

Managing Cross Cultural Differences in Projects

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Abstract

Effective use of cross-cultural project teams can provide a source of experience and innovative thinking to improve the likelihood of project success and enhance the competitive position of the organization. However, cultural differences and related conflicts can interfere with the successful completion of projects in today's multicultural global business community. To achieve project goals and avoid cultural misunderstandings, project managers should be culturally sensitive and promote creativity and motivation through flexible leadership. This paper describes the most well-known and accepted theories of cultural differences and illustrates them with examples from project management. These theories consider relations between people, motivational orientation, definition of self and others, attitudes toward time, risk, control, context, and the environment. We discuss motivation and training of multicultural project teams and relevant implications for project management. We provide specific examples of success and failure in multicultural projects and relate project performance to cultural differences. The paper concludes that multicultural project management can succeed through culturally-aware leadership, effective cross-cultural communication, mutual respect, and reconciliation. Without them, it is destined to fail.

Introduction

A project is defined as "a project is a temporary endeavor undertaken to create a unique product, service, or result." (Project Management Institute, 2008). A significant proportion of the World's Gross National Product is spent on projects, including design and construction of infrastructure, production and telecommunications facilities, software development, pharmaceutical research and development, defense systems, and many other types of projects. World Bank (2007) data indicate that 21% of the world's \$45 trillion gross domestic product is gross capital formation, which is almost entirely project-based. In China it is 43% and in India it is 33%. Project Management makes a significant contribution to value creation globally (Anbari, Bredillet, and Turner, 2008). Interest in project management and related success factors have been increasing steadily in recent years. Projects are often conducted in a multi-disciplinary, cross-functional, cross-cultural environment. This becomes even more evident in managing international projects, global organizations, outsourcing agreements, and other multi-cultural teams.

Anbari Khilkhanova, Romanova, and Umpleby (2004) point out that project managers in today's multicultural global business community frequently encounter cultural differences, which can enhance or interfere with the successful completion of their projects. Leading studies of cross-cultural management have been conducted by Hofstede (2000), Trompenaars and Hampden-Turner (1998), Aycan (2000), Hall and Hall (1990), and others. These studies propose a set of cultural dimensions along which value systems can be studied. Value systems affect human thinking, feeling, and acting, and the behavior of organizations and institutions in relatively predictable ways.

Cross Cultural Differences

Cultural dimensions reflect basic problems that with which any society has to cope but for which solutions differ. These dimensions can be grouped into the following categories:

Relations Between People

Hofstede distinguishes between *individualism and collectivism*. Trompenaars & Hampden-Turner break down this distinction into two dimensions: *universalism versus particularism* and *individualism versus communitarianism*.

Motivational Orientation

Societies choose ways to cope with the inherent uncertainty of living. In this category Hofstede identifies three dimensions: *masculinity versus femininity*, amount of *uncertainty avoidance*, and *power distance*. Trompenaars & Hampden-Turner distinguish between *achievement and ascription*.

Attitudes toward Time

Hofstede distinguishes between *long-term and short-term* orientations. Trompenaars & Hampden-Turner distinguish between *sequential and synchronic* orientations. Hall (1989) distinguishes between *monochronic and polychronic* attitudes.

Control

Trompenaars & Hampden-Turner distinguish between *internal control and external control*, where the culture believes that it controls its environment or that it works with it.

Socio-Cultural Dimensions

Aycan *et al.* (2000) propose further dimensions: *paternalism and fatalism*. In a paternalistic relationship, the role of the leader is to provide guidance, protection, nurturing and care to the subordinate, and the role of the subordinate, in return, is to be loyal and deferential to the leader. Fatalism is the belief that it is not possible to fully control the outcomes of one's actions and, therefore, trying too hard to achieve something and making long-term plans are not worthwhile exercises.

Context

Context is the information that surrounds an event. Hall & Hall (1990) suggest that high-context cultures have extensive information networks and require minimum information whereas low-context cultures require more background information before they can make a decision.

Convergers and Divergers

Convergers are action oriented, enjoy and are good at getting things done, and prefer to work on manageable, well-defined problems for which there is a single 'best' answer whereas divergers prefer reflection and observation, view situations from different perspectives, appreciate different points of view, and prefer to work on vague and ill-defined problems for which there are many alternative approaches.

Cultural Differences in Project Teams

In what follows we provide a brief description of the most relevant dimensions to managing cultural differences in projects. The following statements are not value judgments. They are intended to clarify cultural differences and facilitate their understanding to enhance project team performance. Discussing stereotypes at the extremes of cultures can be helpful in understanding these cultures. Individual behaviors within a given culture can vary greatly. Falk-Bánó (2004) specifies that "a stereotype can be helpful when it is consciously held, descriptive not evaluative, accurate, the first best guess about a group prior to having direct information, [and] modified, based on further observation and experience."

Power Distance

This describes the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society. In Hofstede's research, power distance is measured in a Power Distance Index (PDI). The values and attitudes found at the national level contrast "low-PDI countries" with "high-PDI countries", with some countries placed in between. High PDI countries include Malaysia and Mexico. Low PDI countries include Austria and Denmark.

Uncertainty Avoidance

This refers to the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured, novel, unknown, surprising, and situations different from the usual—typical project management settings, and the degree to which a society tries to control the uncontrollable. The countries from Hofstede's study were each given a score on an Uncertainty Avoidance Index (UAI). UAI was derived from country mean scores on questions dealing with rule orientation, employment stability, and stress. Hofstede's research found UAI values for 50 countries and three regions. The countries rank from Greece, Portugal, and Guatemala (highest UAI) to Singapore, Jamaica, and Denmark (lowest UAI).

Individualism, versus its Opposite, Collectivism

This is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family. "Individualism stands for a society in which the ties between individuals are loose: Everyone is expected to look after him/herself and her/his immediate family only. Collectivism stands for a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetimes continue to protect them in exchange for unquestioning loyalty" (Hofstede, 2000, p. 225). National differences in Individualism are calculated in an Individualism Index (IDV). The highest IDV scores were found in the USA, Australia, and the UK. The lowest IDV scores were found in Guatemala, Ecuador, and Panama.

Control

Trompenaars & Hampden-Turner (2003) identify *internal versus external control* where the culture believes that it controls its environment or works with it. They describe this distinction as follows:

Relations with Nature

Every culture has developed an attitude towards the natural environment. Survival has meant acting with or against nature. The way we relate to our environment is linked to the way we seek to have control over our own lives and over our destiny or fate.

Internalistic people have a mechanistic view of nature. They see nature as a complex machine and machines can be controlled if you have the right expertise. Internalistic people do not believe in luck or predestination. They are 'inner-directed' - one's personal resolution is the starting point for every action. You can live the life you want to live if you take advantage of the opportunities. Man can dominate nature - if he makes the effort.

Externalistic people have a more organic view of nature. Mankind is one of nature's forces, so should operate in harmony with the environment. Man should subjugate to nature and go along with its forces. Externalistic people do not believe that they can shape their own destiny. 'Nature moves in mysterious ways', and therefore you never know what will happen to you. The actions of externalistic people are 'outer-directed' - adapted to external circumstances. (Trompenaars & Hampden-Turner, 2003).

The "environment" can also be the state or government. Hence, externalistic people often feel they have no control of the government. Also, external control can mean that the government controls the lives of individuals, as in an authoritarian state. Internalistic people are more likely to feel they can influence the government, and they look to themselves rather than to society for rules to govern their behavior. As an example, people in the formerly communist countries are going through a transition from external control of their lives to development of their own personal rules of internal control.

Masculinity versus its Opposite, Femininity

This refers to the distribution of work roles between the genders. Masculinity stands for a society in which gender roles are clearly distinct. Men are supposed to be assertive, tough, and focused on material success. Women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which gender roles overlap. Both men and women are supposed to be modest, tender, and concerned with the quality of life. Hofstede called this dimension the Masculinity Index (MAS). It shows Japan at the top with high gender roles distinction at work. German-speaking countries (Austria, Switzerland, and Germany) scored high; so did the Caribbean Latin American countries Venezuela, Mexico, and Colombia, and Italy. The Anglo countries (Ireland, UK, South Africa, USA, Australia, New Zealand, and Canada) all scored above average. Asian countries, other than Japan, were in the middle. The feminine side includes other Latin countries (France, Spain, Salvador, etc.). At the extreme “feminine” pole were the Nordic countries including Sweden, Norway, and the Netherlands.

Long-Term versus Short-Term Orientation

This refers to the extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs. Hofstede’s research shows scores on a Long-term Orientation Index (LTO) for 23 countries. East Asian countries (China, Hong Kong, Taiwan, Japan, and South Korea) scored highest. Western countries were on the low side, and some developing countries (Zimbabwe, Philippines, Nigeria, and Pakistan) scored lowest. Managers in long-term oriented cultures are used to working toward building strong positions in their markets, do not expect immediate results, and are allowed time and resources to make their own contributions. In short-term oriented cultures the “bottom line” is a major concern; control systems are focused on it and managers are constantly judged by it.

Time orientation

Trompenaars & Hampden-Turner (2003) identify *sequential versus synchronic* cultures as follows:

Sequential vs. Synchronic cultures

Every culture has developed its own response to time. The time orientation dimension has two aspects: the relative importance cultures give to the past, present, and future, and their approach to structuring time. Time can be structured in two ways. In one approach time moves forward, second by second, minute by minute, hour by hour in a straight line. This is called **sequentialism**. In another approach time moves round in cycles: of minutes, hours, days, years. We call this **synchronism**.

People structuring time sequentially tend to do one thing at a time. They view time as a narrow line of distinct, consecutive segments. Sequential people view time as tangible and divisible. They strongly prefer planning and keeping to plans once they have been made. Time commitments are taken seriously. Staying on schedule is a must.

People structuring time synchronically usually do several things at a time. To them, time is a wide ribbon, allowing many things to take place simultaneously. Time is flexible and intangible. Time commitments are desirable rather than absolute. Plans are easily changed. Synchronic people especially value the satisfactory completion of interactions with others. Promptness depends on the type of relationship

Past-oriented cultures

If a culture is predominantly oriented towards the past, the future is seen as a repetition of past experiences. Respect for ancestors and collective historical experiences are characteristic of a past-oriented culture.

Present-oriented cultures

A predominantly present-oriented culture will not attach much value to common past experiences nor to future prospects. Day-by-day experiences tend to direct people's lives.

Future-oriented cultures

In a future-oriented culture most human activities are directed toward future prospects. Generally, the past is not considered to be vitally significant to a future state of affairs. Planning constitutes a major activity in future-oriented cultures. (Trompenaars & Hampden-Turner, 2003).

Context

Hall and Hall (1990) specify that high-context cultures have extensive information networks, require a minimum of background information, and agreements are enforced by personal connections. Low-context cultures require more background information before they can make a decision and agreements are enforced by law, rules, and procedures. Falk-Bánó (2004) points out that conflicts and frictions in international organizations are “caused by the differences between high-context and low-context cultures.... High-context people think low-context people talk down to them.” She indicates that this “is not always and not necessarily meant to show some sort of superiority, it may be caused by differences in cultural context.” This idea can be extended to include background information on the terminology, methods, tools, and techniques used widely in the project management community.

Convergers and Divergers

Umpleby (2004) argued that Europeans and Americans have different patterns of thinking that can be reflected by two mainstreams of philosophy: German idealism (and French rationalism) versus American pragmatism (and British empiricism). Americans tend to focus on what is happening in the world while Europeans emphasize what is happening in the mind. These two philosophical positions can be traced back to the philosophies of Aristotle and Plato. The principles and rules of these philosophical positions have been incorporated into and reflect social institutions and national culture. Americans (and Britons) tend to “reason down” to social implications while Europeans tend to “reason up” to social contexts.

Borrowing the terms Hudson (1966) used to describe two kinds of conceptualizers, we associate Americans with *convergers* and Europeans with *divergers*. It is an observable fact that Americans usually look for examples and implications whereas Europeans usually focus on larger contexts. For example, if a proposition is presented to an American audience, the first question is likely to be “how can the principle be applied in practice?” However, a European audience will tend to ask “from what philosophical position is that proposition derived?” (Cho, Ruggia & Umpleby, 2008). After a presentation by two American management professors at a conference in Prague, Czech Republic, the Americans thought they had made a good presentation and then asked for questions. At first there was silence. The audience seemed puzzled. Finally, a Czech scientist raised his hand and asked, “Well, that might work in practice, but does it work in theory?” The American authors laughed. They had never heard that question before. In the U.S. a common question is, “That may work in theory, but does it work in practice?” This does not mean that Americans only reason down while Europeans only reason up. Both convergent and divergent thinking are used in project actions, information processing, and problem solving.

Convergers and Divergers are different in several aspects. Mitroff and Blankenship (1973) referred to these two kinds of thinkers. Convergers tend to work on manageable, well-defined problems where a single “best” answer can be found. In problem solving, they converge (reason down) taking general ideas—the goals and non-specific solutions—and creating specific solutions that form an application. From Hudson’s (1966) description, convergers are good at conventional intelligence tests or other kinds of single-best-answer questions. Their way of thinking is more analytical, focusing on gathering information, identifying the familiar, applying a known set techniques, and preserving learned knowledge and skills. Instead of considering the whole picture, they are more “parts” oriented. Divergers are able to work on vague and ill-defined problems where there are many alternatives and possibilities. Hudson (1966) observed that divergers are very “creative” and are substantially better at open-ended tests than at the usual intelligence tests because of their ability to “reason up”. Their way of thinking is more synthetic, combining two or more pre-existing elements and resulting in the formation of something new. That is why divergent thinking is often associated with “creativity (Guilford, 1956; Hudson, 1966).” With the ability to handle different alternatives and possibilities; they take a “whole system” orientation, considering larger categories rather than specific parts. Kolb (1984) identified four learning styles according to how learners perceive and process information. The four types of learners he identified are *divergers*, *assimilators*, *convergers*, and *accommodators*. To articulate our primary concern on convergers and divergers, we only address these two types of learning. Kolb describes convergers as those who perceive the world through abstract conceptualization and process it through active experimentation. They learn by thinking and doing. They are good at manipulating abstract symbols as well as doing quantitative analysis. They are pragmatists, concerned with what works as opposed to what is true. When encountering problems, convergers usually approach problems analytically and scientifically. They are called

convergers because they can quickly converge from different ideas to a conclusion or find a single, correct answer to get things accomplished.

Divergers, in contrast, learn by absorbing information concretely and observing reflectively. They enjoy relating to people and are good at using imagination. They are observers, emphasizing understanding instead of practicality, and they are concerned with what is true or how things happen as opposed to what will work. When encountering problems, divergers view situations from different perspectives and appreciate different points of view. They perform well in situations that call for the generation of alternative ideas, such as brainstorming.

To explore the idea that languages reveal meanings and patterns of thoughts, a study was conducted with 16 Russian and 24 American managers, using the Associative Group Analysis (AGA) method. In the study, 84 stimulus words were given. For each stimulus word, respondents wrote down associated words within 1 minute. Exhibit 1 is an example of one of the results of the study.

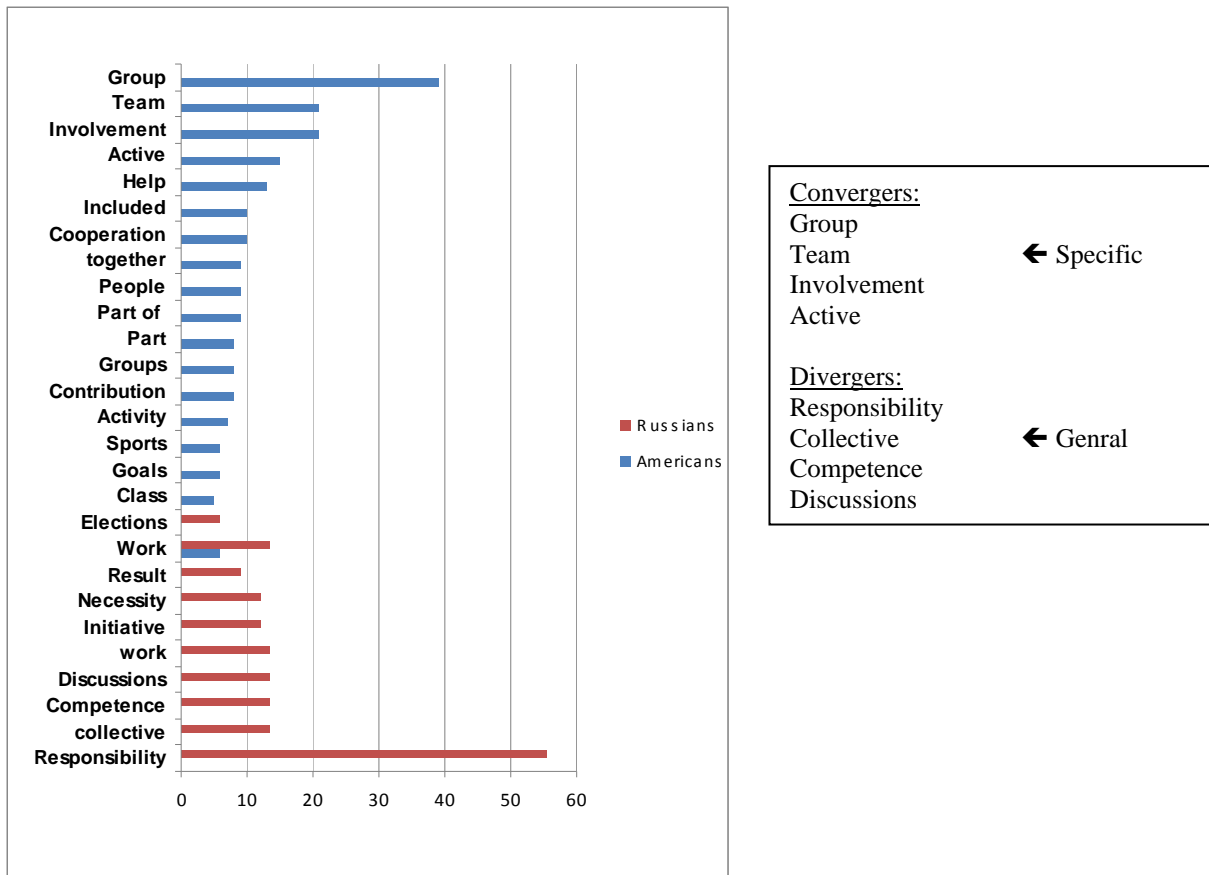


Exhibit 1: Results of the Associative Group Analysis for the stimulus word: “participation”

There are three main findings in the study. First, the associated words from two groups did not overlap much. Second, for each stimulus word, Americans generally write down more associated words than Russians do. Third, Americans tend to “look down” to specifics to find meaning, whereas Russians tend to “look up” to more general categories. The data from this study suggest that Europeans look for meaning in context or larger categories whereas Americans look for meaning in specifics and applications. This difference in thinking explains why general theories are more popular in Europe than in the US. The different ways of establishing meaning also lead to differences in standards, policies, and practices. Relevance to project management theory and practice include: 1) change management—identifying different meanings of “time,” “planning,” “control,” etc. for different cultural groups can aid in reaching a common understanding, 2) conflict management—understanding the mental representations behind the language improves communication and helps meet underlying needs, and 3) knowledge management—theories combined with applications benefit innovation, knowledge transfer, and diffusion. Impact on communications management, human resource management, and other areas in project management is worthy of careful analysis.

The distinction between convergers and divergers is not currently common in textbooks on cross-cultural management. However, the authors have found that this difference occurs fairly frequently in discussions between Americans and Europeans. Neither convergent thinking nor divergent thinking can be solely used to lead projects, pursue opportunities, or solve problems. For example, during the design phase of a project, the project team needs divergent thinking to generate many possibilities and creativity. Once the project team decides to act, the project team must distill one feasible plan for the project from many options. Convergent thinking is needed at this stage.

Other Considerations

Hofstede's research did not include Central and Eastern Europe. He hypothesized that Russian managers would be characterized by high power distance, high uncertainty avoidance, medium-range individualism, and low masculinity (low gender role distinctions at work). Bollinger (1994) found support for these predictions. Elenkov (1998) found that USA managers are more individualistic than their Russian counterparts and that the managerial culture in the USA is characterized by lower power distance and uncertainty avoidance than the Russian managerial culture. Aycan *et al.* (2000) found Russian managers to have high scores on both paternalism and fatalism.

Motivation and Training of Multi-Cultural Project Teams

Cultural differences among project team members may create additional misunderstanding and difficulties for motivation and training. Kohls (1981) and Marquardt and Kearsley (1999) discussed the differences between Western and non-Western cultures that can be used to clarify the impact of diverse values on motivation and training. Exhibit 2 identifies areas in which a clash of cultural values may result in conflicts that can impact project outcomes negatively using a minus sign (-).

Youker (2004) provides an example from the time he taught project management courses in China in the early 1980s. He specifies that "it was difficult to get participants to answer questions in class. The culture held that individuals should not place themselves ahead of the group. To solve that problem we would have groups discuss the questions and we assigned one person to be spokesman. That worked fine because it fit with the culture. Now after 20 years I understand that aspect of culture has changed." He points out that in Sub-Sahara Africa the extended family system is an integral part of the culture. He specifies that the "extended family system is a wonderful social security system in a very uncertain environment. But it is also a barrier to developing a modern economy. It makes accumulation of capital for business difficult. It leads to nepotism instead of an honest civil service system." He supports the recommendation of Muriithi and Crawford (2003) of joining these norms instead of fighting them, by using family and community networks to improve compliance and performance.

Implications for International Project Management

Project teams share the cultures of their society and organization. Project management techniques and training, developed primarily in individualist countries, are based on cultural assumptions that may not hold in collectivist cultures. Project management skills include communications and managing performance. However, in managing teams with members from collectivist societies, one should note that discussing a person's performance or abilities openly with him or her may be felt by the team member as an unacceptable loss of face. Such societies have more subtle, indirect ways of communicating feedback, such as through the withdrawal of a normal favor or verbally via a mutually trusted intermediary.

Western Cultural Values	Non-Western Cultural Values	Impact on Project Management
Individualism	Collectivism/Group	+
Achievement	Modesty	x
Equality/Egalitarianism	Hierarchy	-
Winning	Collaboration/Harmony	+
Guilt (internal self-control)	Shame (external control)	x
Pride	Saving face	x
Respect for results	Respect for status/ascription	+

Respect for competence	Respect for elders	–
Time is money	Time is life	–
Action/doing	Being/acceptance	–
Systematic/mechanistic	Humanistic	–
Tasks	Relationships/loyalty	–
Informal	Formal	–
Directness/assertiveness	Indirectness	–
Future/change	Past/tradition	–
Control	Fate	–
Specific/linear	Holistic	+
Verbal	Non-verbal	+
(+) = Positive impact of combining both values on outcomes	(-) = Negative impact of combining both values on outcomes (culture clash)	(x) = No direct impact on outcomes
Adapted from Kohls (1981); Marquardt & Kearsley (1999)		

Exhibit 2: Value Differences between Western and Non-Western Cultures

In collectivist/particularistic/communitarian cultures greater attention is given to the obligations of relationships. In individualist/universalist cultures, the law and social norms take precedence over friendships. The concept of *guanxi* in Asian business refers to personal connections which are extremely important in these societies. This is a consequence of collectivism, long-term orientation and paternalism. One's capital of *guanxi* lasts a lifetime, and should not be destroyed for short-term, bottom-line reasons (Yeung & Tung, 1996). Trompenaars & Hampden-Turner distinguish between *achieved* and *ascribed* status. Achievement means that a person is judged on what he or she has accomplished. Ascription means that status is attributed to a person based on birth, kinship, gender, or age, and on his or her connections and educational record. In an achievement culture, the first question is likely to be "What did you study?" while in an ascription culture the question will more likely be "Where did you study?" Only if it were a poor university or one they do not recognize will ascription people ask what the respondent studied; and that will be to enable the respondent to save face.

Youker (2004) argues that to be effective project managers in an environment "we must know what the values, beliefs and norms are in that culture." He indicates that cultures change over time, and that we need to identify and understand the local culture by reading books and articles, talking to people in the society, looking, listening, and discussing. He specifies, "We need to try to identify the values, beliefs and norms and then try to accommodate to them at the same time being aware of the culture we bring from our own society."

Organizations and project teams can become more mature in managing cultural differences. Trompenaars and Hampden-Turner describe such maturity as moving from recognizing to respecting to reconciling cultural differences. They define reconciliation as "an approach where the two opposing views can come to fuse or blend - where the strength of one extreme is extended by considering and accommodating the other" (Trompenaars and Hampden-Turner, 2003). These stages provide a way of describing the evolution of maturity of management of cultural differences in project teams and how well the project team is coping with these differences (Exhibit 3).

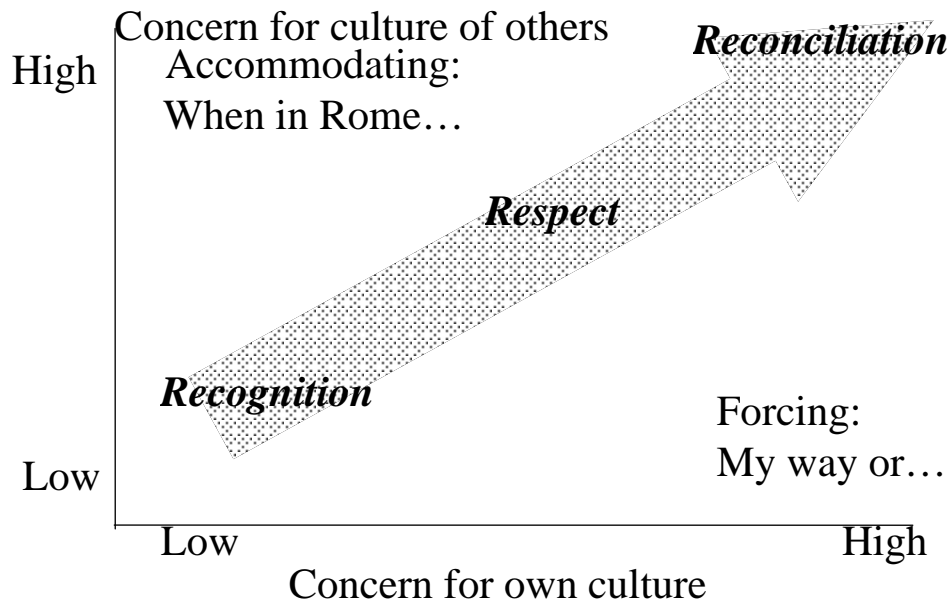


Exhibit 3: Cultural maturity
Adapted from: Trompenaars & Hampden-Turner, 2003

Examples of Successful and Failed Projects

A Successful Project

There are many examples of successful management of cross-cultural, international projects. The Year 2000 (Y2K) projects were conducted by public and private organizations around the globe. Diligent multi-cultural teams cooperated to prepare and remediate computer systems, outdated software code, telecommunications networks, imbedded systems, and other infrastructure for the millennium date change. Countries and organizations throughout the world recognized that while maintaining management of their own Y2K projects, they would gain from sharing information on their project plans, progress, problems and successes. "Y2K was fascinating in terms of how to get one's arms around a subtle problem that crossed a wide sweep: 180 countries, 50 states, the entire U.S. economy, and the whole U.S. Government. We will not have to do it again in the near future, however the lessons learned from the exercise will be invaluable in addressing other management issues." (U.S. Department of State, 2001). Even organizations in cultures not normally accustomed to collaboration realized the value and importance of sharing information and knowledge. Public and private organizations throughout the world formed networking and information sharing partnerships to respond to Y2K challenges, risks, and problems. "Y2K was the first time that the international community all rose to the challenge and worked together to meet a common threat; international cooperative efforts did not compromise anyone's sovereignty or commercial interests." (U.S. Department of State, 2001).

The enormous success of the huge number of Y2K projects worldwide was very impressive. After the resounding successes, some claimed that the problem may have been initially exaggerated. Others may consider that to be the nature of successful projects: if the problem is solved, no one should notice it! Nonetheless, most agree that very important lessons were learned in successful global project management. "In effect, we should not call what happened a Y2K success, but rather a management success." (U.S. Department of State, 2001).

A Failed Project

There are also many examples of failures in the management of cross-cultural, international projects. The Iridium project launched 66 low orbiting satellites, to produce a telecommunication network that would cover the globe

allowing anywhere to anywhere communications. It was the largest telecommunications project ever undertaken, costing \$5 billion and involving several widely respected high technology organizations and about 6,000 engineers, technicians and business administrators in 26 countries.

During its planning, design, and early implementation stages, the project was expected to be a major success (Fabris, 1996). Iridium achieved some of its technical, delivery, and operational objectives. However, it was a dismal commercial and financial failure, ultimately forcing Iridium LLC to file for bankruptcy (Cauley, 1999) and to be sold for a mere \$25 million (Fitzgerald Communications, 2000).

Cross-cultural communications problems may have played an important role in the demise of Iridium. "Iridium's international structure has proved almost impossible to manage: The 28 members of the board speak many languages, turning meetings into mini-U.N. conferences complete with headsets translating the proceedings into five languages" (Cauley, 1999). The Chief Executive Officer fired a direct report for failing to come back quickly enough from vacation to be at the start of a meeting, and left another at a remote launch site for failing to show up by the designated departure time of the corporate jet. He "set up a chart with red, green and yellow cars to illustrate which consortium partners were on schedule, which were lagging, and which were far behind. According to one person who was there, several partners who had been tagged with red cars refused to talk to him after the meeting." (Cauley, 1999).

Analysis of Successful and Failed Projects

The above examples illustrate the stages of maturity in managing cultural differences -- recognizing, respecting, reconciling. The Y2K design respected national and organizational cultural differences, trusted self-interest to provide motivation, and relied on each group to fix its systems. The Iridium project was run by a hard-nosed executive who appeared to be extremely focused on the stated project targets with limited consideration for cultural differences.

Since the schedule was imposed externally, Y2K projects avoided most cultural issues by granting autonomy to nations and organizations and just sharing information. Iridium, by trying to incorporate many people into one organization with tasks and schedules and reporting relationships imposed by the organization, encountered numerous difficulties. It could be argued that Y2K projects were very unusual -- an unchangeable schedule, strong self-interest to provide motivation, ample funding by executives fearful of liability, and no secrecy or competition in sharing solutions, due to fear of cascading failures. The result was that autonomy and trust were maximized. With Y2K it was only necessary to share information, first about the threats and then about solutions and contingency plans. Managing specific projects and achieving their scope, cost, time, and quality objectives were handled by the performing organizations.

The difference between Y2K and Iridium could be considered similar to the difference between a market economy and central planning. A market economy maximizes the autonomy of the producing units. Profit and fear of bankruptcy, provide the motivation. Speed and scheduling are provided by the need to beat the competition, or to fulfill the contract. Organizations with very different national or corporate cultures can cooperate smoothly because what matters are the product or service and the price. How organizations function internally is much less important, as long as they are operating within the laws of each country. Information is shared by various methods including business and engineering schools, conferences, and journals. Managers adopt the latest technologies and methods to be competitive. They need not be told to be innovative. Customers choose the best value for their money, and decide who wins and who loses, which companies grow and which go out of business. Centrally planned economies involve rules and rigid hierarchies. Although they can be effective in enforcing common patterns of behavior over large areas, they are rarely innovative.

Conclusions

Diversity is increasing in many countries, and globalization is leading to a growing number of international projects. Cultural differences can either be a source of creativity and enlarged perspectives, or they can be a source of difficulties and miscommunication. The literature on cultural differences is steadily increasing and now provides very helpful conceptual frameworks for understanding the different points of view encountered when managing

cross cultural differences in projects. Managers of multi-cultural project teams can increase their effectiveness and their firm's competitiveness by making use of this literature.

To achieve project goals and avoid potential risks, project managers should be culturally sensitive and promote creativity and motivation through flexible leadership. Project management can succeed in a cross-cultural environment through effective leadership, cross-cultural communication, mutual respect, and reconciliation. Without them, it is destined to fail.

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