strategy of the company. It forms part of the global programme drawn up at the top level. Each country then has to align its own action plans with the global programme. Top management feel it important to lead by example in order to encourage all employees to buy into the diversity programme:

‘We have to lead by example, it cannot be just the talk of the company, it has to be the example shown by the top management.’ ([listen to Luz Helena Rojas](#))

The many meanings of diversity

Schneider Electric takes the attitude that the concept of diversity needs to be understood broadly and not only in relation to people from ethnic minority backgrounds. In France, for example, the number of people with disabilities hired directly by the group represents 5% of the workforce and another 2% are hired indirectly via specialist organisations. This exceeds the 6% quota required by law and the 4% national average.

Particular attention is paid to gender equality, employing disabled people and hiring people from ethnic minorities. Schneider Electric recently signed an agreement with France’s employee organisations on equal opportunities for men and women. The group believes that it is an advantage to have women in management. However, management functions in Schneider Electric are closely linked to technical qualifications and the organisation is looking at ways it can support the progression of women to management levels within a technical culture. The company has also made a commitment over the next five years to reduce the average gender-based salary differential per job category to less than one per cent.

Luz Helena Rojas and Jean-François Pilliard (Human Resources Director) emphasised the importance of including different ways of thinking under the umbrella of diversity practices. Diversity is therefore seen as an opportunity to develop innovation and creativity. ‘Diversity is also different points of view, and this is a key element.’ ([listen to Luz Helena Rojas](#))

There are three main spheres of activity related to diversity management practice in Schneider: recruitment, the integration of young people into employment, and professional development.

Recruitment

Schneider Electric does not apply hiring quotas. It is, however, committed to promoting varied profiles without making ethnic origin a selection criterion, favouring the recruitment of candidates from ethnic minority backgrounds when qualifications are equal and integrating more women of different nationalities and educational backgrounds.

The Marco Polo Programme

The Marco Polo Programme favours the recruitment of recent graduates and experienced management personnel with high potential and an international profile. The idea of Marco Polo is to recruit young people from one country and then send them to another Schneider location for two years. At the end of this period, the recruit returns to their home country and joins the management team. Schneider views this as a way to develop staff to have an international outlook.

Marco Polo is also being used to improve the position of women within the company, with the aim of preparing women to enter company management levels. In 2006, 24% of those recruited to Marco Polo were women.

Integration of young people into employment

Schneider Electric, through its diversity management programme, provides a gateway to employment for many young people. The company has developed its approach to a high standard, providing qualifications and experience. Apprenticeship training allows for the integration of young people into the workforce, and young people from ethnic minority backgrounds get the opportunity to gain their first work experience leading to a qualification – taking into account the laws of the various countries where the group operates.

Professional development

The diversity policy also applies to employees already working in the company via a) mobility of managers – 30% of the top 600 managers in the group have been in their job for less than a year and b) via internationalisation of management and increased mobility of employees. For example, ‘some years ago, country managers were just French, now we have different nationalities in these first-line positions. Also the fact that these top-line managers are international gives a very interesting effect, because now in the other levels we have more international managers.’ ([listen to Luz Helena Rojas](#))

Lessons learned

Luz Helena Rojas described two key lessons learned by Schneider Electric during the roll-out of their diversity programme. The first was the unexpected difficulty the company found in dealing with restrictive legislation regarding immigration in some countries, both in the developed and developing world. Schneider experienced difficulties in organising visas for some of their staff at country manager level:

‘It’s a concern, that perhaps the legislation of some countries (developed as well as emerging countries) is quite restrictive, which in some cases makes it more difficult to internationalise and diversify teams.’ ([listen to Luz Helena Rojas](#))

The second, positive, lesson highlighted by Luz was the important role that the commitment to diversity management by top management played in the acceptance of the programme in the company. She felt that top management had incorporated diversity management into their day-to-day practice, looking for international people for their new recruits, and pushing HR to increase their awareness of diversity.

‘This is evident when a key manager expresses his/her recruitment needs and they don’t just talk about the job description but also emphasise the importance of the diversity of the candidates to be presented.’ ([listen to Luz Helena Rojas](#))

The future

In terms of future plans for diversity management in Schneider Electric, Luz emphasised the company’s desire to develop international teams made up of members based in different countries, working together to support Schneider’s business worldwide, while at the same time developing resources at local level. ‘We want to have international teams able to support business everywhere while at the same time developing local resources’, she said ([listen to Luz Helena Rojas](#)). She also sees Schneider extending its diversity programme beyond the company and increasingly engaging with the local communities where it is established across the world:

Youth Foundation

Created in 1998 under the aegis of the ‘Fondation de France’, the Schneider Electric Youth Opportunities Foundation aims to help young people living close to worksites to gain a decent standard of living in their society.

Finally, Schneider is very aware of the need to promote the recruitment and progression of women in the organisation. They have initiated a global review process of the position of women in the company and have already detected talented women in three countries who they intend to follow and support closely. There is a conviction in the company that to have women working in all the different levels in the company is very important in order to bring a different point of view to the operations of the company and therefore to increase the potential for innovation.

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