

# Exploring Cultural Implications of Teaching Logistics and Project Management in the Russian Far East

Oliver Hedgepeth, Ph.D.  
University of Alaska Anchorage

Morgan Henrie, PMP, ABD  
Old Dominion University

## ABSTRACT

*Teaching Western style logistics and project management, within the Russian Far East, is culturally constrained. Based on four years of first-hand experience, in teaching and researching within the former USSR, this paper presents a step-by-step methodology for increasing your chances of success. This paper also presents the results of an ongoing, four-year survey methodology to define the cultural factors of conflict and acceptance of developing nations such as RFE to western style programs. While this paper is based on Russian Far East experiences, the knowledge can be generalized to other emerging nations.*

## INTRODUCTION

The Russian Far East has embraced a rush to learn western methods of logistics and project management, since the Soviet Union has become history. Organizations and universities are also helping, but not rushing, to fill the educational and training needs of the RFE. (Hedgepeth and Henrie, 2004; Bradshaw, 2001) One organization working toward that end is the American Russian Center, located in the College of Business and Public Policy of the University of Alaska Anchorage. As of May 2005, the American Russian Center has provided training for more than 65,000 Russian Far East professionals and academics in topics ranging from how to start a hair dressing business, to how to be a logistics or project manager for American oil companies working in Russia. A comprehensive effort was started by the University of Alaska Anchorage Logistics Department in 2001 to bring training and education to the RFE in logistics and project management, funded by the Department of Labor. This effort to take traditional academic and experiential knowledge and skills proved to be more than expected from the typical America classroom instructor. Over a period of three years the UAA Logistics Department was continuously revising its teaching methods to maximize the learning experience from the Russian students. Many language and cultural issues have been identified that need addressing before any widespread logistics or project management or any subject training can be offered to professional or academics in RFE. These issues are hidden bottlenecks of philosophical differences between two cultures that will undermine any education or training efforts within the RFE if not properly considered when adopting western methods as part of post-Soviet methods of learning. For example, there is no direct translation of the terms “logistics management” or “project management” from English into Russian (Hedgepeth and Morgan, 2004; Hedgepeth and Morgan, 2003; Voropajev; 2001). Thus, the teaching of any course of instruction is placed in jeopardy before it begins if using any standard English logistics management or project management text. Also, if you are teaching professionals such as Russian engineers, they seem to practice a discipline-oriented (Meredith and Mantel, 2003) approach toward management, which is different than the problem-oriented approach of western-trained project managers.

## LITERATURE SEARCH

The far eastern portion of Russia or RFE is an isolated place for the most part. It is connected by train and airports; there is no realistic, safe road system for transportation. It also has no legal status in the Russian Federation (Bradshaw, 2001). This large piece of Russia has its roots in the abundant raw natural resources of timber, gold, diamonds, oil, coal, all catering to the strategic plans of the Soviet leaders. Today this remote part of Russia comprises 10 separate regions. Approximately 36% of this territory belongs to the Russian Federation, but it contains only 5% of the population. (Bradshaw, 2001). These natural resources are not easy to reach or mine, due to the lack of road and rail infrastructure, which is much like Alaska's geography and lack of infrastructure (Hedgepeth and Henrie, 2004). So, when the opportunity arose to teach Russians about logistics and project management, the University of Alaska Anchorage thought it had an advantage in teaching the principles and skills from a similar viewpoint. The viewpoint from the infrastructure is nearly identical; the learning techniques of the two cultures, American and Russian, are different.

To understand how to teach in the RFE or other developing nations, you must first understand their economic problems. These problems stem from the memory of Soviet era business practices and policies, but most importantly, their management styles. Economic resource specialization was narrowly focused and extreme in implementation in the RFE. Some regions of the country, being defined by the natural resource, had 50% of the workforce working in that one area, such as coal or timber. This part of far eastern Russia supplied nearly 100% of the products or raw materials and food - seafood - needed by western Russia. The logistics management system of Russia was basically the Russian rail system, which linked these rural regions of raw materials; and the transportation costs along this supply chain were free during the Soviet times (Bradshaw, 2001). This Soviet system, which used central planning of all logistics activities, had little regard for economics of pricing, cost of goods, schedules of delivery, inventory management, and, consequently, that helped set in motion the forces for a collapse of major manufacturing industries. In today's free-market system, the Russian Far East industry is learning many hard lessons in logistics, supply chain, and transportation needs and

planning and budgeting. They have had to consider the business customer and the end consumer in ways that were never thought of for a Soviet lifetime. Management today is thrown into a global logistics network, before they had been properly trained to work in their environment. Russian engineers and logisticians needed to build buildings and parks and roads to cost and on schedule, but the managers of the Soviet era were not trained to understand these nearly alien concepts. (Huchthauson, 2002). Thus, any American university entering the RFE to teach a standard class in economics, logistics, or project management faced a clash of Soviet-style philosophy; but, just how much of a clash and how to measure the learning of students and the impacts of western teaching methods is just emerging.

The post-Soviet era Russians in the RFE are left with an economic void, much like that caused by the first impact of a tsunami, dragging away the Russian realities of their former military and industrial manufacturing complex, leaving their education, training and methods of work on some empty shore, waiting for a huge wave to crash back into them. In one short decade the expected boom by the Russians in the RFE to export all their wealth was halted not just by their lack of infrastructure, but by a crashing wave of not understanding how this new global force of business worked. Business leaders found they lacked understanding of how to be a project manager when working with western oil companies, or how to become a profitable part of their own supply chain producing goods for paying consumers, inside Russia, and more importantly, for outside consumers (Hedgepeth and Henrie, 2004; Hedgepeth and Henrie, 2003).

Another factor in defining how to train or deliver educational content to the Russians in this region, was the high degree of educated adults, due mainly to the military-industrial complex. We found a culture of well-educated people, as a byproduct of the militarized culture of the Cold War (Bradshaw, 2001). Therefore, the workforce in the RFE is one that seems to respect education and we expected would be receptive to the western style of teaching and methods of learning. (Hedgepeth and Henrie, 2004; Bradshaw, 2001).

The literature indicates that a transformation is emerging in the RFE in how to learn any western subject, but especially logistics and project management and business in general. However, experience (Hedgepeth and Henrie, 2004; Raum, 2002; Robinson, 2001) indicates that western methods of teaching and learning are not accepted throughout the RFE. Several logistics managers express concern about the methods of western style courses in management. One manager stated that the policies of communism were just not implemented the right way in the past, but they would be implemented better next time. Additionally, there is a fear among many of the Russian professionals, that Moscow will teach better western style management classes to the workers in the RFE. This also sets the stage for more thought when going into the RFE to teach the values of western business methods.

Before teaching management in the RFE, one should consider what Bradshaw found regarding what he calls the institutional and philosophical traps toward better business management. One such trap is that corruption is still a part of management in business ventures (Hedgepeth and Henrie, 2004; Bradshaw, 2001; Robinson, 2001). Russia's past history of crony capitalism (Bradshaw, 2001; Robinson, 2001) is still alive today, and voiced by many Russian professionals and academics as a way to succeed in business; they are quick to point toward the failures of American businesses caught in ethics scandals in the past decade as evidence western management teaching is missing a key ingredient. That

ingredient is teaching how to cheat or bribe officials (Hedgepeth and Henrie, 2004; Henrie and Hedgepeth, 2003)

One of the first lessons learned by Americans teaching in RFE was summarized by Voropajev, who indicates that there is a terminology or language problem in teaching western concepts. For instance, he states, "For the present, there is no unified, generally accepted definition of project" (Voropajev, 1997). Voropajev's insights highlight a thesis of our current teaching methods and teaching research to be examined when teaching project and logistics management in the RFE. As Voropajev points out, before this current teaching and learning research was undertaken, there were terms, concepts, and metaphors such as project management, supply chain, logistics, risk management, inventory management, quality control, safety, and environmental management that do not translate from the American page of the textbook into Russian just by mere translation from English to Russian language (Hedgepeth and Henrie, 2004; Hedgepeth and Henrie, 2003; Henrie and Hedgepeth, 2003). In fact, the assumptions that a western teacher brings to the Russian classroom have to be addressed from basic vulnerabilities of understanding. Instructions on a syllabus are read and understood with a certainty that is missing in many American college students, who seem to regard the syllabus as merely so much paper, not to be read seriously.

Several Russians who helped us understand how to better prepare teaching materials, stated that RFE is in a transitional stage of philosophical and business and management thinking (Henrie and Hedgepeth, 2003; Hedgepeth and Henrie, 2003; Hedgepeth and Henrie, 2004) and helped us identify five key issues to know when planning your teaching rubric:

1. Changes in the manufacturing production systems.
2. Changes in the market forces between supply and demand.
3. Changes in the methods and skills of management.
4. Changes in the form of property ownership.
5. Changes in property development (Rayekaya, 2002).

All of these factors lead to a hypothesis that teaching is not a simple undertaking in the RFE, and should not be attempted until you have some understanding of the basic philosophy of how RFE academics, engineers and business leaders think about their current or past business practices. But there are groups of RFE academics planning how to implement logistics management and project management departments within these traditionally Soviet style places of higher education (Henrie and Hedgepeth, 2003).

## **PREVIOUS RFE TEACHING AND LEARNING SURVEY**

Forty-four Russian participants were questioned following several in-class knowledge and skills assessment surveys conducted with the different groups of Russian students, who were attending the University of Alaska Anchorage (UAA). These students were from different UAA academic departments – business, economics, accounting, engineering management, logistics and supply chain management. The participants were not chosen randomly. These Russian students were asked to volunteer their time. Thirty-five students participated in the development of an educational survey instrument. Usually about 200 Russian students are on campus at UAA during any semester. Russian professionals, who work in the

Anchorage area, reviewed the survey questions for completeness. The survey questions were then turned over to professional Russian staff members of the American Russian Center at UAA. These were professional Russian translators to translate the questions from English to Russian, with a final assessment examination as a metric of how to use each English word to extract the meaning we were attempting to find from these questions. Overall, this knowledge survey instrument took more than a year to prepare and was tested periodically throughout that year for validity and understanding – by Russians. The result of effort produced the following five questions:

1. Within your occupational area, what is your view on Russian Far East (RFE) logistics and project management skills today? Why?
2. How do you think that the RFE profession of logistics and project management will change in the next 10 years? Why?
3. Within your organization, what do you believe is the greatest difficulty facing today's RFE logistics and project managers? Why?
4. What do you think is the most critical training area that logistics and project managers need to perform their job better? Why?
5. Describe one or more logistics and project management tools or processes that are very successful for projects within the RFE.

The primary knowledge assessment instrument was a set of these five questions. These participants of the final survey were logistics and project management practitioners and professionals from Russia. They were managers working in the oil, gas, and construction industry in RFE. Several hundred companies in RFE had been contacted by the American Russian Center to identify those RFE workers participating in this learning and training assessment program. How the Russian companies chose each participant is not consistent, and may be a factor to consider in later learning assessment programs. Some Russians were chosen to participate in this training due to their high ranking in the company; others were chosen due to their status in working with Western oil, gas and construction companies.

There were 12 other Russian university professors who worked in the logistics management area, who were given these five questions with a focus on “logistics management” rather than “project management.” These students were also chosen by each university to visit Alaska for some of their training in logistics management. How they were chosen is not clear, except that they were eager to embrace new curriculum developments and learning assessment from the west in logistics management. Each of these students also participated in a development of learning objectives, and rubric to measurement and assesses student levels of learning; this learning rubric formed the foundation of two new logistics departments in two different RFE universities.

Results from this initial survey indicate there was not a unanimous (approximately 50% of the students for project management and about 30% for logistics management provided opposing answers) opinion from the participants in answering any of the questions from either the project management or logistics management perspective. More than 50% of project managers

and logistics managers stated that neither project or logistics management skills existed in the Russian Far East.

Student evaluations indicated that these participants did not understand the term “project management,” nor the term “logistics management” after having had a class for eight contact hours on the subjects. One underlying cause may be the past cultural barrier with management seen as a metric of distance from Moscow, lack of academic support, lack of information about logistics or project management and software products, and the last 10 years of stagnation and economic turmoil in business ventures in RFE (Chikrizov, 2002). This survey identified a linguistic and philosophical divide as a basic barrier to providing any level of training and accountable assessment instruments in English to Russians in the RFE.

This learning assessment survey turned the education of the Russians into not one of providing more training, but going back a step and trying to understand the philosophy of how Russians think about a wide range of topics. This caused a rethinking about the rubric, the learning objectives and how to measure student learning. This meant that any program education or training coming into the RFE from any western company or university would be missing a basic praxis in rubric of curriculum development.

After administering the survey instrument and during the classroom breaks, several Russian practitioners and logistics academics described the terms “project management” and “logistics management” as no more than “common sense” being applied to performing a job or task. The term “project” was simply a hollow metaphor for many in the RFE. The terms “task” or “job” are used more often to describe a project to build something or a logistics event to move materials. One student, a Russian project manager as an architect, was not concerned with any engineering economy or financial aspects of the project, something essential to western project management education courses.

One of the most common definitions given was that a logistics or project manager was a manager of change. We found that almost every director of a firm performs project and logistics management functions. However, these functions seem to be more of a burden on the director, because he or she lacks the time to trace project stages and instantly reacts to deviations in the work schedule, or to take time to understand the flow of products and information needed to manage their supply chains.

From an educational perspective much of this conflict in learning western terms is being driven from the Russian perspective of “theoretical” versus “practical” instruction methods used. It seems that a challenge in Russian business today is the ability to measure and track goods even by lot numbers, expiration dates or location. In most organizations the metrics for measuring logistics or supply chain performance are nearly non-existent. This means that many RFE companies are operating blind, by western standards of teaching, not having a clear set of cost and performance metrics to measure their service performance.

Many Russian students identified their learning style as an “intuitive” or “heuristic” style of management. Many students stated that managers are “just doing their job.” But how project managers or logistics managers are promoted indicates a process that did not rely on management skills, or education.

Survey students indicated that a philosophical and cultural change would occur in the next 10 years to better embrace western methods of business and educational lessons. This was attributed to the age of the current workforce in management and decision-making positions, which will shift from the old Soviet-style philosophy to that of a younger aged group. Almost all students

stated that those who are under age 40 should be in the best position to learn western styles of management, and be more successful in meeting the learning objectives of each course. This feeling was even voiced by the academics in the Russian colleges and universities. However, there was another issue buried in their statements: the Russian academics prefer to have Russian teachers teach western educational courses, and not be dependent on western teachers to teach western courses. So, before any American college can successfully present training or education materials in the RFE, a continued understanding of the philosophy of learning, of working, and of personal vision needs to be addressed. This educational story of the new RFE is not yet finished.

The results of this first experience with teaching in the RFE, taught us to focus on train-the-trainers as well as train those Russians desiring western courses. From this initial assessment we developed a list of course content that seems needed when teaching in the RFE:

1. Knowledge of international accounting systems
2. Knowledge of international logistics management, supply chains, project management, not just from the United States
3. Health and occupational safety procedures
4. Knowledge of marketing and selling
5. Knowledge of speaking and writing English
6. Knowledge of computer software for inventory and project management
7. Knowledge of negotiations skills
8. Knowledge of logistics and project management

However, this list may be incomplete. There is further educational research needed to understand the underlying philosophy of what and how to teach in the RFE. This list is important currently to those students who participated in this experiment in learning. This list is a priority list from these students.

This educational research describes some of the key challenges for the RFE in providing and assessing education and training knowledge and skills.

### **CONTINUING THE EDUCATION**

From the educational challenges presented, one can sense that the RFE is evolving. Many see that evolution as a shaky but focused growth in changes in its old style of educating people for management of supply chains or development of special purpose project (Goyal, 2003; Bradshaw, 2001; Bhat, 1991; Hofstede, 1984) The development of oil and gas, and the prospect of further large scale development, by foreign companies like Exxon Mobil or BP or Chevron and others are causing engineers and managers to look to UAA and other universities to help them in changing many old habits of doing business.

To achieve this evolutionary expansion, the RFE practitioner must understand how and why the Western world places different emphasis on learning new roles in business and in teaching those new roles.

The greatest challenge is educating the growing Russian workforce in logistics and project management and systems thinking skills for managing complex projects. This challenge will involve a long-term growth of educating the current college and university generation, as well as retraining the current middle management, and top management of companies.

However, evidence supports that the top management, which was trained under the Soviet planned economy, may be the biggest challenge to educational reform based on western courses and methods of teaching (Bradshaw, 2001; Robinson, 2001). Moving from the planned economy to a free market place economy is a major evolutionary change. There is an element of distrust among many Russians in the Far East that if they openly embrace this new direction something will occur to change things back to the way they were (Hedgepeth and Henrie, 2004; Bradshaw, 2001; Robinson, 2001). Assistance from foreign universities and from the oil and gas companies can provide a bridge to help the RFE through this challenging area.

### **FOLLOW-ON EDUCATIONAL RESEARCH SURVEY PLAN FOR RFE**

This earlier work provided the foundation for a more thorough educational assessment and survey. The original five-question survey was based upon a faulty assumption that one could simply translate project management and logistics management curriculum and text from English to Russian. The application of the previous survey instrument provided a signpost that the assumptions from the university were vulnerable. A philosophical understanding of the rubric of the potential curriculum development of any training problem has now resulted in approaching the RFE student base with a new approach. The next educational survey instrument in this research will start with taking these results back to Russia. The authors will visit the major cities and industries of the RFE. These industries are the oil, gas and construction firms. All large RFE companies, who employ more than 50 people, will be contacted through the offices of the American Russian Center. A new set of questions will be created that relate to the current findings. That is, there will be specific questions related to each of the challenges identified previously. This current survey will be part of a rubric of curriculum development for both education and training leading to a certificate or to a degree in project management or logistics management. The rubric development is under way at the University of Alaska Anchorage and at Old Dominion University. The rubric and the exact questions for this next round of surveys will be reported in a future publication.

### **CONCLUSIONS**

While new technologies are coming to RFE, there is a lack of specialists to implement and work with these technologies. Also, very few companies recognize the importance and benefits of new technology. Many companies are still doing business the way it was done 20 years ago. Therefore, management is reluctant to invest in education or training programs. Those specialists who do get the new, western, education and training often leave for better paying jobs in Moscow. This leaves local RFE firms with many unspecialized employees.

Many participants stated that the focus on logistics or project management training and education should be on business people, or the business departments within the RFE educational institutions.

They see business people needing this type of knowledge more than engineers or accountants because of the transition to a free market society, which will be governed by the business people of RFE. They see that the very nature of this transition period, which is under way and could take another five to 10 years, is characterized by changing environment, especially in the legal and political areas. These business people need such education and training courses to be able to bring more order into their decision-making and actions, and help reduce the level of uncertainty.

The current conclusion is that before launching a curriculum of any kind into the RFE, a basic philosophical understanding of the culture of the people and business is needed before translations of course notes, power point slides, or textbooks begins. The results point toward an education and training model or rubric of what can become a model for future logistics and project management training for a developing country.

### FUTURE RESEARCH

Just bringing western style training into areas of Russia is not enough. The next step is to conduct education and training surveys in more remote regions of the country. Additionally, experimenting with distance delivery of course materials, translated into the Russian language or dialect of the regions would be necessary to understand if this method is even desirable or technically feasible. There is also the need for follow-up surveys to test the validity of the results found in the previous research and from the results of ongoing teaching at the local business level and in the Russian universities. The rubric for the new curriculums at Russian universities in logistics and project management will need to be reviewed to compare to those of similar size universities within the West. From all of this research, new educational models can be created to assist other developing countries that are resource rich, but poor in global marketing and management requirements.

### REFERENCES

- Bhat, V. K., *Construction Project Management - An Emerging Profession its Question Issues*. Project Management for Developing Countries, International Seminar, New Delhi, India, Oxford & IBH Publishing Co. Pvt. Ltd., (1991)
- Bradshaw, Michael J. (Ed.), *The Russian Far East and Pacific Asia: Unfulfilled Potential*, Curzon, Richmond, Surrey, UK, (2001)
- Chikrizov, Sergei, personal interview, (June 2002)
- Datta, B., *Management of Environmental Engineering Projects in Developing Countries*. Project Management for Developing Countries, International Seminar, New Delhi, India, Oxford & IBH Publishing Co. Pvt. Ltd., (1991)
- Goyal, Ajay, *Uncovering Russia*, Norasco, Moscow, (2003)
- Grant, Steven A. (Ed.), *Soviet Housing and Urban Design*, HUD, Washington, DC, 1980.
- Henrie, Morgan and Oliver Hedgepeth, *Current State of Russian Far East Project Management*, PICMET 2003, Portland, OR, (2003)
- Hedgepeth, Oliver and Morgan Henrie, *Transnationals Nation Project Management Challenges, A Russian Far East View*, 18<sup>th</sup> International Project Management Congress on Project Management, Budapest, k (June 19-20, 2004)
- Hedgepeth, Oliver, and Morgan Henrie *Comparison of Russia Far East Project Management and Alaskan Project Management*, 17<sup>th</sup> World Congress on Project Management, Moscow, RU (2003)
- Hofstede, G., (Ed.), *Culture's Consequences, International Differences in work-related values*, The Sage Series on Cross-Cultural Research and Methodology. Beverly Hills, CA, Sage Publications, (1984)
- Huchthauson, Peter, K-19, *The Widowmaker: The Secret Story of the Soviet Nuclear Submarine*, National Geographic Society, Washington, D.C., (2002)
- Jaeger, A. M. and R. N. Kanungo, (Ed.), *Management in Developing Countries. Organizational Behaviour and Management Series*, New York, NY, Routledge, 1990.
- Meredith, Jack R. and Samuel J. Mantel, Jr., *Project Management: A Managerial Approach*, 5<sup>th</sup> ed., John Wiley & Sons, Inc., (2003)
- Midler, Christophe – de l'Ecole polytechnique, *Project Management for Intensive, Innovation-Based Strategies: New Challenges for the 21<sup>st</sup> Century*, Chapter 7, (2002), pp.140 - 141
- Morris, W. G., Ph.D. University College, London, UMIST, and INDECO Ltd.; *Research Trends in the 1990s: The Need Now to Focus on the Business Benefit of Project Management*, Chapter 2, Page 39 – 41 (2002)
- Muriithi, N. and L. Crawford *Approaches to project management in Africa: implications for international development projects. International Journal of Project Management* 21(5), (2003), pp. 309-319.
- Raum, Tom, *Bush Seeks Russia Economic Recovery*, The Associated Press, (May 25, 2002, 12:37 EDT)
- Raychaya, Valeviya, personal interview, (June 2002)
- Robinson, William T., *Prerequisites for Successful Business Development*, Presentation at Krasnodar Transportation Infrastructure Conference, Anapa, Russia, (November 30, 2001)
- Slevin, Dennis P., Ph.D., Cleland, David I., Ph.D., and Pinto, Jeffrey K., Ph.D., *The Frontiers of Project Management Research*, Project Management Institute, Newton Square, Pennsylvania, (2002)
- Voropajev, Vladimir I., *Project Management in Russia: Basic Notions, History, Achievement, Perspectives*, Project Management Institute, Upper Darby, Pennsylvania, (1997)

