

# **THE RELEVANCE OF CULTURAL DIFFERENCES TO PROJECT SUCCESS – THE CASE OF A RUSSIAN/BRITISH JOINT VENTURE**

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## **1. BACKGROUND**

Much has been written regarding the relevance of cultural differences to project, or wider business success with a growing general acceptance in 2004 that cultural influences matter and should not be ignored. Ten years ago the picture was different with few businesses proactively managing the process to achieve cultural understanding and integration – dismissing the issue as imaginary, or the skills involved as common-sense or implicit among their leaders.

This paper seeks to examine the relevance of cultural differences to project success through examination of specific research carried out on a Russian/British joint venture company.

A team of twenty people, ten from each of Russian and British parent companies was brought together between 1994 and 1996 to establish the design, operations, quality and regulatory management aspects of a highly regulated, global business. Little thought was put into the likely effects of cultural differences on the achievement of the project success criteria at the start. Everyone knew that the past experiences of the people involved and some of the working practices in the parent companies were different. Everyone knew there was a language barrier. Apart from that it was assumed that “people are people” the world over and that managing the situation would be common-sense.

The project team set about to plan the work. Scope, time, cost and quality were planned. Some risks were considered although the processes used were far from best practice. Planning to ensure that the team worked together effectively and that communication was suitable, timely and effective was not really considered. The effect was that every activity that resulted in a decision being made within the team took longer than estimated – much longer. The assumption that common-sense would be enough to deal with systematic differences was false. The project was delivered late, over budget and, in some cases, with relationships damaged that have caused problems with ongoing operations.

After the event, there was an opportunity to research the situation as part of the study for a Master’s degree. Much has been written in academic and business literature about the presence and causes of national and organisational cultural differences. In particular, academic research conducted over the past 40 years including work published by Kluckhohn & Strodtbeck, Hofstede, Trompenaars and Garrison has demonstrated real systematic differences in collective behaviour between nations. Profound consequences for the validity of working methods from one country to another have been claimed. However, experience during the project suggested that the situation was not so simple as to be capable of being characterised by national systematic differences between Russians and the British. Resorting to stereotyping of whole nations based on published results from research seemed little advance on the “it’s all common sense” approach.

Accordingly, the research that was conducted was an intensive cultural analysis that deliberately applied a wide variety of test instruments to the case in order to gain a deep understanding of the causes of differences within the team. A detailed literature review was conducted supported by field research and the use of three diagnostic tools with the actual project team.

In particular, the following questions were addressed:

- What was the impact of national cultural differences on project success
- What was the impact of organisational cultural differences on project success
- What was the impact of the personal needs and preferences of individual team members on project success

The research was too late to affect the original project, but was conducted to identify generic lessons for the future.

In this paper, the lessons learned from the particular case researched are explained and a practical method is suggested to enable a different approach during early project planning stages when managing a multicultural project context.

## 2. SUMMARY OF RESEARCH

For the purposes of this paper culture is defined as “the bundle of attitudes, perceptions, memories, prejudices and other guides to action which can be identified as characteristics of a particular group and which condition the direction of change in that group” (Brooke 1992). Described more simply, “Culture is the way in which a group of people solves problems and reconciles dilemmas” (Schein 1985).

Many commentators have depicted cultural issues as an iceberg, where most of the picture is hidden, unseen beneath the water. The “tip of the iceberg” represents the behaviours that people display. The causes of these behaviours, whether as a result of deep historical factors, or as a result of current work-place and social norms, need to be understood if in turn explicit behaviours are to be understood and managed for the benefit of the project or business.

The research objective was to find out what systematic differences existed and the causes of these. Detailed research methods and results cannot be recreated in the space available here, but the main methods and diagnostics used are summarised.

### Literature Review

The first step was an examination of the macro-cultural context with an analysis of the politics and economics, history, religion and geography of Russia and Great Britain back to the 16<sup>th</sup> century.

From this review, two compelling reasons for the need for close working relationships between Russian and British nationals working together in collaborative business ventures emerged, namely:

- To overcome perceptions that may exist that all British people are little more than *Pirates in Suits* caused by Britain’s ultra-capitalist, ex-colonizing history.
- To respond to the intense loyalty of the Russian people to their nation and the strong need to see respect for this loyalty from others they work with. Specific researchers have observed that Russians are essentially warm, emotional and caring people who eagerly respond to kindness once they believe they are not going to be deceived or manipulated. The consequences of this for proactive trust building within the project team are obvious – practical experience substantiates the research findings.

Whilst understanding this deep historical context is certainly not the whole story, it is invaluable background, particularly to explore the richness of a culture beyond the current day stereotypes.

A knowledge of and respect for a nation’s history also has an amazing psychological effect. Seeing a situation through another’s eyes is a fundamental of being able to build rapport, an essential for team working everywhere and no less so than in an international context.

Following the review of the macro-culture, further desk research on national cultural differences was carried out focusing on:

- Results from the research carried out by Hofstede and Bollinger to specify the dimensions on which country cultures differ based on 116,000 replies to questionnaires from employees of IBM and subsidiary companies across 40 countries including Britain and the then Soviet States.
- Results from the research carried out by Trompenaars to specify the dimensions on which country cultures differ based on 30,000 replies to questionnaires also across 40 countries including Britain and Russia.

Both of these extensive pieces of research highlighted some significant differences between Russian and British respondents that could affect project team working and the achievement of success criteria:

- Differences in the attitude to inequality between people in the social environment. Russians tend to see hierarchical inequality as much more acceptable and desirable than do the British. (Ref: Hofstede Power Distance)
- Differences in anxiety levels when confronted with the unknown (ambiguity). The British tend to be less anxious/more curious than the Russians in such circumstances. (Ref: Hofstede Uncertainty Avoidance)

- Differences in the attitude to whether what happens in life is a result of one's own doing, or of external influences. Russians tend to be more outer directed, with the British more inner directed. (Ref: Trompenaars Inner vs. Outer direction)

Outlining particular findings is not the purpose of this paper, understanding the benefit of knowing about them is the purpose. If the project team had known about the results from the Hofstede and Trompenaars research at the outset, would it have benefited team working and the project? It may have helped as a source of data for discussions and sense-making within the team, but just as likely it may have hindered as a source of data for cultural stereotyping and a widening of the gap between the national "factions".

The influence of real people in the actual business context needed to be understood to move forward.

The final part of desk research was to look at the growing literature on understanding the nature of organisational cultural differences. It is widely accepted that strong organisational cultures make for strong, cohesive organisations. Research into the organisational cultures of the two partners was conducted by applying knowledge of the Russian and British parent companies to models designed by:

- Harrison in the early 1970's
- Cameron and Freeman in 1988
- Hofstede et al in 1990

Each of the project team members was from the same industry sector and shared a common technology. The working practices of the two parent organisations were different to some extent, each separate organisation being a rich collection of stories, rituals, language and observations. Knowing the team well, it was possible to gain perspective and highlight subtle differences in organisation culture but no significant differences were found that would have affected the achievement of project success.

## Field Research

Three diagnostics were used with the whole team with three specific aims:

1. To verify the general finding of the Trompenaars research detailed earlier by using the same diagnostic with the project team. This diagnostic had a general focus and was not attributable directly to business situations
2. To specifically assess business cultural differences using Garrison's Triangle Test that combines the influences of the bedrock (deep history) with the effect of the company's work systems (organisational culture) and individual behaviour patterns and relating these directly to a **business context**. The bedrock factor is addressed by examining the macro-culture as addressed theoretically in the field research. Business cultures range from an individualistic to a corporatist bedrock. The work systems factor is addressed by examining the effect of attitudes to managing people, managing money and the ownership of assets. Business cultures range from a materialistic to a communitarianism work system posture. The individual behaviour patterns factor examines cultural behaviours on a scale of an open to a closed behaviour pattern examining issues such as the range of feelings expressed and attitudes to hierarchical power.
3. To assess the personal motivations to work of the individual team members using the Motivation to Work profile designed by Ritchie and Martin. This tool builds on the work of previous scholars from the 1940-1970 periods in motivational theories (Maslow, Herzberg, McGregor, Hunt) and using a scientifically based series of questions tests the relative needs of individuals at a point in time across twelve factors.

This latter diagnostic was specifically selected to try to understand those individual drivers that influenced group behaviour. Although work done to describe the dimensions of national and organisational culture is valuable, it also ignores the fact the individuals in the same culture do not necessarily behave according to the cultural norm.

Results from the field studies were invaluable to:

- a) Confirm which of the cultural differences from the literature review were real in this particular situation,
- b) Disprove other "typical" cultural differences that may have been expected but were not factors for this population,
- c) Identify other issues that were more significant and causative of the actual team problems.

Significant findings were:

- Confirmation that there were systematic differences in the ability to tolerate and embrace high levels of change and uncertainty in the environment

- Confirmation that trust needed to be demonstrated in relationships before some members of the team were prepared to trust others
- Evidence that issues relating to Hofstede's Power Distance and Trompenaars Inner vs. Outer Direction were not significant for this team
- New data that there was a significant difference in perception between key team members of the desire to make progress, take decisions and press on with the project due to the different energy levels and overt emotional behaviour displayed

### 3. LESSONS LEARNED FROM THIS CASE

- The primary risk of approaching international projects without any investigation into the presence of systematic differences, or sameness (cohesion) within the team is that individual team members will attach great importance to perceived stereotypes and act in accordance with this likely biased viewpoint. In such scenarios the team may well never pass from the forming stage of team development as there are too many barriers to overcome that are not understood.
- The value of taking time to research the history of the nation – the macro-culture cannot be over-stated as a means of seeing the situation from different perspectives – a basis for building rapport.
- Desk research into likely national and organisation cultural differences can easily be performed, drawing upon the field research of prominent authors. This is valuable to set context and to acknowledge what the real issues *may* be.
- It is foolish to accept results from desk research as “gospel” as the reality, born out by this case, is that the true sources of differences in the team that caused project issues were only clear after the field study and were mainly discovered through an examination of the personal motivations of individual team members.
- In situations where cultural understanding within a team is low, but where project success is reliant on effective team working, there is no substitute for taking the time to work with the team to understand cultural drivers and highlight and understand differences. This gives a rich source of data for discussion and a means for the team to ‘normalise’ around a shared understanding so they can focus on the project objectives and perform.

### 4. A DIFFERENT APPROACH TO MANAGING A MULTI-CULTURAL CONTEXT

If team-work matters to projects, and it usually does, then it follows that an investment in understanding the style, motivations, attitudes and natural behaviours of team members is worthwhile. With an international team, the investment needs to take into account the presence or absence of attitudes that have their roots in the culture of the nation or organisation involved.

Attitudes relating to national culture, company culture and the character of the people involved are constants or “givens” for the project. Whatever result is trying to be achieved it will be influenced by these givens. Project planning needs to take account of these factors in deciding the methods, style, nature and frequency of communications. It follows then that the more people “do their homework”, the more effective they are likely to be when managing the team.

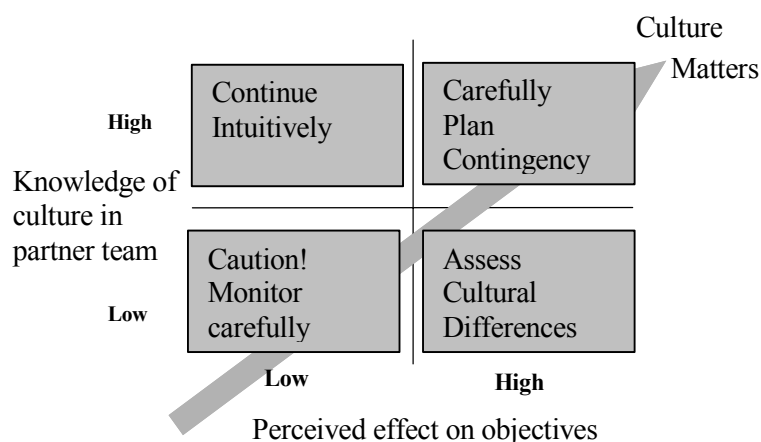
The effects of cultural diversity have been linked to communication planning already, but the reality is that all project knowledge areas can be affected, i.e.: scope, time, cost, quality, risk, procurement, human resources and integration. In practice, many managers assume that planning norms from their current experience apply, either through ignorance or lack of any better data. As a result poor planning estimates are made resulting in missed deadlines, overspent budgets, inadequate contingency arrangements, frustrated communication etc.

Going forward, a common approach and process for use on all projects where there is a reliance on any combination of unfamiliar people, unfamiliar companies and/or unfamiliar nations is proposed. The approach should focus, in a similar way to the research conducted, not only on the visible behaviours and abilities present in the company – but also the more deeply rooted “bedrock” of values, attitudes, beliefs and identity formed from its historical, political and religious past and its attitude to money and people.

However, with many projects there are constraints and barriers during early stages which make it not feasible or desirable to engage business partners in diagnostic work to characterise aspects of culture and cultural differences in the first instance. This situation does not prevent the rest of the team understanding themselves. It is well accepted that the critical first step in understanding and managing the behaviour of others is to “know thyself” and accordingly, self-diagnosis is suggested - to be conducted as an investment in company (knowledge) assets rather than as a specific project based activity.

Support in carrying out this diagnosis and building cognisance of the cultural “fingerprint” for a group of individuals in the company is readily available in the marketplace. Armed with the output of such diagnosis, managers can then make an informed choice whether to build time and cost into individual project plans to compare this internal cultural fingerprint with that of key partners from other companies and countries.

A simple guide to action could be derived from comparing starting levels of knowledge of partner culture with the risk to project objectives of failing to interact effectively and quickly. An example of such a guide is shown in the figure below:



## 5. SUMMARY

Based on practical experience followed up with rigorous academic research, this paper asserts that cultural differences between partner organisations engaged in the process of managing change conspire to have a real effect on project success. In the context of this assertion, managers should and can plan to manage these differences.

It is essential to organisations conducting projects across company and country boundaries that sufficient knowledge of national and organisational culture and key staff work behaviours and preferences is explicitly understood. Assessing these cultural aspects is an investment in company (knowledge) assets. Consequently, in a project context the remaining activity is only to compare existing knowledge about the performing organisation with that of partner companies.

A simple decision-making tool to compare knowledge of the culture of the partner project team with the perceived effect of that culture on project success can be used to guide scope definition and monitoring/control plans.

Cultural diversity is relevant to project success and can be managed – but a shift in mindset for many managers is required to treat this aspect of any project as seriously as the time, cost and quality issues. An attitude that managing international project teams is just “common-sense” can surely no longer be supported.