

CULTURAL COMPLEXITIES IN MULTINATIONAL PROJECTS

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Introduction

The past 50 years have seen the birth of Project Management as a discipline in its own right. That is, outside the scope of “construction engineering” or “military and large government initiatives”. The turning point was marked by the establishment of the Project Management Institute® in the US, promoting the discipline to all fields in both the private and public sectors.

About 50 years earlier, Management Consultancy was born as a discipline with the first two firms to operate as such being *Arthur D. Little* and *Booz Allen Hamilton*.

Since then, management consultancy grew rapidly and evolved to address a wide spectrum of needs that aimed at achieving higher efficiency and growth, which it went on to do successfully until globalisation started and large organisations began to expand overseas. They were hit by the first lessons of cultural impact on business practices. Not only did well-established management practices in the US fail to work in Japan and elsewhere, they furthermore proved inimical and were detrimental to results.

The perceived virtues of “getting down to business”, “openly addressing conflicts” and “holding responsible persons accountable for their actions” were often seen as “impolite and lacking in personal relation”, “rude and damaging to harmony” and “improper attempts to signal out an individual rather than the group” respectively.

The results were astonishing; multi-million joint ventures broke with ill feelings because the first management consultants did not consider the impact that a different culture can have on their (very successful at home) theories.

Following that first experience, various studies and research sprang to try and understand the above and find ways to best address the cultural complexities. One of the most notable, and by far the largest study of its time, was conducted by the social psychologist Geert Hofstede.

Hofstede’s research and findings, which are later elaborated in this paper, have had a profound positive effect on multinational businesses. Many large organisations use it to date to fine tune their management approach outside their home countries.

Today’s global market has impacted projects and programmes in no lesser way than it has processes. Indeed, one can argue that multiculturalism has a more profound effect on projects simply because projects involve multiple parties or organisations, that necessitate the building of temporary working relationships with persons who may come from a different corporate culture. Add to that the national (or ethnic, or religious, etc) cultural aspect, and you have yourself a real challenge.

Can we then apply our lessons learnt from studies of multiculturalism effect on businesses and processes to projects? Without a doubt the answer is yes. The effect different cultures have on various disciplines may differ, however, their effect on our values is the same. Hofstede’s research identified the major cultural aspects (dimensions) and some of their effects. It is up to us to identify how they apply within the context of project and programme management.

A Word about Culture

When invoking a study involving different aspect of cultures, one must first answer to the question of what is Culture? What does the term mean to us?

Such an answer or discussion, could merit an entire library by itself. The meaning of culture has been much debated by many anthropologists and sociologists, and definitions would vary according to the context in which the term is used.

What I should therefore do is to present a specific definition of “culture” that relates to this paper.

Culture is a unique aspect of mankind. It reflects how we differ from other people as well as from the animal world. Human behaviour is the product of very complex learning process that takes place within a cultural context.

Culture is not a characteristic of an individual; it encompasses a number of people who were conditioned by the same education and life experiences. When we speak of the culture of a group, a tribe, a geographical region, a national minority, or a nation, culture refers to the collective mental programming that these people have in common; the programming that is different from other groups, tribes, regions, minorities or majorities, or nations.

Culture does not only exist in the minds of the people, however, it does become crystallised in the institutions these people have built together: their family structures, educational structures, religious organisations, associations, forms of government, work organisations, law, literature, settlement patterns, buildings and even scientific theories. All of these reflect common beliefs that derive from the common culture.

Culture therefore, is the collection of values, norms, beliefs, customs, institutions and forms of expressions which reflects the thoughts, feelings, actions and interests of people.

The following selected four definitions, are the closest to our present purpose:

“the act of developing the intellectual and moral faculties especially by education” **Merriam Webster Dictionary**

“the ideas, customs, and social behaviour of a particular people or society” **Oxford Dictionary**

“the way of life, especially the general customs and beliefs, of a particular group of people at a particular time” **Cambridge Dictionary**

“the collective programming of the mind which distinguishes the members of one group or category of people to others” **Geert Hofstede**

- Culture is a collective phenomenon and not to be confused with personal traits or individual personality.
- Culture is learnt from one’s social environment. It is not inherited.
- Culture is relative. That is, a culture has no absolute criteria for judging the activities of another culture as “low” or “noble”.

With particularly the last point in mind, it is important to note the if certain efficient working practices fail to be so in another culture, this is by no means an indication that the first culture is superior to the second. Not even within the professional context. The only conclusion that can be drawn is that the approach of these working practices is not adept for that second culture. Identifying and implementing a culturally adept approach, may result the same or even better efficiency than the first culture.

One needs only to contemplate the following few countries in this context to grasp the sense of the above: USA, China, Germany, Japan, Malaysia, Switzerland.

And there are many more.

Culture and Value

There are various levels of culture such as national, regional, religious, gender, social etc., to which almost everyone belongs to more than one.

The very core of each layer of culture is “value”, that is: our placing more value on one state of affair to another. The end result is often that of multiple layers interacting together; a rather fascinating and very complex dynamic that we will leave to the expert psychologists to continue to explore. For our own end, we must satisfy ourselves in considering the value effect of a culture as a whole. That is, given that we are setting up a subsidiary in the *Tunisian* capital in joint venture with a *local company*, what cultural considerations should we be aware of to minimise conflict and maximise efficiency and cooperation?

Below are a few examples of how certain cultures may place more value on one state than the other.

- Family wellbeing vs. wealth and power
- Group harmony vs. individual achievement
- Scientific development vs. religious teaching
- Democratic decision making vs. patriarchal dictation

Geert Hofstede and the Cultural Dimensions

Professor Geert Hofstede is a social psychologist that conducted one of the most comprehensive studies of how values in the workplace are influenced by culture.

In the early 1970s, Hofstede and his colleagues carried out a major systematic study of work related attitudes based on two questionnaire surveys, which produced a total of 116,000 responses from over 70 countries around the world, making it by far the largest organisational-based study ever carried out.

The respondents were all sales and service employees of subsidiaries of IBM, including sales clerks, professional engineers, and top managers. Care was taken to ensure that the groups were similar in terms of age and education so that the only real differences were their country of origin and its culture.

The original study revealed four main areas where the cultures varied (results by country are listed in the appendix):

Power-Distance

The power-distance dimension is concerned with how far the culture encourages superiors to exert power. In a high power-distance culture such as in parts of Asia and the Middle East, that is what being a boss means. Inequality is accepted. “a place for everyone and everyone in his place.”; so employees are frequently afraid to express disagreement with their bosses, and prefer to work for managers who take the decisions (and the responsibility) and then simply tell them what to do. This is often reflected in the country’s social organisations and political structure, where a one-man autocracy (the head of the family, organisation or state) is accepted and respected.

In a low power-distance culture, such as Denmark and New Zealand, superiors and subordinates consider each other to be colleagues, and both believe that social inequality in society should be minimised. Employees are seldom afraid to disagree and expect to be consulted before decisions are made.

Uncertainty Avoidance

This is the ease with which people within the culture cope with novelty. In a high uncertainty avoidance culture there is a history of life being threatened by factors that cannot be controlled. These cultures compensate by imposing laws and controls wherever it is possible to do so and the people feel a need for clarity and order.

The value is placed on “age old wisdom” rather than the “risky behaviour of the young and inexperienced”.

In low uncertainty avoidance cultures eccentrics are accepted and almost encouraged. As a result, there is a great deal of creativity and inventiveness.

Individualism/Collectivism

Individualism is the degree to which a culture encourages people to take personal responsibility for their lives. In a collectivist country, that attitude is not encouraged. A person is not seen as an individual, but as one component of a group.

USA and Britain are two of the most individualistic countries in the world; “I” is the most commonly used word in the language. The emphasis is on individual initiative and achievement, with everyone entitled to a private life and opinion.

Eastern countries in general are far less individualistic than their Western counterpart. The emphasis is on belonging to the extended family or tribe which gives protection in exchange for loyalty. Individual achievement, which separates the person from the group, is discouraged. For an achievement to be valued, it must reflect on the group as a whole. Even guilt is not an individual entity; it brings shame on the whole group. Collectivism is probably the strongest of all the cultural dimensions and even extends to the working group, which must operate as a family rather than a group of individuals.

Masculinity/Femininity

In a masculine culture, success is measured in terms of power, riches and possessions. A feminine culture, measures success in terms of quality of life, friends, relationships, etc., putting little value on possessions.

Japan, Austria, Venezuela and Italy score the highest on the masculinity scale while Sweden, Norway, Netherlands and Denmark score the lowest.

Two further cultural dimensions were later added to the research. They are:

- Long-term vs. Short-term Orientation
- Indulgence vs. Restraint

For the purpose of this paper, I will only be addressing the effects of the original four dimensions.

The Cultural Dimensions and Project Management

We have seen and had a feel of how the cultural dimensions may affect our work. The question now is, how exactly would they impact multicultural projects?

Note that in this instance, I am using the term “multicultural” rather than “multinational”. This is because the emphasis is on the culture of the stakeholders and players and not the geographical location(s) of the project.

A project entirely based in one geographical location may be a joint venture between a number of organisations of varying nationalities, or a venture between various countries.

The project manager must be aware of the cultural effect on the project once two or more cultures are significantly present. That is, the stakeholders' culture.

Thankfully, project management standards and methodologies have already been globally accepted, with the PMI®'s *Project Management Body of Knowledge* (PMBOK®) and the British Office of Government and Commerce's *Projects in a Controlled Environment* (Prince2™) leading the way. Even local project management standards (Japan, Australia, Italy, etc.) are in good harmony with the PMBoK® and Prince2™. It seems that project management standards and methodologies having been born 50 years after the management consultancies, have made good use of lessons learned in internationalisation. What remains however, are the softer aspects of the "how". That is, the various cultures within the project may agree on the processes and procedures, but may disagree on how to handle a conflict. Is it to be one to one or openly in a project board meeting? Should persons accountable for a problem be pointed out, or should impersonal reference to problems be made?

Those softer aspects of the "how" apply on the positive side as well. Should achievement be rewarded immediately? Should the reward be given to the person(s) or his team? Will personal acknowledgement result in positive motivation or embarrassment and a sense of isolation?

Think of it this way: All sponsors and key stakeholders are proficient in and have agreed to use the PMBoK® as the standard. The project is: "An American Educational Centre in Morocco". Sponsored by the US Government. The Project Manager and his immediate team are American. All others working on the project including team members and the various suppliers are Moroccan.

The project manager and his team have never worked with Moroccans before. But everyone is proficient in and knows the PMBoK®. Would there still be room for conflicts?

Assuming you have been reading this article with good attention, I trust your answer will be yes.

It will be yes when we consider the following chapter.

Getting down to it: An Ausmasian Project Manager in Borninia

Ausmasia and Borninia are fictional countries, each being on the opposite side of the scale of Hofstede's cultural dimensions. We can speculate various scenarios of an Ausmasian Project Manager being in charge of a Borninian project, with a Borninian team.

The below observations on **just a selected few** of the project manager's duties are a mix of my own personal experience, an earlier research I conducted during my MBA studies and speculation based on the theory. I trust they will form the basis of a future comprehensive research on the subject.

Project Planning and Scheduling

An agile project management approach favours high level planning that leaves the low level tasks to the work package owners to plan (should they wish to plan). The logic is, let us coordinate at high level, spending less time and effort on detailed planning and get down to speedy implementation. Furthermore, this allows us the flexibility to change approach without having to re-plan each and every step. It is an agile approach most adept to 'not-so-certain' an outcome. We are after all working towards an objective and not an output.

On the other hand, should we have certainty (or at least perceive to have that certainty) of what we want to produce as an output, then we would do well to intricately plan and make sure we do not deviate from this most desired result. Detailed planning down to individual tasks seems reasonable. Better spend good time planning rather than longer time repairing. Lets get it right first time.

Can you see how the above can reflect themselves in high and low uncertainty avoidance cultures? Regardless of the type of project and clarity of outcome, these attitudes are imbedded in high and low uncertainty avoidance cultures respectively, probably because the former always aimed for what is sure and certain whereas the latter, for something new, even if it means a good risk of failure.

The above two sides of the spectrum would strongly influence how much planning details can one get down to, and how much would actually be useful or appreciated. It is of no use having detailed plans in a low uncertainty avoidance culture just to have them changed every time a seemingly (rightly or wrongly) better approach is to be tried. Better stay agile and flexible to change. The opposite is just as true.

Acknowledging Achievements

In the western world, we are often told of the virtues of acknowledging good achievements. I once read in a management book the following advice: “acknowledge achievement and acknowledge it loudly. Send an email to the achiever thanking and detailing his or her achievement, and make sure to copy all of his/her team and bosses.”

In a collectivist culture, this is how you can re-define “disaster”. The individual’s embarrassment at being singled out. The group’s anger at not being part of the acknowledgement. The harmony of a once efficiently working group, broken.

Dramatic right? Well, it could be.

We can speculate on the other dimensions and how they can effect acknowledgement:

- In a high power-distance culture, bosses are seen as superiors and respected as such. An eager acknowledgment could easily be translated as weakness resulting in loss of authority of the project manager.
- In a high uncertainty avoidance culture there would be a tendency to avoid taking direct responsibility for a work package. If however one does so and delivers well, should a reward be expected? An acknowledgement? Would the rule of “no-pain no-gain” apply?
- Would a more masculine culture be inclined to appreciate individual acknowledgement as a form of gratification?

Delegation

By delegation, I refer to the project manager delegating “objectives” rather than assigning “tasks”. That is, he or she will trust that the person being delegated to, is proficient enough to chose the most appropriate way (tasks, team, suppliers, etc.) to reach those objectives.

In a high uncertainty avoidance culture, delegation is likely to be resisted or even rejected. It is a risk a team member is unlikely to see why he or she should accept it. The project team would expect the project manager to know what is the best approach and to tell them exactly what to do.

Would this be paralleled in high power-distance culture? Would an authoritarian boss be more likely to delegate or order tasks? What about masculine cultures and collective cultures? Do they have an influence on delegation?

Governance and Control

No project management approach can do without some form of governance and control, regardless of the environment or culture. Doing without, is dooming the project to failure.

The question is, how much governance and control? Do we go down to each task resource to verify progress weekly (asking to see some evidence), or do we verify with the work package owners at the end of each product delivery?

A logical answer would be: “depends”.... It depends on the nature of the project, its deliverables, the team proficiency, the corporate culture, etc.

Let us now consider the cultural dimensions:

In a high uncertainty avoidance culture the tendency would be towards minimum responsibility. No one wants to take the risk of failure and would be happy to be governed and controlled regularly, since this would move the responsibility to the project manager (*the project manager was fully aware of my progress and never said anything...*). Indeed, in my experience as project manager in a high uncertainty avoidance culture, I often had team members updating me at least “daily” on their detailed progress. I had to make an effort to assure them of my confidence in their work and that for update purposes, the weekly project team meeting would suffice.

Power-distance often parallels uncertainty avoidance and in this instance, it is no exception. A muscular culture on the other hand is likely to be the opposite. “You do not trust me?” would be the silent protest of the person being so regularly governed; whereby a feminine culture has no issue with the matter. No hurt feelings. “My work is here and you may review its progress whenever you wish”.

In a collective culture the norm is for the individual to be one small part of the big team machinery, and for this to work, regular governance and controls are expected. Not so much in a high individualism culture.

Accountability

One of the touchiest areas a project manager has to address is accountability, even in culturally homogenous projects. It is never pleasurable to point the finger and/or put the responsible persons on the spot. Still, in certain cultures such as those of the US and UK, it must be done and is expected and even appreciated. Our being able to develop and grow is strongly connected to being accountable. The prevailing attitude is: we all are professionals and should be fully aware of our duties and responsibility.

Not so much in a collective culture whereby the same rule as that of acknowledgement apply. Both achievement and failure are due to the group and not the individual.

The cultural dimensions do not operate independently on the above responsibilities. Just as in social behaviour, cultural values and their effects are very interdependent. A high individualism culture would promote higher work delegation and less detailed planning, resulting in less direct governance and control (updates sent by email from the work package owner would suffice), and as such, personal acknowledgement and accountability are appropriate.

On the other-hand, A collectivist culture would promote the assigning of clear tasks, detailed planning, regular direct governance and control (allowing any individual deviation to be identified before it becomes an issue), and as such, acknowledgement and accountability are due to the team as a whole.

What Next?

This paper is meant to highlight the cultural issues impacting projects and to “stir the waters” towards a further comprehensive research with the aim of achieving similar finding to those of Geert Hofstede that the multicultural project manager and his or her team can use to best achieve results.

The research would make full use of existing findings from previous works and build on them using targeted questionnaires, multicultural project managers’ experiences and academic research.

Conclusion

Research into the cultural impact on multinational businesses was and still is, key to the success of global businesses. Much of Geert Hofstede's findings can be directly applied to multicultural project management since much of the principles are universal (delegation, acknowledgement, etc.). However, the approach and context may differ.

Today, business activities are becoming more and more project rather than process based. That is, there are more projects and less processes due to the continuously changing markets, rapidly developing technology, shorter products' lifecycle, updated services, increased global competition, etc, which renders the life span of most processes much shorter than they were few decades years ago.

It has been about 40 years since Hofstede's initial findings on the cultural dimensions and although they remain valid indicators to an extent, a new research to update them, especially in light of globalisation rapidly evolving and changing world cultures, would add significant benefits to multicultural management. This time, extending the findings and their effects to project and programme management. This paper is a first step towards such research.

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APPENDIX

Cultural Dimensions by Country

Country	Power-Distance	Individualism / Collectivism	Masculinity / Femininity	Uncertainty Avoidance
Africa East	64	27	41	52
Africa West	77	20	46	54
Arab countries	80	38	53	68
Argentina	49	46	56	86
Australia	36	90	61	51
Austria	11	55	79	70
Bangladesh	80	20	55	60
Belgium	65	75	54	94
Belgium French	67	72	60	93
Belgium Netherl	61	78	43	97
Brazil	69	38	49	76
Bulgaria	70	30	40	85
Canada	39	80	52	48
Canada French	54	73	45	60
Chile	63	23	28	86
China	80	20	66	30
Colombia	67	13	64	80
Costa Rica	35	15	21	86
Croatia	73	33	40	80
Czech Rep	57	58	57	74
Denmark	18	74	16	23
Ecuador	78	8	63	67
El Salvador	66	19	40	94
Estonia	40	60	30	60
Finland	33	63	26	59
France	68	71	43	86
Germany	35	67	66	65
Great Britain	35	89	66	35
Greece	60	35	57	112
Guatemala	95	6	37	101

Country	Power-Distance	Individualism / Collectivism	Masculinity / Femininity	Uncertainty Avoidance
Hong Kong	68	25	57	29
Hungary	46	80	88	82
India	77	48	56	40
Indonesia	78	14	46	48
Iran	58	41	43	59
Ireland	28	70	68	35
Israel	13	54	47	81
Italy	50	76	70	75
Jamaica	45	39	68	13
Japan	54	46	95	92
Korea South	60	18	39	85
Latvia	44	70	9	63
Lithuania	42	60	19	65
Luxembourg	40	60	50	70
Malaysia	104	26	50	36
Malta	56	59	47	96
Mexico	81	30	69	82
Morocco	70	46	53	68
Netherlands	38	80	14	53
New Zealand	22	79	58	49
Norway	31	69	8	50
Pakistan	55	14	50	70
Panama	95	11	44	86
Peru	64	16	42	87
Philippines	94	32	64	44
Poland	68	60	64	93
Portugal	63	27	31	104
Romania	90	30	42	90
Russia	93	39	36	95
Serbia	86	25	43	92
Singapore	74	20	48	8
Slovak Rep	104	52	110	51
Slovenia	71	27	19	88

Country	Power-Distance	Individualism / Collectivism	Masculinity / Femininity	Uncertainty Avoidance
South Africa white	49	65	83	49
Spain	57	51	42	86
Suriname	85	47	37	92
Sweden	31	71	5	29
Switzerland	34	68	70	58
Switzerland French	70	64	58	70
Switzerland German	26	69	72	56
Taiwan	58	17	45	69
Thailand	64	20	34	64
Trinidad and Tobago	47	16	58	55
Turkey	66	37	45	85
U.S.A.	40	91	62	46
Uruguay	61	36	38	100
Venezuela	81	12	73	76
Vietnam	70	20	40	30