

THE INFLUENCE OF CULTURAL EFFECTS ON DIFFERENT PROJECT TYPES

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ABSTRACT

Extant theories of project management have been characterized by a two-fold approach. On one hand, projects are said to consist of universal characteristics that can be managed with a common approach. On the other hand, more recent approaches have stressed that projects are embedded in their social context and that they need to be managed accordingly. Additionally it is argued that not only are projects embedded in their institutional and social context, but also that the implications and manifestations seem to be dependent on project type. Based on qualitative case studies of two different types of multinational projects, differences in ways of perceiving the social embeddedness and the existence and implications of cultural and institutional differences were found between the projects. It is proposed as one possible explanation that the differences in perception lie in the divergent intensity of cooperation and differences in business logic between the two projects. Based on the conclusions a more rigorous research agenda is suggested.

Keywords: project management, culture, institutions, context specific, project type.

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“If I would speak as a tourist, I would see a lot of cultural differences. But in this type of work with university people with same education and so on, actually, I don’t see very much cultural differences.”

(Finnish project manager in a multinational research project)

”Right from the beginning of the project we had this tug-of-war between the Finns and the Poles. And I’ll have to admit that at first it led to difficulties in working together and establishing cooperation.”

(Finnish project manager in a multinational engineering project)

INTRODUCTION

Perceived implications and manifestations of institutionalized social knowledge – or institutions and culture – seem to have considerable variation in project organizing. Prior institutional and cultural studies of organizational sociology have shown in general that such institutionalized cognitive structures and schemas have wide ranging implications on organizational and managerial practices (Hofstede 1991, Scott 2001). However, thus far it has not been clearly established whether such diversity affects positively or negatively in the project progress and outcomes (Chevrier 2003).

Prior scholarly treatment of project management has generally been characterized by a two-fold approach. On one hand, projects are said to consist of universal characteristics that can be managed with a common approach. For example, Project Management Institute (PMI) and most commonly used quality management standards offer universal guidelines for managers to be used in all projects (e.g. PMBOK 2000). On the other hand, more recent approaches have stressed that projects are embedded in their historical, social and institutional context (Engwall 2003) and thus, shaping and being shaped by institutional and cultural backgrounds and configurations generated by various project participants as well as environments. Hence, in addition to standard management practices, also such context specificity is something that should be taken into account in project management.

In this paper the latter approach is emphasized and these arguments are explored further in projects of varying purpose. The necessity of identifying different types of projects has been acknowledged in prior literature during the past decade (c.f. Turner and Cochrane 1993, Packendorff 2002, Ekstedt et al. 1999). Based on such notions it is argued that the perceived positive or negative implications of institutionalized social knowledge (e.g. perceived cultural differences) on project progress are dependent on the project type.

Such evidence from two multinational projects of different types is examined in this paper. During the recent wave of globalization, in accordance to overall increase in popularity of project organizing, projects have also become increasingly international by nature (Chevrier 2003). In addition to challenges in projects built in, and composing of participants coming from one single country and culture, multinational projects must successfully confront and address also the challenges posed, for example, by conflicting cultural norms and values, unfamiliar institutional conditions, and language-related misunderstandings between people with different cultural and institutional backgrounds.

This paper begins with a discussion on context specificity of project organizing showing that projects, as any forms of organizing, shape and are shaped by the institutional and cultural environment in which they are embedded. This is followed by a brief discussion on ideas for distinguishing different types of projects. This serves the purpose for showing that not only are projects context specific but also that the implications of context-specificity depend on project type and purpose. The empirical section of the paper shows anecdotal evidence of implications and manifestations of perceived cultural differences from two different types of multinational projects. The paper concludes by outlining a more focused research agenda for exploring such implications on project organizing.

CONTEXT SPECIFICITY OF PROJECTS

Traditionally predominant in theories on project management has been an approach treating the project as an isolate unit of analysis, a “lonely phenomenon” independent of history and its surrounding organizational and institutional context (Kreiner 1995). At the same time projects have been described as unique in the sense that they “involve doing something that has not been done before” (PMBOK 2000), and that there exist significant differences between various types of projects (Shenhar 2001). However, the central body of knowledge has been developed based on assumptions of universal set of managerial characteristics and standard guiding principles of project management, thus treating projects as more or less similar to one another (PMBOK 2000). Thus in extant literature projects as a contemporary form of organizing in various businesses are described as a curious combination of unique as well as similar characteristics and detached from their institutional context (Engwall 2003).

However central to the new institutional analysis of organizations is the notion of organizational behavior, structures and processes that are affected by their context or higher-order factors (Powell and DiMaggio 1991, Scott 2001). In such analysis it has long been acknowledged, that organizations, their operations, and actors’ behavior shape and are shaped both substantively and symbolically by the institutional environments and cultural structures that organizations are surrounded by and embedded in (Scott 2001).

On the other hand, comparative studies in theories of organizing take national culture as an independent variable and argue for national peculiarities in organizational structures, managerial behavior and leadership styles (Hofstede 1991, Trompenaars 1993). By using a variety of cultural value frameworks these studies show that differences in national cultural values, and thus differing national cultures, can have a wide-ranging impact on organizations and organizational behavior. Additionally, scholars have also acknowledged organizations themselves as institutionalized social knowledge and structures -producing phenomena (Smircich 1983), which affect and characterize the schemas and behavior of their constituents (Schein 1985).

In accordance to these notions some recent efforts in introducing for example contingency ideas in theories of project management (Shenhar 2001) as well as coupling projects to their temporal, spatial, and institutional context (e.g. Engwall 2003, Lin and Berg 2001, Pheng and Yuquan 2002) have emerged. Also concurrently with the explosion of the amount of research on management and leadership in a cross-cultural context such ideas have been explored in theories of project management (Chevrier 2003).

However, despite all such research relatively little is known about the actual processes and implications stemming from social interaction between individuals and groups of diverse institutional and cultural backgrounds – especially in multinational projects. As mentioned above prior research has shown both positive and negative implications of such diversity in relation to project progress and expected outcomes. However, before such implications are explored further, a brief discussion on the possible ways to distinguish between different project types is presented. This lays the ground for studying the diverse manifestations of institutionalized social knowledge in projects of various types.

PROJECTS OF VARIOUS TYPES

In extant theories of project management there exist multiple characterizations of project types. As an illustration three different project classifications is presented: one by Lundin and Söderholm (1995), second by Packendorff (2002), and a third by Shenhar (2001).

In addition to describing projects as time-bound efforts distinguishing them from more permanent organizational forms, Lundin and Söderholm (1995) recognize three different types of projects as examples of temporary organizations: I) regular method of doing business (traditional), II) handling a felt need for action (technical research and development), and III) renewing businesses and changing existing operations (business renewal). Such classification points out to goal specificity of projects and distinguishes them according to their technical rationality.

On the other hand, Packendorff (2002) distinguishes projects according to two analytical dimensions: affiliation (temporary project vs. permanent organizational context), and form of project work (routine vs. exception). He characterizes four different types of projects according to the meanings different projects have for organizational actors. First type, "project-based work", is the most common type among project working individuals. This type of projects is a part of the stable, permanent organizational framework. Second type, "renewal project participation", are unique efforts to "lift" the organization and its performance to a higher and better level. The third type points out to "temporary work", which is non-organizational related. From individuals point of view these projects are often very similar, but repeated in different contexts. The fourth type, "independent entrepreneurs" is close to type three, but individuals work in self-employment basis, e.g. artists, consultants, and people working in voluntary basis.

The third classification by Shenhar (2001) directs attention to the contingency of projects, and thus to the fit between project and its environmental variables. By concentrating on engineering projects Shenhar (2001) shows how projects vary according to two dimensions: technological uncertainty and system complexity. The underlying message in his classification is that the traditionally predominant dichotomies (e.g. low vs. high uncertainty or incremental vs. radical innovation) characterizing management theory are inadequate in analyzing projects. Thus, according to Shenhar (2001) projects have a wide range of variations in relation to, for example, the knowledge exploited or created as well as the requirements associated with administrative issues and degree of formality of managerial processes.

On the basis of these notions the next section describes briefly the projects that were under scrutiny in this study and place them according to the categories and classifications presented above.

RESEARCH METHODOLOGY

In this study the chosen research approach was based on case studies of recently finished multinational projects. This paper concentrates and compares two cases out of a total of seven that were studied during fall 2003 and spring 2004. The first case (which actually consists of two consecutive projects) is a research project with participants from six EU countries: Finland, Germany, United Kingdom, Belgium, Italy, and Spain. The successful outcome of the first project (1996-98) led to continuation of the work, and to an even more successful project (2000-03). The objectives were to research, develop, and test integrated land use and transport policies, tools and comprehensive assessment methodologies for sustainable strategies in European cities. The work itself was mainly conducted separately in each participant country, although the partners met every third month in different participant countries. In each country there were also other stakeholders financing and participating in the project.

The second case is a power plant project executed in Poland. The project organization consisted of Finnish and Polish employees. Both nationalities represented the same company. The power plant itself was a 226 MW solid fuel, turnkey delivery designed to replace the existing facility. The project was initiated in January 2000 and handed over in October 2003. The plant was designed and engineered almost entirely in Finland, which was combined with manufacturing and project expertise from Poland. Despite a multitude of difficulties and setbacks during the project the outcome was deemed successful.

In relation to the project classifications presented above these projects in Lundin and Söderholm's (1995) terms represented the second type: handling a felt need for action in case of the research project and the first type: regular method of doing business in case of the power plant project. In Packendorff's (2002) terms both of the cases could be described as typical project-based work (Type One) as part of a stable, permanent organizational framework. In Shenhar's (2001) classification the research projects could be placed more to the lower technological uncertainty – lower system complexity end of the spectrum, while the power plant represented quite the opposite as high uncertainty – high complexity project.

The research methodology comprised unstructured, in-depth interviews as well as data- and researcher-triangulation. The case studies focused on managerial level, thus mainly project managers were interviewed. The cases presented in this paper were part of a research program focusing mostly on multi-cultural experiences of Finnish project managers (see Koivu et al. 2004). Accordingly the interviewees in these two cases were mostly Finnish project managers. Additionally one German project participant in the research projects as well as one Polish project manager in the power plant project was interviewed. Each interview lasted approximately 1 to 1½ hours. Each of the informants was interviewed up to three times. In case of the Finns, the interviews were conducted in Finnish, otherwise in English, which was the language used in both case projects. In addition to interviews, secondary data such as project reports, company reports, and newspaper articles were used in data collection.

The purpose of the interviews was to identify project specific critical events in chronological order and to examine the dynamics and outcomes of multi-cultural encounters in them. After each round of interviews, the data was discussed and analyzed by two Ph.D. candidates and one Professor and some of the areas of inquiry

for the next interviews were decided. The analyses were also discussed, checked and approved with each of the interviewed persons.

ANECDOTAL EVIDENCE ON DIFFERENCES IN PERCEIVING CULTURAL DIVERSITY

The two cases have many commonalities between them, e.g. nationality of the project manager, language used in the project, time span, outcome etc. However as the characterization above shows the case projects were quite different in terms of their goals and technical rationality.

The idea behind the importance of project type emerged for the first time when one of the interviewed project managers in the research project described that according to his perception and interpretation they did not experience that much culture-related differences and difficulties during the project.

"If I would speak as a tourist, I would see a lot of cultural differences. But in this type of work, I don't see many cultural differences. Of course there are small things that might have an effect on work."

(A Finnish project manager)

This anecdote can be interpreted in several ways. There is a distinct element implying that cultural differences exist also in this case among the participating nationalities. However, it seems that even if such differences existed, they were not perceived or experienced (at least negatively) during the actual work. As the next excerpt reveals, in fact the differences were expected and even welcomed.

"In our field everybody knows each other here [in one country]. When I went to the conference and saw Mr. [from the same country] speaking there I knew in advance what he was going to say. I didn't learn very much. When we started to work with these other people [abroad] we had new ideas and ways of thinking. That is very important."

(A Finnish project manager)

As the anecdote shows, different backgrounds and experiences of representatives from other nationalities were seen as a possibility for learning and gaining new knowledge. However, in retrospective both interviewees admitted that they had prejudices against other participants at the beginning of the project. Some of them had already worked together before, whereas some were new acquaintances. However, this was no surprise to the participants since this type of research projects are required to bring in participants from several European areas in order to ensure the project finance from EU. Thus it was already clear to all the participants right from the beginning that there will be representatives from various countries.

"I've had to correct the prejudices I've had at the beginning. The belief that people in some cultures act more accurate than in others is not true... I'd guess everybody [other participants than Southern European] has specific prejudices concerning those cultures [cultures close to the Mediterranean]. I haven't recognized such in this project."

(A Finnish project manager)

The German project participant had a similar desire to work in international projects. He even regarded with a slightly negative innuendo the other representatives of his own culture:

"So, there are colleagues in the same discipline who don't speak English. They only go to meetings and conferences in Germany. They never publish internationally and they have almost no connection to international world. Then the other peoples, like us, are more oriented to international world. The German culture is very different and I find it a little bit unpleasant to work with Germans. So, I prefer to work with Dutch colleagues, Finnish or English compared to working with German colleagues. Because I find it's not really easy to work with them. Of course, there are exceptions and we always make generalizations."

(A German project participant)

Thus it could be concluded that in this particular case the oft-cited negative consequences of cultural diversity were perceived almost non-existent or non-significant. In fact, if such differences emerged they were often considered positive in relation to learning and knowledge creation as our evidence suggests.

However, the other case project demonstrates how diversity interpreted as cultural differences can also be experienced in somewhat negative manner by the participants. Despite the successful outcome of the power plant project in Poland, several incidences were described, that could be interpreted as conflicts due to differences in cultural conceptions and institutionalized meaning structures. This is illustrated for example in the following excerpt:

"Right from the beginning of the project we had this tug-of-war between the Finns and the Poles. And I'll have to admit that at first it led to difficulties in working together and establishing cooperation. We had a couple of sessions with a facilitator for developing a sense of common project among the groups, you know, a sense of representing the same company and being all in this together. And all in all, I think we succeeded quite well in developing cooperation and shared understanding as the project progressed. However, now that we're embarking on a subsequent project it seems that once again everything comes back to square one."

(A Finnish project manager)

In general different nationalities in this project seemed to have diverging conceptions in relation to skills and competences needed to carry out the project. In practice this was reflected as disputes over division and scope of responsibilities between the two parties. From the Finnish perspective the Poles were described to possess an overtly strong self-confidence on mastering things as well as a reluctance towards outsider influence. The Finns admitted some of the Poles' skills feeling however, that the skills "dated back to the practices and conventions of the Poland under the Soviet influence". On the other hand, from the Polish perspective the Finns were described to possess somewhat over-confident reliance on knowledge of the technology that they were importing to Poland. According to the Poles the Finns were perceived as arrogant by thinking that "ours is the way it has always been done, this is the fact and it'll just have to do for you".

The perceived cultural differences were also related to leadership practices as becomes evident from the following excerpt:

“We are accustomed to make decisions independently, get things done, and inform other people. We try to have a flat organization. Our aim is to man every organizational position with people who can be trusted, that he or she will take care of whatever happens in that slot... They [Polish supervisors and project managers] give tasks and assignments from the top, the boss makes the decisions. Then the person in his or her own slot down there might ask some guidance from above, which might lead to some feedback. But then there are these occasions where the supervisor comes to that person and makes the decisions whether or not there'd been any need for that.”

(A Finnish project manager)

On the other hand the following quotation from one of the Polish project managers describes his contradicting views of the Finns' leadership style:

“The Finns are used to make decisions first and act based on those without waiting for accurate information. They make too independent decisions on far-reaching issues without taking into due consideration all the relevant parties. They also have a hard time for taking issues to their superiors to be solved. They feel that the problems have to be solved on the level they initially emerged. In Poland we have a hierarchical way of thinking, however, based on this we bring forth problems to our superiors for a solution. This way [Polish] supervisors have better knowledge and they are not so easily surprised.”

Despite the successful outcome the project was laden with difficulties and characterized by diverging institutionalized meaning structures between the Finnish and Polish participants. This was sometimes considered to cause friction and conflicts as described in this excerpt:

“We [the Finns] acquired these special pumps from this German producer because we had good relationships with them. The Poles raised quite a hullabaloo because of this. They felt that we didn't handle this the proper way. We should've taken the Poles better into account.”

(A Finnish project manager)

Such skirmish was deemed to be a manifestation of the issue of scope and division of responsibilities between the two parties, and further a reflection of diverging conceptions of proper decision-making practices as discussed above. For the Finns, such diversity was not easily coped with, and eventually it required conscious adaptive efforts to come to grips with.

These anecdotes from the studied cases were meant to provide tentative evidence that I) projects are embedded in their institutional and social context and II) that the implications of such context specificity are dependent on the project type. However, at this point their possible impact on the overall project performance is not further analyzed.

CONCLUSIONS

This paper began by establishing a view, that prior studies have shown contrasting arguments in relation to positive or negative implications of divergent institutionalized social knowledge in projects. Based on these notions anecdotal

evidence has been presented from qualitative case studies of two different types of multinational projects showing not only some of the implications of perceived cultural differences, but also how the perception of such implications varies between the projects. This raises the question of possible contributing factors to such diversity in perception.

As one possible explanation to the phenomenon based on the evidence it is proposed that the intensity of cooperation coupled with the economic rationale of the project leads to variation in perception of cultural differences between the projects. In other words it is postulated that cultural differences were bound to exist in both cases, however whether the implications of such diversity were perceived as positive or negative depends on the degree of independent work vs. cooperative work and on the for- or non-for-profit nature of the project.

Of the cases under scrutiny, the research project comprised mostly independent work conducted by specialists in their home country and as described above the cooperative elements consisted mainly of meetings every three months. Furthermore these meetings were considered as possible sources of new ideas due to the multitude of worldviews present. Additionally the projects were EU funded, non-for-profit endeavors, thus there were no strict requirements for profit and efficiency maximizing.

On the contrary, the project organization in the power plant case consisted mainly of the Finns and the Poles working together full-time under temporal, budgetary, and profit requirements associated with public limited companies, privately sponsored projects, and multiple stakeholders. Under these constraints, for example diversity in work and leadership practices became obstacles to be consciously adapted to in order to secure smooth project delivery, and thus were considered as sources of additional complexity.

At this point however, it is stressed that these notions are only propositions and serve as an agenda for future research.

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