

Managing Cultural Differences in International Projects

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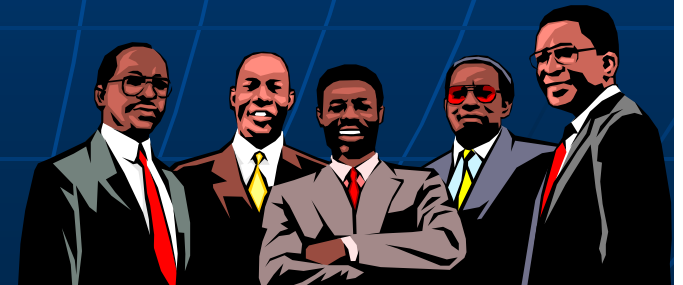
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Cross-Cultural Project Teams

- An increasing number of:
 - International projects
 - Global organizations
 - Outsourcing
 - Multi-cultural project teams
- Growing body of research and literature on cultural differences



Widely accepted studies

- G. Hofstede's studies of IBM employees in many countries
- F. Trompenaars and C. Hampden-Turner's more recent studies of cultural differences
- Z. Aycan, et al.'s socio-cultural dimensions
- L. Harrison's work on the cultural foundation of economic growth

1) Relations between people

- Individualism vs. communitarianism – the individual is more important than the group or the group is more important than the individual

↑ USA, Australia, UK

↓ Guatemala, Ecuador, Panama

- Universalism vs. particularism – a rule-oriented society (a well-developed legal system) vs. a person-oriented society



2) Motivational orientation

- Masculinity vs. femininity – sharply defined roles for men and women vs. similar roles
 - ↑ Japan, Austria, Germany ↓ Sweden, Norway, Netherlands
- Uncertainty avoidance – seeking to avoid uncertainty vs. tolerating high uncertainty
- Power distance – people feel comfortable with large differences in power among people or they prefer equality
 - ↑ Malaysia, Mexico ↓ Austria, Denmark

3) Attitudes toward time

- Long-term vs. short term orientation – patient about results or not

↑ China, Japan, South Korea ↓ Western countries, Nigeria, Pakistan

- Sequential vs. synchronic – prefer to do tasks one at a time or comfortable doing several things at once

- Inner vs. outer time – preference for working on one's own schedule or comfortable working on group's schedule

4) Control

- Internal control vs. External control
 - The culture's belief that it controls its environment or works with it
 - Implications for (newly) democratic systems

5) Socio-cultural dimensions

- Paternalism – superiors provide guidance, protection, and nurturing while subordinates are loyal and deferential
- Fatalism – the belief that it is not possible to control the outcomes of one's actions, so hard work and long-term plans are not worthwhile

Western vs. Non-Western Values

- | | | |
|-------------------------|---|-----------------------|
| ■ Individualism | + | ■ Collectivism/ group |
| ■ Winning | + | ■ Harmony |
| ■ Respect for results | + | ■ Respect for status |
| ■ Specific/ linear | + | ■ Holistic |
| ■ Verbal | + | ■ Non-verbal |
| ■ Achievement | x | ■ Modesty |
| ■ Internal self-control | x | ■ External control |
| ■ Pride | x | ■ Saving face |

Western vs. Non-Western Values

- Equality - ■ Hierarchy
- Respect competence - ■ Respect for elders
- Time is money - ■ Time is life
- Action/ doing - ■ Being/ acceptance
- Systematic - ■ Humanistic
- Tasks - ■ Relationship/ loyalty
- Informal - ■ Formal
- Assertiveness - ■ Indirectness
- Future/ change - ■ Past/ tradition
- Control - ■ Fate

Year 2000 (Y2K) project

- Each nation and organization set up its own year 2000 (Y2K) computer project
 - Information was widely shared among technical specialists in meetings, papers and various media
 - People recognized all would benefit by sharing information
 - Top management supported and funded this project

Y2K results: A successful project

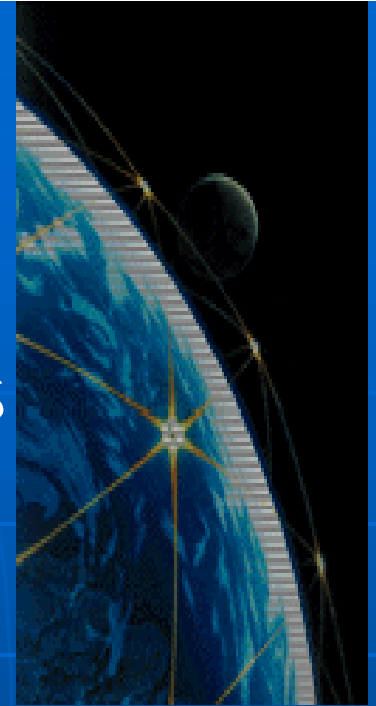
- Millions of Y2K projects completed worldwide with resounding success
 - Ahead of Schedule
 - Generally below budget
 - With no significant failures

Iridium project: Anywhere to anywhere communications



Iridium project

- A satellite telecommunications network costing \$5 billion and involving 6,000 engineers and managers in 26 countries
- Used proven project management methods and promising practices
- Capability Maturity Model:
Level 3 → Level 4

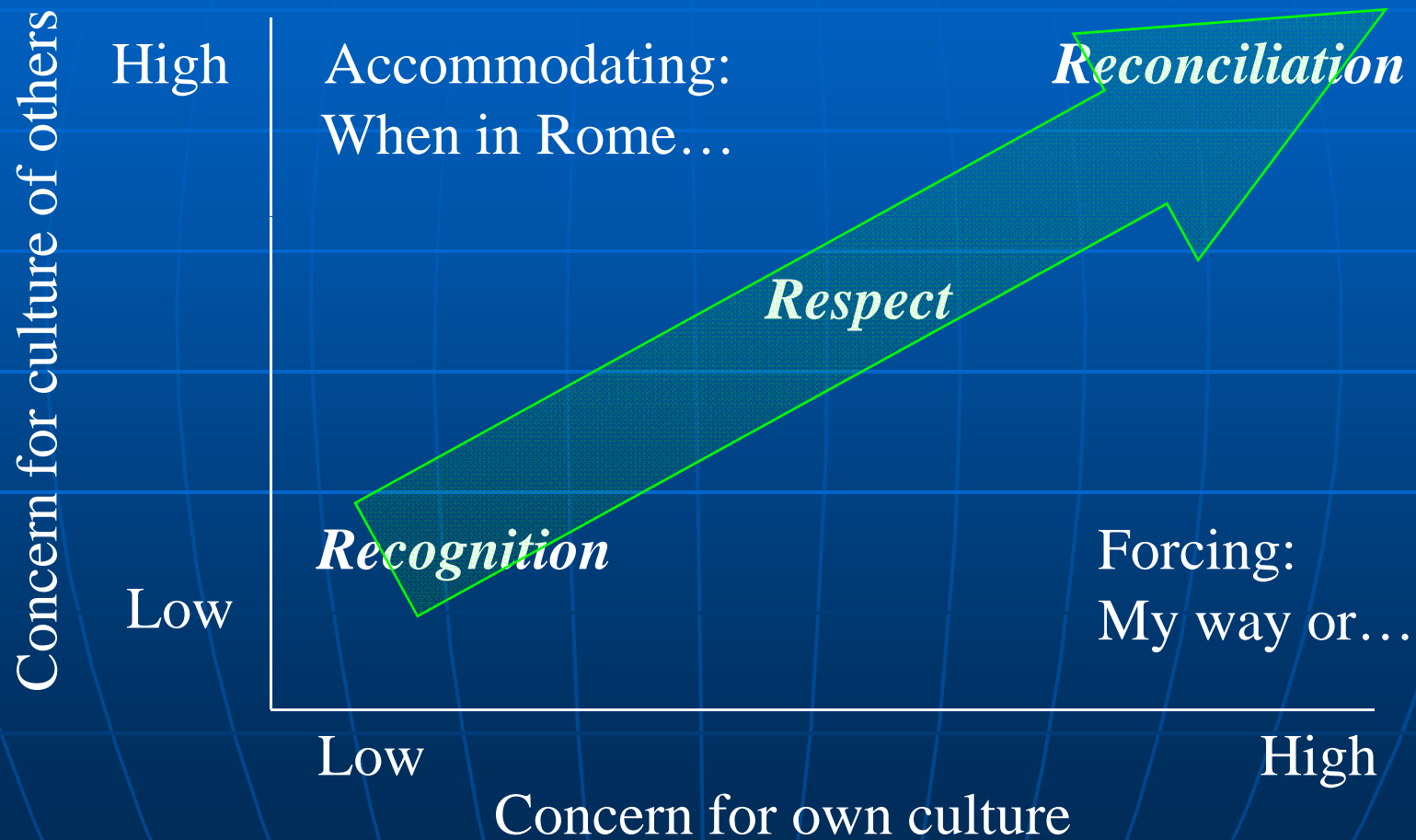


Iridium project results: A failed project



- The international structure was almost impossible to manage – many languages, cultural differences, different styles of management and communication
- Cost: US\$3.4B → US\$5.0B
- Implemented in 1998-1999
- Bankrupt in 2000 → Sold for US\$25 million

Cultural maturity



Reconciliation

- “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 & Hampden-Turner, 2003

Conclusions

- There is an increasing number of international, multi-cultural projects
- Multi-cultural teams can provide experience and innovative thinking
- Cultural differences can be seen as an asset
- Managers need to be culturally sensitive and use flexible leadership to promote creativity and innovation

Questions?



Thank you!

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