

FRAMEWORK FOR MANAGING INTEGRATION OF MULTICULTURAL PROJECT TEAMS IN OIL AND GAS COMPANIES case study from the national oil and gas company SONATRACH (Algeria)

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Abstract - The aim of this article is to undertake a secondary research on the integration of Multicultural Project Teams (MPTs) in oil and gas companies. This topic has been chosen for two main reasons. First, no study has been carried out on this topic before within Sonatrach. Second, even though Sonatrach was involved in multicultural oil and gas projects since 1991, their project managers who work in multicultural projects do not possess any strategy specific to the organization that helps them to manage their project teams successfully.

Key-words: Multicultural, Project team, Oil & gas.

Résumé - Le but de cet article est de procéder à des recherches secondaires sur l'intégration des équipes de projet multiculturel (MPT) dans des sociétés pétrolières et gazières. Ce sujet a été choisi pour deux raisons principales. Tout d'abord, aucune étude n'a été menée sur ce sujet avant au sein de Sonatrach. Deuxièmement, même si SONATRACH a été impliqué dans des projets pétroliers et gaziers multiculturelle depuis 1991, les gestionnaires de projets qui travaillent à des projets multiculturels ne possèdent aucune stratégie spécifique à l'organisation qui les aide à gérer leurs équipes de projet avec succès.

Mots-clés: multiculturelle, l'équipe de projet, Oil & Gas.

1. Introduction

Under different contexts such as globalization and new organization design people work in foreign countries and find themselves in the same workplace with other people from different cultures. Through the globalization, people from different countries have increasingly become in direct contact with each other by living or working together in the same place, this cultural diversity include language, norms and life style, etc (ZAKARIA, N., 2000). "A Multicultural team is a group of employees selected from two or more countries who are brought together to coordinate, develop, or manage some aspect of a firm's global operations" (STEERS and NARDON, 2006). Members from different cultures have different perceptions about the world and their attitudes are very different from each other (SPECTOR, P.E. et al., 2000). This

heterogeneity in the project team builds up complexity, but on the other hand it can be an opportunity to increase the teams efficiency if it is well understood and managed. (STEERS and NARDON, 2006) confirm in the following statement that: "Multicultural teams provide an opportunity to integrate widely differing social, cultural, and business perspectives into key decisions affecting the success of international operations". Therefore the multiculturalism has become a current phenomenon that needs a particular care to improve the multicultural project team effectiveness within an organization.

It has been set three objectives to obtain the study goal which is the identification of clear strategies that leads to reach an integrated multicultural project team in oil and gas companies.

1. Critically assess the management of MPTs in oil and gas companies.
2. Identify the main factors that affect the management of MPTs in Oil and Gas.
3. Propose some strategies to improve the integration of MPTs in oil and Gas Company.

2. Literature review

This section presents the literature review of the current study. It draws on the existing academic literature known as a secondary data to assess the integration of MPTs issues in oil and gas projects. This part will address the project team effectiveness before narrowing down in the MPTs and their advantages and disadvantages as well as the overview on the oil and gas organizations.

2.1. Project teams

(HARRIS, 2004) defines team as "collections of people who must rely upon group collaboration if each member is to experience the optimum of success and goal achievement". However, project team is defined as "collections of employees from different work are as in an organization brought together to accomplish a specific task within a finite time" (HUCZYNSKI and BUCHANAN, 2007). The use of teams has dramatically increased in the last century in order to reach the flexibility and adaptation needed for the competitive challenges in term of organization (PINA, MARTINEZ and MARTINEZ, 2008). "People are the only sustainable competitive advantage in today's global economy." (GUPTA, 2008) the effective team is a concept that should be built according to some principles and conditions. (KLINE, T. J. B. and

O'GRADY, J. K., 2009) have discussed two main factors that affect the team building which are team trust and team interdependence, they confirmed that both were significantly related to higher team members satisfaction. However, those factors were not related to the ratings of effort put forth by team members in completing their tasks. Again (VARVEL et al., 2004) argue that between the team effectiveness and the psychological side there is not an important relation, but training on personality of members leads to improve communication, interdependence and trust, which are the main characteristics of an effective team. In addition (DOOLEN, HACKER and AKEN, 2006) argue that the teams which perceived that they are well informed exhibited higher levels of satisfaction and utilized more effective Team Processes. Also in their research it has been found that Sharing a clear team goals that are aligned with organizational objectives and the allocation of fundamental resources have a significant and positive relationship with team member satisfaction.

On the whole, each author has his own factors that lead to the team satisfaction, which is the key element of the team effectiveness. However, from their findings, the most common factors are; communication, sharing information, the same goal, training and resources.

2.2. Multicultural project teams (MPTs)

According to some authors the culture is “our routine of sleeping, bathing, dressing, eating and getting to work. It is our household chores and actions we perform on the job, the way we buy goods and services. It is the way we greet friends or address as tranger and even to a large extent what we consider right or wrong” (LAVATY and KLEINER, 2001). [HOFSTEDE, 2001] defined the culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another”. With “programming of the mind” combining the values, rituals, heroes and symbols embedded in a culture. Others assert that culture entails not just shared interpretations of behaviors but also actual differences in attitudes (SMITH, PETERSON and SCHWARTZ, 2002).

The most of authors argued that culture is a complex word, which cannot be defined by some words. One of the main arguments of this conclusion is the statement of (GROESCHL, and DOHERTY, 2000) in which they argue that numerous elements constitute the culture in which some of them are implicit and others are explicit. In the following section the report will identify the main factors that affect the management of MPTs.

MPTs are defined as task-oriented groups consisting of people of different nationalities and cultures (MARQUARDT, and HORVATH, 2001). In MPTs the same event can be interpreted differently, it depends on people origins and believes. Understanding and avoiding stereotypes can prevent self-fulfilling prophesies (MILLER, 2002). “The perceptions of diversity are obviously critical to influencing employee motivation and behavior which in turn leads to higher levels of organizational performance” (ALLEN et al., 2008).

Moreover, the communication and transfer knowledge have a significant influence on the multicultural team performance. Concerning transfer knowledge, People focus more on the opportunities that offer them new learning and new skills rather than on short term payoffs. For this reason, they are more motivated to work in international projects (SCHWEIGER et al, 2003). Transfer knowledge between team members creates an atmosphere that allows members to listen to each other’s opinions that leads to mutual trust and facilitate the integration of MPTs. Regarding the second factor, which is communication; (GUPTA, 2008) explain that the communication style differs from culture to another and the biggest challenge for MPTs is how to communicate effectively. The main feature that has to be understood in communication is that people communicate differently. Moreover, using foreign language increase the possibility of misunderstanding.

People from different countries have difficulties to express themselves which affect their competences (WALTER, 2005). Among human resource challenges that are faced by employers to accommodate multicultural teams are language and training (HEARNS, DEVINE and BAUM, 2007). The communication among MPTs has to be effectively managed in order to enhance the information sharing and avoid interpersonal conflict, or both to obtain an effective teamwork (BRETT, BEHFAR and KERN, 2006). Furthermore, training on cultural diversity perception, skills in dealing with divers culture especially diversity awareness, training, communication, language and negotiation skills are the main factors that lead teams to reach the goal of integration (HEARNS, DEVINE and BAUM, 2007).

In brief, the most of authors argue that the main factors that affect the MPTs integration are; the perception and the cultural diversity awareness among team members, the effective communication, transfer knowledge, language and training. In the following section the report will propose and discuss the strategies that improve the integration of MPTs.

The success of any strategy for managing cultural diversity needs that the organization culture has to be sympathetic toward diversity (BARBOSA and CABRAL-CARDOSO, 2007). Tolerance and receptiveness of multiculturalism due to decreased prejudices increase knowledge and awareness (BENDICK, Egan and LOFHJELM, 2001).

(BRETT, BEHFAR and KERN, 2006) in their article of managing multicultural teams and the Interview granted by Brett to COMPUTERWORLD magazine (COMPUTERWORLD, 2006) about the same article, they have proposed and explained four strategies to obtain successful MPTs. The strategies are Adaptation, Structural Intervention, Managerial Intervention and Exit strategy. The first strategy is adaptation, in which people should not see the problems between team members from the personality side but from the culture differences side. Once they accept and do that by acknowledging the cultural diversity of the team, they will enjoy dealing with all problems without any significant difficulty. For example, when a problem arises from misunderstanding or communication differences in this case team members can take the problem from the culture challenge rather than personality.

The second strategy is the structural intervention, which focus on the shape change of the team. The target of this team structure reforming is to reduce the interpersonal friction or to remove a source of conflict for one or more groups. One example is what has been written by Brett who stated that in resolving conflicts comes from status differences and language tensions among the team's three "tribes", the manager has begun by meeting the team face to face twice a year in order to put some values by which the team will direct and evaluate its progress, in the first time the manager spoke without any participation from the team members, so he realized that the members didn't feel comfortable to participate due to the manager hierarchical threat, thus he resolved this problem by hiring a consultant who replaced him (structural intervention) to manage these meetings.

The third strategy is managerial intervention, which is useful early in the group's life. The leader has to set some respect norms and rules in the beginning. For example, regarding people accent, the manager should explain to team members that they have not been chosen according to their language level but according to their technical skills. The forth is the exit strategy, which is considered as a last resort to resolve the integration issue, it is more likely when emotions were running high and too much face had been lost.

For example, in some situations, people could see the end and knew that they would move instead of trying to change the situation or people. These strategies have to be chosen according to the kind of problem and enabling situational condition (BRETT, BEHFAR and KERN, 2006).

Another strategy discussed by (GWYNNE, 2009) called fusion approach and devised by “Jeanne Brett”. This strategy gives to all ideas and approaches that might come from people, who are from different culture, the possibility to exist. To conclude, all those strategies are able to reach an integrated MPT if they are used correctly by the appropriate leader. Also the adopted organization strategy model can be steamed from those strategies in order to reach MPTs integration in oil and gas companies.

2.3. Advantages & disadvantages of MPTs

MPTs have some advantages and disadvantages. The target to reach an integrated MPT is not only for resolving the cultural diversity problems among team members but also for some other advantages that will be identified in the following paragraphs. Some authors argue that cultural Diversity can be a competitive advantage because there will be different opinions that provide creative approaches to problem solving and innovation, that leads to enhancing the performance of the organization and the flexibility to change adaptation (MILLER, 2002); (ALLEN et al., 2008). the uniqueness of culture gives different viewpoints that enhance the quality of the problem-solving, for example the development of a software come from the different methods created by people from diverse cultures led to a better product (GUPTA, 2008). In addition, (GRISCOMBE and MATTIS, 2002) argue that diversity bring benefits to organizations, it provide the ability to attract and retain the best talent available, better understanding of the market and marketing ability, it reduce the costs of lower turnover and fewer lawsuits. All in all, the multicultural teams enhance the quality of problem solving, increase the creativity and innovation, augment the flexibility to change management, the organization performance and reduce the labor costs.

On the other hand, some people consider the cultural diversity as a problem and a difficult issue to manage. “The results show that problems are bound to arise when people from different cultures meet”. (JANHONEN-ABRUQUAH and PALOJOKI, 2005). Divers group means that members are not homogenous; they have not the same language and understanding. This makes the communication more difficult and members cannot understand each another easily. In addition,

group cohesiveness can be a problem because people generally prefer to communicate with people who have the same belief, values, language and appearance, for this reasons, it is more difficult to obtain cohesion between heterogeneous team members (RICHARD et al., 2003). Cultural diversity can disturb the team project effectiveness and can create frustration from the obligation of making difficult decisions (PINA, MARTINEZ, A.M.R. and MARTINEZ. L. G., 2008). All this could have a detrimental effect on organizational performance. In brief, the disadvantages of cultural diversity are: difficulties in communication that come from language differences and misunderstanding and can create frustration.

All in all, although these disadvantages make the achievement of the integration of MPTs difficult, but it is obvious that one this integration is obtained using the appropriate strategies, it will be great benefits for the organization.

2.4. Overview on Oil and Gas Organizations

The global oil and gas sector includes the organizations that work in exploration, production, transportation, refining and marketing of oil and gas. The figures demonstrate a highly consolidated nature of the sector. International Oil and Gas Companies (IOGCs) and National Oil and gas Companies (NOGCs) traditionally work together in a win-win partnership.

The (NOGCs) maintain more than 90% of world's oil and gas reserve, and have limited access to equity markets because they are not a part from shareholding companies. For this reasons and technological innovation reason, (NOGCs) have become a strategic partners for the (IOGCs) in order to reach the production targets. The strategic relations between (NOGCs) and (IOGCs) and even with service companies from all countries need to be managed by people from these organizations, which have diversity of cultures, ethnic and national cultures. Therefore, it becomes a necessity for the business management of these organizations to address cultural diversity including trans-cultural competence, using communication, empathy and creativity. This leads (IOGCs) to focus on the role of the emotions and cultural barriers and their impact on their business.

The attitude toward cooperation in projects be twee potential business partners can be strongly affected by cultural gaps (WEIJERMARS, et al 2008). In the same article of WEIJERMARS, et al, they propose the allocation of an important part of the business development budget to the

emotional perception research and the shared goal and culture study. In addition, Communication between professionals from the global oil and gas organizations has to be effective in terms of understanding and speed, not only to avoid conflicts between partners but also to share knowledge. The same article of WEIJERMARS et al argue that only organizations that act with high Emotional Intelligence will survive in an increasingly multicultural world and conclude that a training program within a clear learning strategy is advised to enhance Emotional intelligence (WEIJERMARS, et al 2008).

2.5. Literature Review Summary

The aim of this literature review was to satisfy the study objectives, give the advantages and disadvantages of the MPTs, as well as, provide an overview on the oil and gas companies. It was started from the general level by addressing the team project effectiveness then moving to the specific by discussing the MPTs integration. Concerning the project teams effectiveness, the findings turn around communication, sharing information and sharing the same goal, individuals' training and resources. Those factors allow the achievement of trust and interdependence between team members. Regarding the MPTs, it was found that the main factors that affect the integration the team members are; the perception and the cultural diversity awareness among team members, the effective communication, transfer knowledge, language and training. The principal objective of this study was to propose strategies to improve the integration of MPTs in Oil and Gas Companies. Therefore, it has been proposed five strategies, which are; adaptation, structural intervention, managerial intervention, exit and fusion strategy. These strategies are able to reach their aim if they are used according to the kind of problem and the situation conditions.

Furthermore, it was found that MPTs have some advantages and disadvantages. The advantages are the increase of quality of problem-solving, the creativity and innovation, the flexibility to change management, organization performance and reduce the labor costs. The disadvantages are difficulties in communication that come from language differences and misunderstanding and can create frustration. However, once the integration of those teams is realized it would be great benefits for the organization.

Finally, regarding the oil and gas context, the(NOGCs) maintain more than 90% of world's oil and gas reserve, and have limited access to equity markets because they are not a part from shareholding companies, as well as technological innovation. For these reasons, (NOGCs) and

(IOGCs) had to work together, which lead them to focus on the role and the impact of the emotions and cultural barriers on their business. In addition, it was argued that only organizations that act with high Emotional Intelligence will survive in an increasingly multicultural world.

3. Methodology

The methodology used to undertake this study is qualitative method with secondary research. It was secondary research because of the time constraint, qualitative because of the strategy chosen. The research philosophy was subjectivism with inductive approach and exploratory purpose. This led to choose the case study strategy, and single case strategy which is the appropriate for using our unique and large company Sonatrach. The data collection method used is written documentary by the credible databases, which resolve the issue of the rigor of this study. The limitation of this methodology is the non-existing of data available about this topic within the company (Sonatrach). In addition, a primary research proposal can be used in the future to complete this study; it can be prepared in the same way of the secondary research adding the structured interviews as data collection method and four to six skilled project managers as samples. The reliability and validity of the study can be resolved by choosing project managers who have a long experience in multicultural environment who will confirm the correct understanding of the interviewer done with them.

4. Findings

The findings are two major results that are related to the second and the third study objectives stated in the beginning of this document. The first result are the main factors that affect the multicultural project team effectiveness which are the perception and the awareness of the cultural diversity among team members, the effective communication, transfer knowledge, language and training. The second result, are the strategies to be used to reach an integrated multicultural project team, it has been proposed five strategies, which called: Adaptation, Structural Intervention, Managerial Intervention, Exit and Fusion Strategy. These strategies have an integrated relation with the main factors that affect the management of Multicultural Project Team in which the strategies are come to deal with the principal factors that affect these teams that are the cultural diversity awareness, the communication effectiveness and transfer knowledge. Furthermore, it has been found that the team leader is the main element that affects the success of the implementation of those strategies in the real world.

5. Conclusion and recommendations

The purpose of this document was to undertake a secondary research about the integration of MPTs in oil and gas companies taking our company Sonatrach as a single case study. To realize this, it had been achieved the following sections: Literature Review, Methodology and Findings in order to conclude with the finding results that are the main factors that affect the MPT integration and propose some strategies that lead to the target of the integration of MPTs in oil and gas companies to wrap up with the following recommendations.

Recommendations

It will be beneficial to facilitate the success of MPTs integration by:

- Train people involved in multicultural projects to perceive the cultural diversity and accept it; learn foreign languages and how to communicate effectively;
- Chose the appropriate leaders who possess the capability to assess any situation and implement the appropriate strategie;
- Create a database specific to the company Sonatrach that contains articles including the project management discipline which could be used by interested employees in order to benefit from it in their current job or students for their researches.
- Give enough resources and time to researchers to undertake primary researches.

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