



Appropriate persistence in a project: The case of the Wine Culture and Tourism Centre in Bordeaux



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ABSTRACT

Some authors view persistence as a negative attribute linked to the escalation of commitment, whilst others argue that perseverance is crucial to innovation. This paper seeks to explore the conditions in which persistence can be considered an appropriate strategy in the development of a project. To this end, we performed a qualitative and longitudinal study on the plan to open a Wine Culture and Tourism Centre in Bordeaux. The idea was first put forward in 1995 and, after experiencing a number of failures, the centre is now expected to open in 2016. We show that persistence can make sense: (1) if an emblematic leader makes the project a strategic priority and is able to command a consensus among the various stakeholders, (2) if the external environment changes and new choice opportunities emerge to revive the project, and (3) if the project marks a break with the past and is shored up by the success of similar projects.

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Introduction

In an interview given in 2007, James Dyson, the inventor of the bagless vacuum cleaner, said that he designed 5127 prototypes before hitting on the right one. Talking about the fifteen years (1979–1994) he spent testing his new product, he explained:

*"I made 5,127 prototypes of my vacuum before I got it right. There were 5,126 failures. But I learned from each one. That's how I came up with a solution. So I don't mind failure [...]. It can take a very long time to develop interesting products and get them right. But our society has an instant-gratification thing. We admire instant brilliance, effortless brilliance. I think quite the reverse. You should admire the person who perseveres and slogs through and gets there in the end."*¹

Dyson's comments touch on the concept of persistence, a topic that has given rise to significant contributions in management studies. The concept of persistence encompasses a large body of literature, ranging from performance persistence of hedge funds

and venture capital in the financial sector (Ammann, Huber, & Schmid, 2013; Bredin, Cuthbertson, Nitzsche, & Thomas, 2014; Cumming, Dai, Haß, & Schweizer, 2012; Glode & Green, 2011; Hochberg, Ljungqvist, & Vissing-Jørgensen, 2014) to persistence of innovation that deals with the sustainability of innovation over time in manufacturing firms (Bartoloni, 2012; Ganter & Hecker, 2013; Raymond, Mohnen, Palm, & Schim van der Loeff, 2010; Roper & Hewitt-Dundas, 2008; Suárez, 2014; Triguero & Córcoles, 2013). The literature also includes numerous contributions on persistence in a failing course of action. Whilst persistence is considered in a positive way in the first two categories of research, the third stream of studies paints a negative picture of the concept. Persistence in the face of negative results is often referred to as escalation of commitment (Brockner, 1992; Jani, 2011; Liang, Kale, & Cherian, 2014; Ross & Staw, 1986; Schaumberg & Wiltermuth, 2014; Sleesman, Conlon, McNamara, & Miles, 2012; Staw, 1976, 1981; Winch, 2013). In these articles, the authors study people who obstinately continue to invest time, money and self-identities into strategies and projects described as ineffective (Liang et al., 2014). Only studies on innovation management or championship behaviour adopt – at least implicitly – a positive view of perseverance, where the success of a new product is presented as the outcome of a generally fairly long, iterative, trial and error process, which involves not giving up at the first signs of failure (Cheng & Van de Ven, 1996; Drummond, 2014; Howell, Shea, & Higgins, 2005; Lynn, Morone, & Paulson, 1996; Royer, 2001; Van de Ven &

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¹ Salter, C. (2007). Failure doesn't suck. *Fast Company*, 1st May.

Polley, 1992; Walter, Parboteeah, Riesenhuber, & Hoegl, 2011). In many papers, the borderline between obstinacy (negative persistence) and tenacity (positive persistence) is somewhat blurred. Walter et al. (2011), for instance, demonstrated an inverted U-shaped relationship between persisting under adversity and organisational performance. However, we have no information about the maximum point of this curve. In short, in a failing course of action, decision-makers face a dilemma: do they quit (with the risk of missing an opportunity) or do they continue (with the risk of worsening the initial situation) (Drummond, 2014)?

Consequently, in the course of the process, decision-makers have to understand whether or not it is worth pursuing the efforts made to date if they find themselves facing a major setback. Our study therefore asks the following question: in what conditions is persistence an appropriate strategy in an organisation's project management? To answer our question, we performed a longitudinal study on the case of a tourist centre dedicated to wine culture: the Wine Culture and Tourism Centre (WCTC) in Bordeaux. Bordeaux is a French town, internationally reputed for its wine and seeking to reinforce its reputation through a large tourist facility. The project, emerging from a collective political will, was first launched in 1995 and, after a number of abortive attempts, will finally open in 2016. The project is interesting as it was developed within a latent organisation (Starkey, Barnatt, & Tempest, 2000), with Bordeaux town council as the key player, rather than within a firm's traditional boundaries, as in the majority of innovation management studies. Moreover, the interest of this case study lies in the sector investigated. Despite the great diversity of major projects (Winch, 2013) studied, no research to date has focused on innovative projects in traditional and conservative sectors with a strong historical legacy, such as the wine industry in the city of Bordeaux. This approach seems promising as tradition could be viewed as a counterweight to persistence in the pursuit of an innovative action that has failed to date. Our findings point to three conditions for appropriate persistence in an organisation facing a situation of failure. We show how persisting with a project in the event of failure makes sense: (1) if an emblematic leader is able to command a consensus, (2) if the environmental conditions surrounding the project change and new choice opportunities appear and (3) if the project makes a break with the past and is legitimised by the success of other, similar projects.

Theoretical background

Persistence in the face of adversity perceived as escalation of commitment

Many studies suggest that individuals are tempted to pursue the prevailing actions they are publicly committed to, despite manifest proof that the latter should be discontinued (Biyalogorsky, Boulding, & Staelin, 2006; Liang et al., 2014; Ross & Staw, 1986; Schaumberg & Wiltermuth, 2014; Sleesman et al., 2012; Staw, 1976, 1981). A well-known definition of escalation of commitment, a social psychology concept, is that of Brockner (1992, p. 40): "Escalation situations include repeated (rather than one-shot) decision making in the face of negative feedback about prior resource allocations, uncertainty surrounding the likelihood of goal attainment, and choice about whether to continue." As Winch (2013) suggested, escalation of commitment is a temporal process driven by the dynamic interplay of project-related, psychological, social and structural factors (Staw & Ross, 1987). Firstly, project-related factors include elements such as the cost/benefit comparison of pursuing or terminating the project (Liang et al., 2014; Northcraft & Wolf, 1984), the magnitude of fixed costs linked to pulling out, and the inherent difficulties in redeploying specific assets (Delios,

Inkpen, & Ross, 2004) or in evaluating the project's real performance (Bowen, 1987). In effect, in an ambiguous situation, the difference between success and failure is not always obvious (Levitt & March, 1988), making it difficult to define the limits beyond which a project should be considered as unacceptable (Bowen, 1987). Secondly, escalation of commitment is related to psychological factors. Cognitive factors correspond principally to any information processing that falls short of the hypothesis of perfect rationality. For example, the human tendency to put failure down to external and temporary causes could short-circuit potential organisational learning and lead to greater likelihood of persistence (Lant, Milliken, & Batra, 1992; Staw, 1981; Winch, 2013). Similarly, Jani (2011, p. 935) noted that "individuals with high self-efficacy, built upon a history of past successes, are more likely to persist with a failing course of action as they may continue to believe that they can turn around the failing situation." Emotions also influence escalation behaviours. For instance, anticipated regret about project withdrawal is positively related to escalation of commitment (Liang et al., 2014). Thirdly, social factors must also be taken into account to understand escalation of commitment behaviour. For example, maintaining an initial strategy, despite negative signals, allows the stakeholders not to lose face (Biyalogorsky et al., 2006; Brockner, 1992; Kisfalvi, 2000; Schaumberg & Wiltermuth, 2014) as retraction is often culturally perceived as a sign of weakness on the part of a leader (Choo, 2005). Staw (1976) effectively showed how hard it is to take a decision that could be interpreted as an admission of a past mistake. Finally, as Staw and Ross (1987) suggested, escalation of commitment may also be explained by structural factors that reflect the institutionalisation of a project within an organisation. Indeed, the project may well already have had a significant impact on the organisation (e.g.: creation of a new department) or have internal political support. This last argument highlights an important point, namely that escalation of commitment in a major project is seldom an individual decision but is more likely to be a multiparty event (Liang et al., 2014; Vit, 2011). The phenomenon should thus be considered in its own socioeconomic context. One way to do this would be to study the interaction between all of the stakeholders. Furthermore, when investigating escalation of commitment in a project, we should keep in mind that those responsible for planning and authorising the project may well have moved on (Drummond, 2014). Thus, longitudinal case studies implemented over time are useful to analyse this kind of behaviour since persistence certainly changes in nature when it involves different actors over a long period. An in-depth case study, integrating the socio-economic context, seems all the more important in that various papers have suggested that national culture influences the propensity to persist. According to the literature, Chinese and Mexican subjects are more likely to escalate their commitment than their U.S. counterparts (Liang et al., 2014), for instance. This is perhaps why persisting in the face of negative results is perceived so negatively in the USA, where the idea of "fail fast, fail often" (Babineaux & Krumboltz, 2013) is frequently defended. This implies that failure is socially accepted in the USA, but that individuals should not insist in the face of adversity. Is this behaviour always appropriate? Could the organisation be missing great opportunities in this way? Such questions are definitely worth raising.

Extension to the concept of persistence in a failing course of action

The literature suggests that persisting in a failing course of action is inappropriate for the organisation. Escalation of commitment implies economically non-rational behaviour, even if, strictly speaking, this does not mean that the outcomes of the said actions will ultimately be bad (Brockner, 1992; Royer, 2001, 2003; Staw,

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