

International Perspectives in Project Management: The Effect of Culture

France, Germany, and the United States

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Introduction of Speaker

Dr. Brent M. Hansen, DBA, PMP



- Professional Project/Program/Portfolio Manager with over 14 years experience.
- International Business experience:
 - World Trade Association of Utah (President 2005)
 - Citigroup (Finance and Banking)
 - The Associates (Finance and Banking)
 - HK Systems (Material Handling Systems)
- Education
 - Doctorate of Business Administration in International Business
 - Masters of Business Administration
 - Bachelors of Science in Business Administration
 - Bachelor of Arts in Management
 - Bachelors of Science in Marketing
 - Electrical Engineering Technology
 - Avionics Systems Technology

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Background



- The assumption that I started with was that there may be difference in project process based on the nation that a project was done in.
- At a project management research conference in Seattle, Washington in July 2002, I conducted informal interviews with project management professionals from across the globe.
- I found that projects are done using similar processes worldwide. **Then why are the outcomes different?**
- Suggestions came in the same interviews. The interviewees suggested that national culture played a significant role in the results of the projects; this is where my research started.

The Problem



- Projects are done in every nation in the world; however, the outcomes of these project differ.
 - Why is this?
 - Is there some way to understand the effect that a culture may have on a project?

Purpose of Research



- When doing a project in a country understanding the culture to help prepare realistic expectations.
- Measurable differences may help in the decision on where to do projects, due to an advantage.

Research Questions



- What effect does a country's culture have on project outcomes?
- What are the cultural issues that face a business when working with a project team?
- Three countries were chosen: France, Germany, and the United States of America.

Hypothesis



1. There is a correlation between project schedule and the culture in which the project is performed.
2. There will be measurable difference in the size of changes to project scope in different national cultures.
3. The project cost change from baseline will be influenced by the culture in which it is done.
4. The communication types and frequency will be influenced by national culture.
5. National culture will influence what is considered as project success.

Significance of Study



- Value to organizations considering investment in projects in a different national culture.
- When an organizations expect the same results in one culture to another they may experience conflicts.

Review of Literature



- Introduction
- National Culture
 - France
 - Germany
 - United States of America
- Project Management

Introduction



- Business is becoming increasingly more global.
- The ability to forecast can be valuable tool for managers.
- Culture should be considered in business.
- Three countries were selected based on:
 - Available materials.
 - Similar practices in project management.
 - Membership in project management professional organizations.
 - Reduced language barriers due to availability of translation services.
 - Education levels of the countries studied.
 - Gross national product.
 - General economic conditions.

Culture

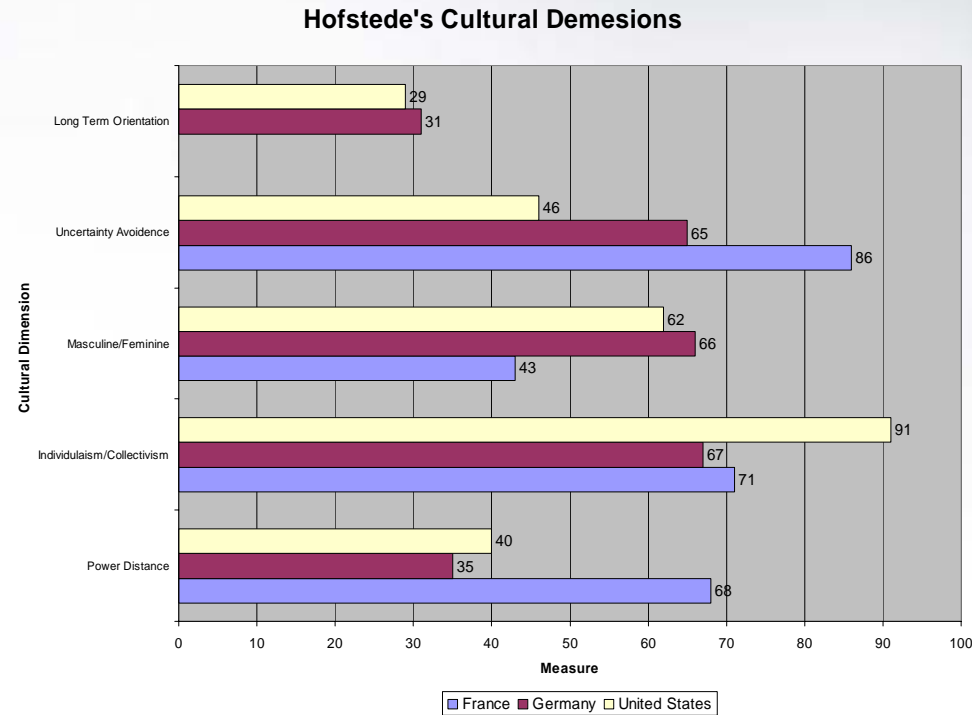


- Early research
 - Ruth Benedict (Anthropologist)
 - Margaret Mead (Anthropologist)
 - Alex Inkeles (Sociologist)
 - Physical setting of life in geographic area
 - Integrated social interaction
 - Common membership
- Geert Hofstede
- Fons Trompenaars and Charles Hampton-Turner
- Parson and Shils

Geert Hofstede - Researcher



- Research done in 50 Countries (1980)
- 5 Cultural Dimensions
 1. Power Distance
 2. Individualism/Collectivism
 3. Masculine/Feminine
 4. Uncertainty Avoidance
 5. Long Term Orientation



Fons Trompenaars and Charles Hampton-Turner – Researchers



- 40 Countries (1998)
- 7 Areas
 1. Universalism verses particularism
 2. Individualism verses communitarianism
 3. Neutral verses emotional
 4. Specific verses diffuse
 5. Achievement verses ascription
 6. Attitudes of time
 7. Attitudes of environment
- Based on research by Parson and Shils pattern variable scheme (1951)

Project Management



- Background
- Nine knowledge areas – Project Management Institute
 1. Integration
 2. Scope
 3. Time
 4. Cost
 5. Quality
 6. Human Resource Management
 7. Communications
 8. Risk
 9. Procurement
- Five phases of a project – Project Management Institute
 1. Initiation
 2. Planning
 3. Execution
 4. Control
 5. Closure

Methodology



- Survey research design
- Expected findings of data analysis
- Procedure

Methodology



- Survey Research Design
 - Target population and sample
 - Data collection method
 - Data analysis techniques

Data Analysis

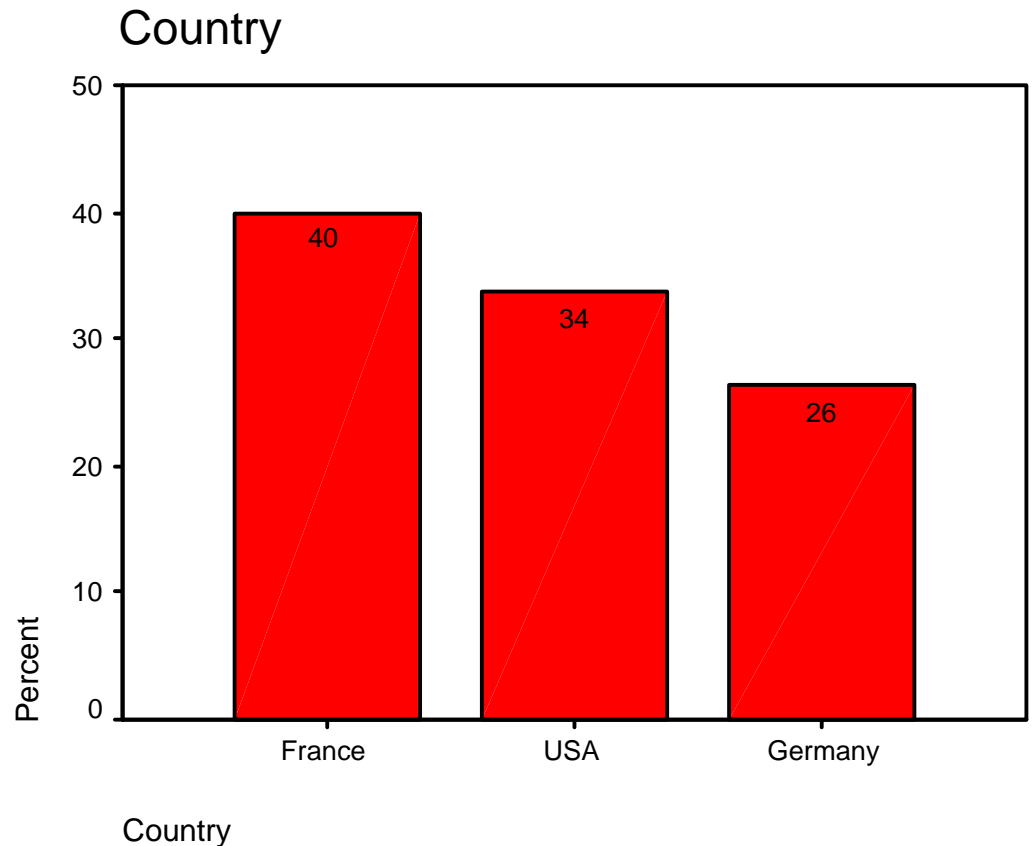


- Expected Findings Data Analysis
 - Dependant variables
 - Outcomes of projects
 - Completion
 - Schedule
 - Costs
 - Size
 - Communication
 - Change
 - Independent variables
 - National Cultures

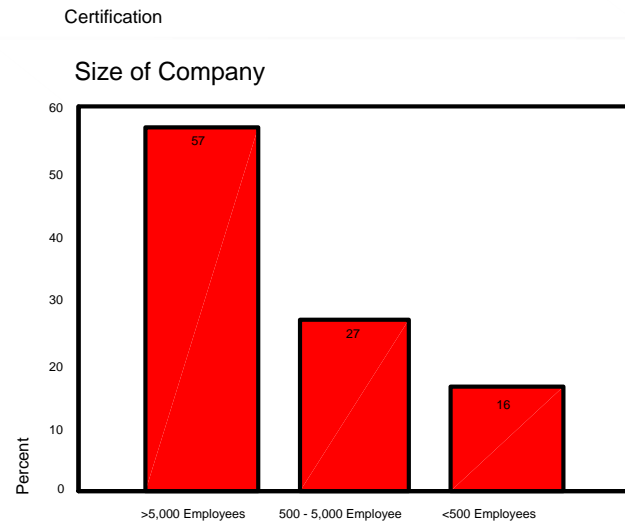
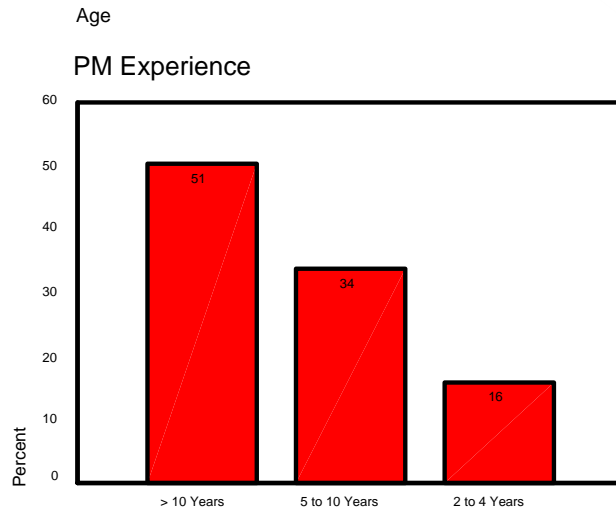
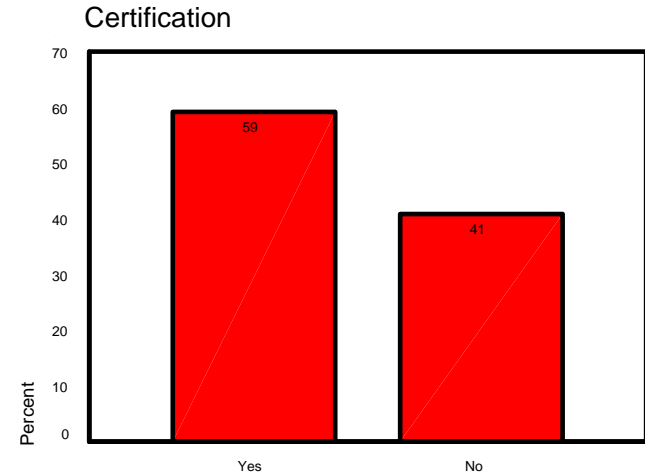
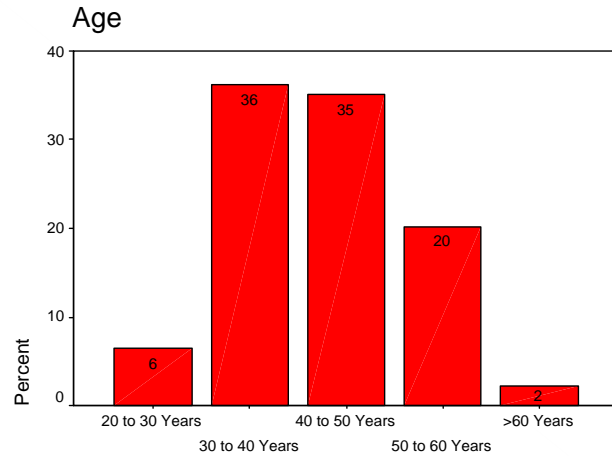
Demographics



- 9.5% Response Rate to Survey
 - France 11.4%
 - Germany 7.4%
 - USA 9.6%
- 95 Valid surveys



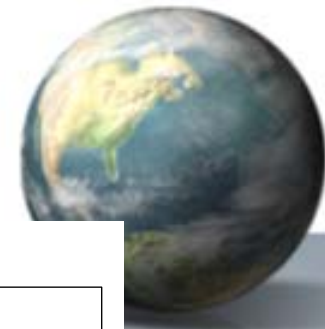
Demographics (Continued)



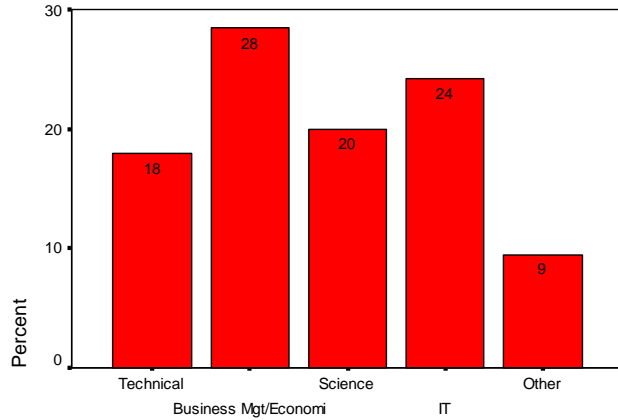
PM Experience

Size of Company

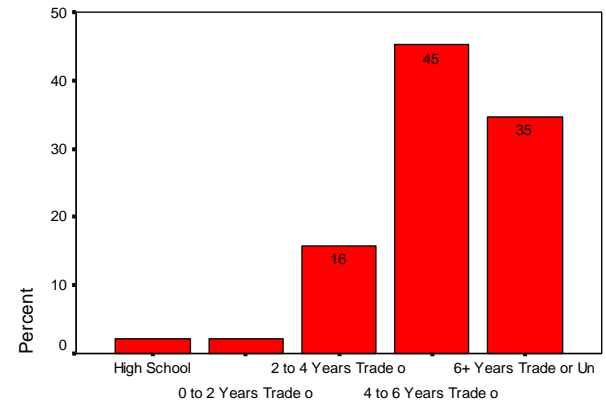
Demographics (Continued)



Educational Background

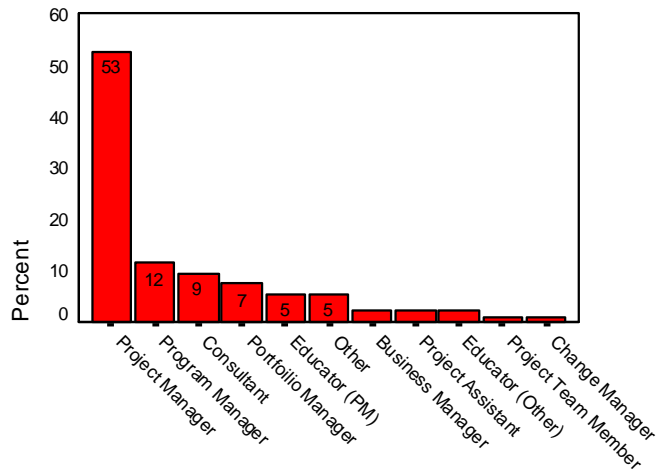


Level of Education



Educational Background

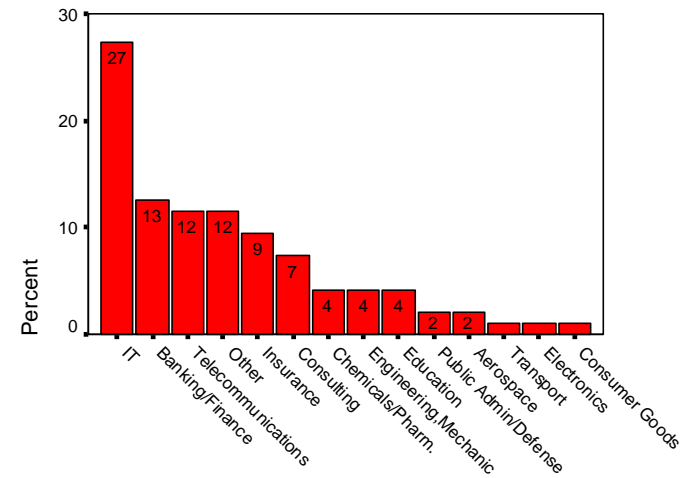
CurrentRole



CurrentRole

Level of Education

Industry



Industry

Culture



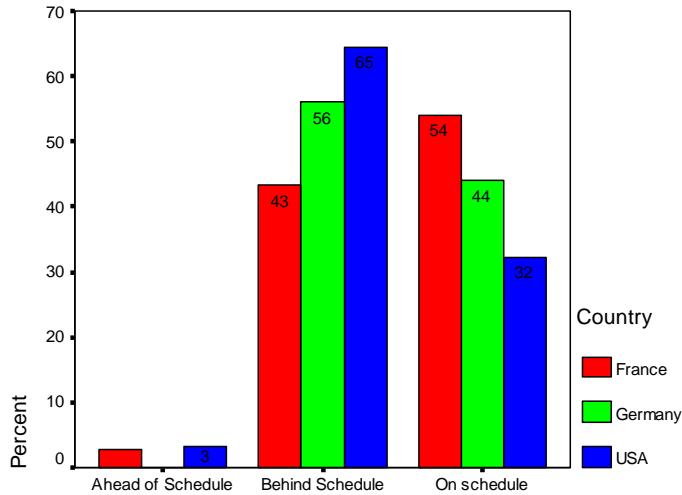
- Power Distance rank ordered the same as prior research
- Individualism and Collectivism
 - Individualism: Training, physical conditions, and use of skills rank ordered the same as prior research
 - Collectivism: Germany same rank order. France and US out of order; however, very close.
 - France mean 4.05 and US mean 4.06
- Masculinity and Femininity
 - Masculinity rank ordered the same as prior research
 - Femininity was not rank ordered the same as prior research, reason explored later in the conclusions.
- Uncertainly Avoidance inconclusive.
 - The data collected was not presented in a similar fashion to prior research and could not be compared against such.

Findings

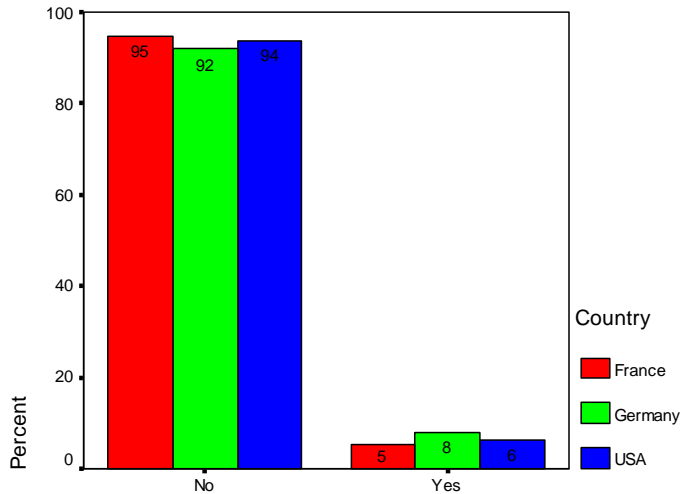


- Project Schedule
- Project Scope
- Project Cost
- Project Communication
- Project Success
- State of Project Management

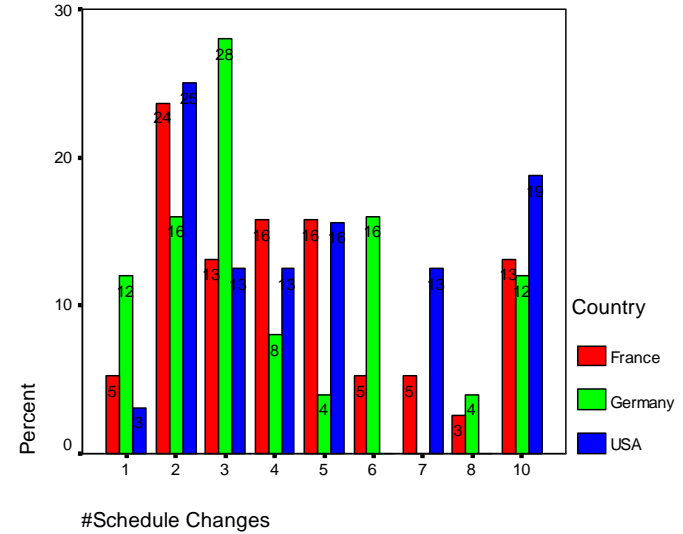
Schedule



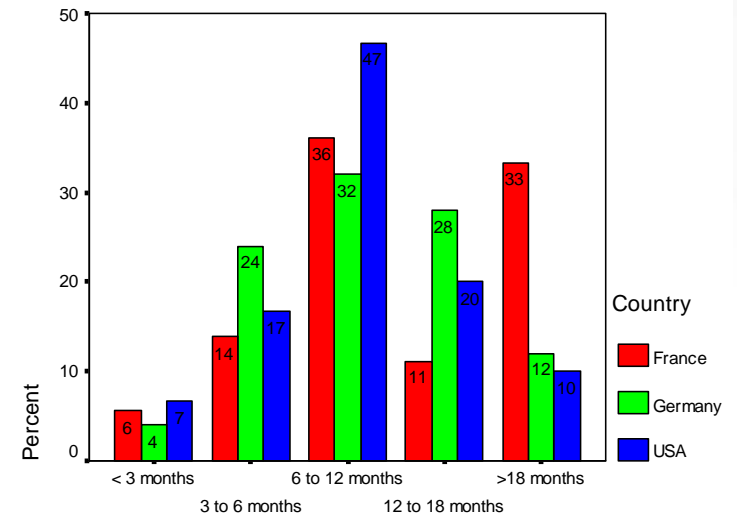
Schedule



Abandon

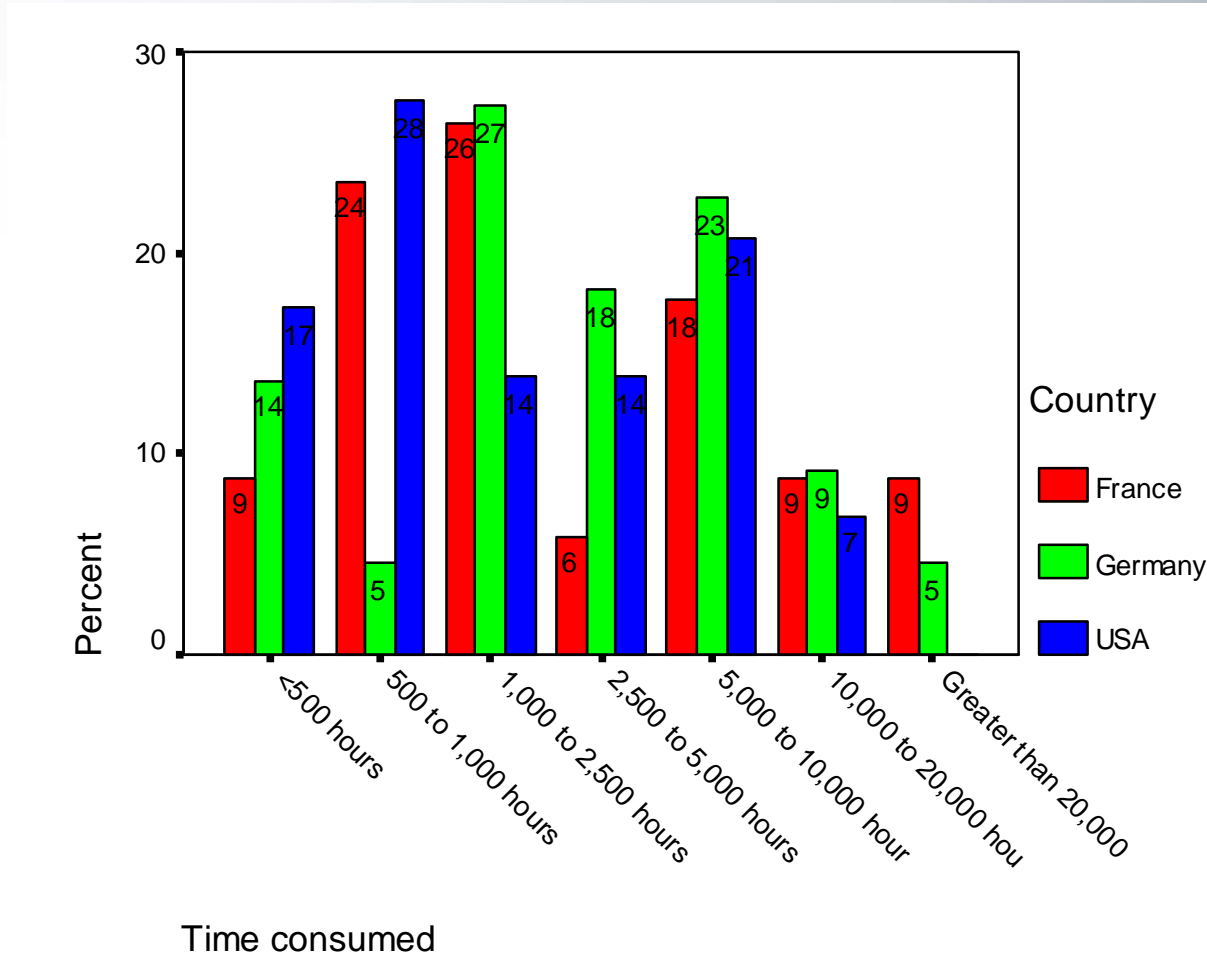


#Schedule Changes

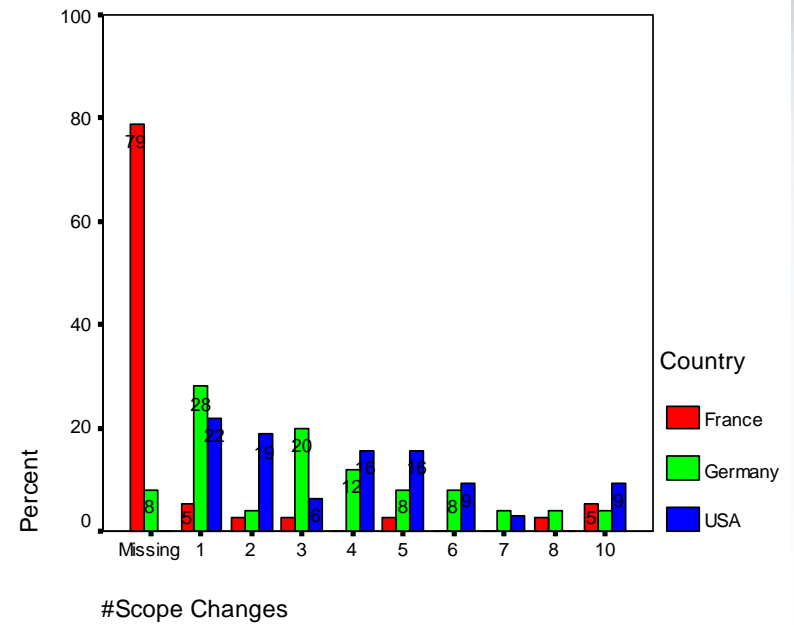
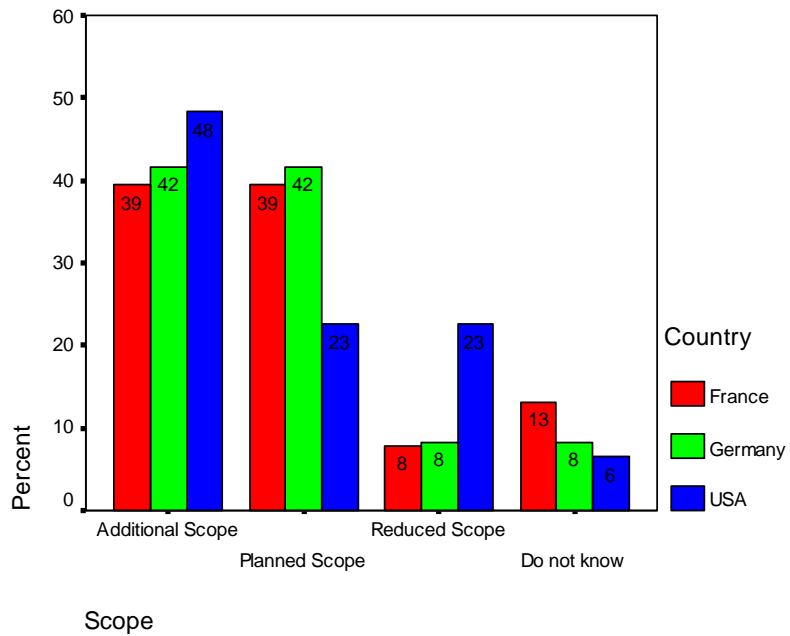


Duration of Project

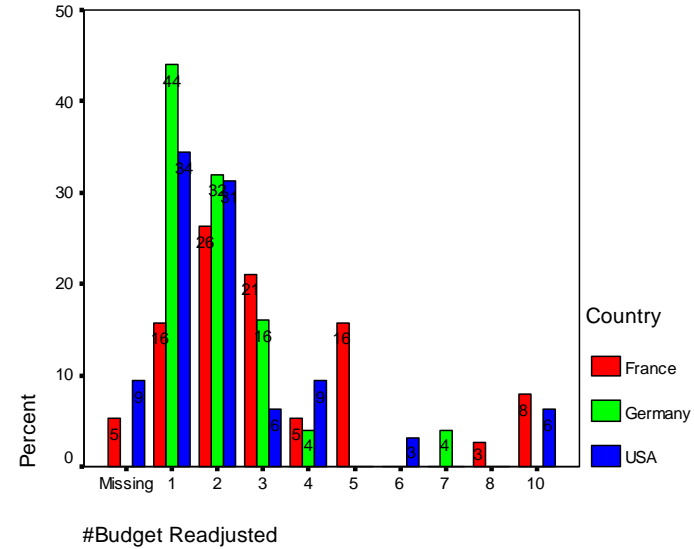
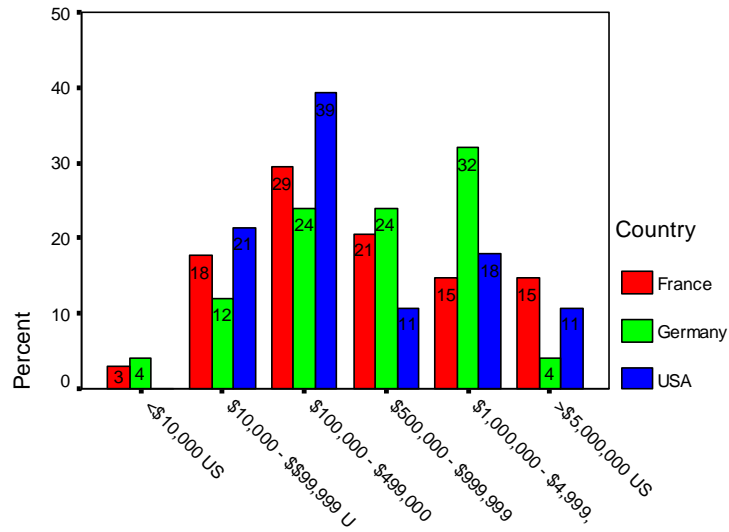
Schedule (Continued)



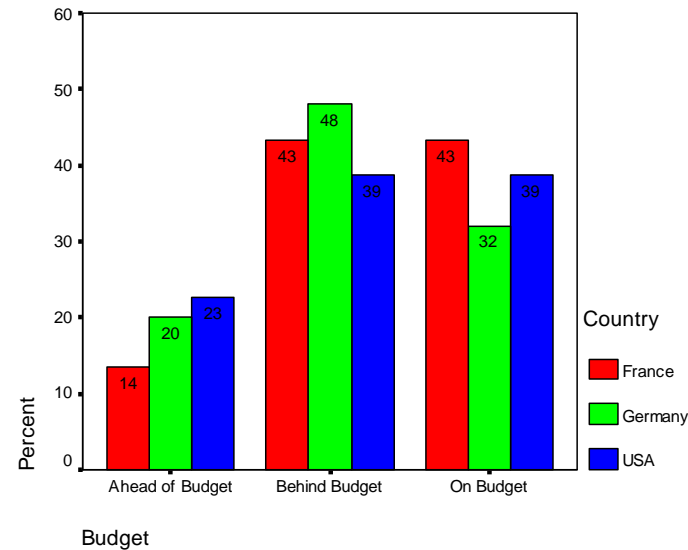
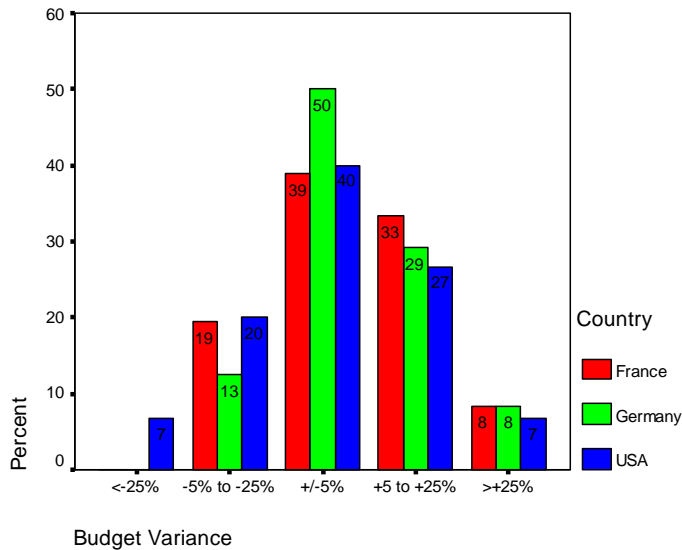
Scope



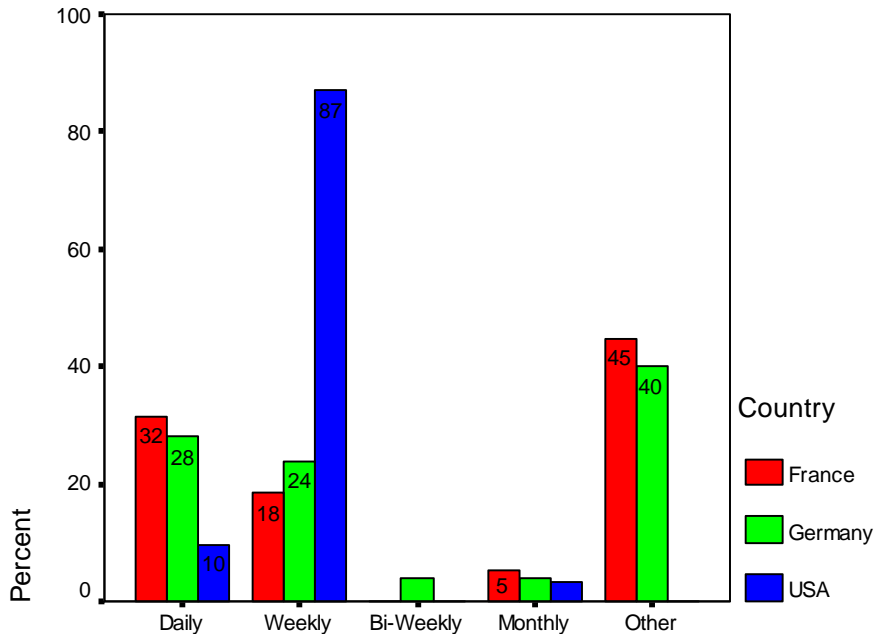
Project Cost



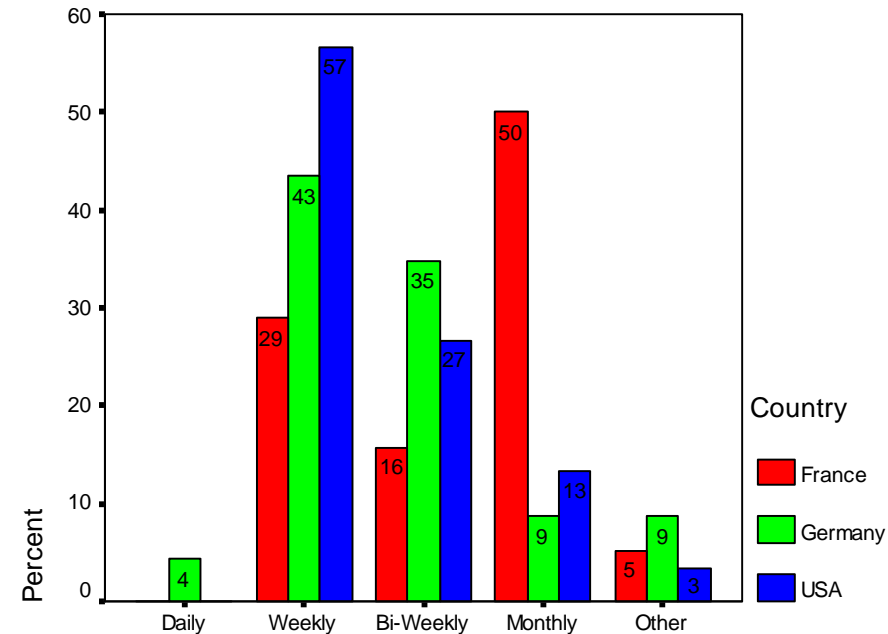
Project Budget Size



Project Communication



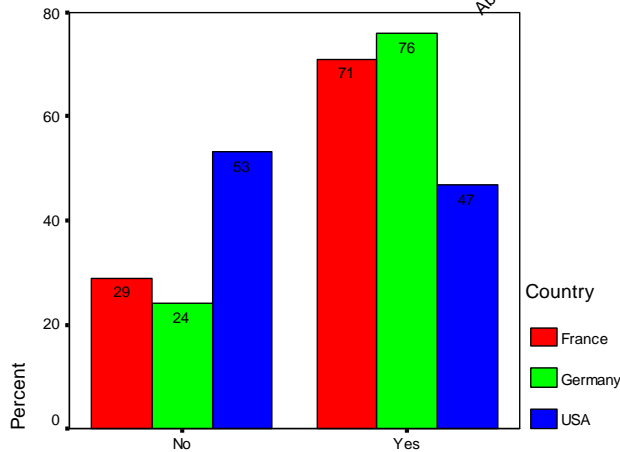
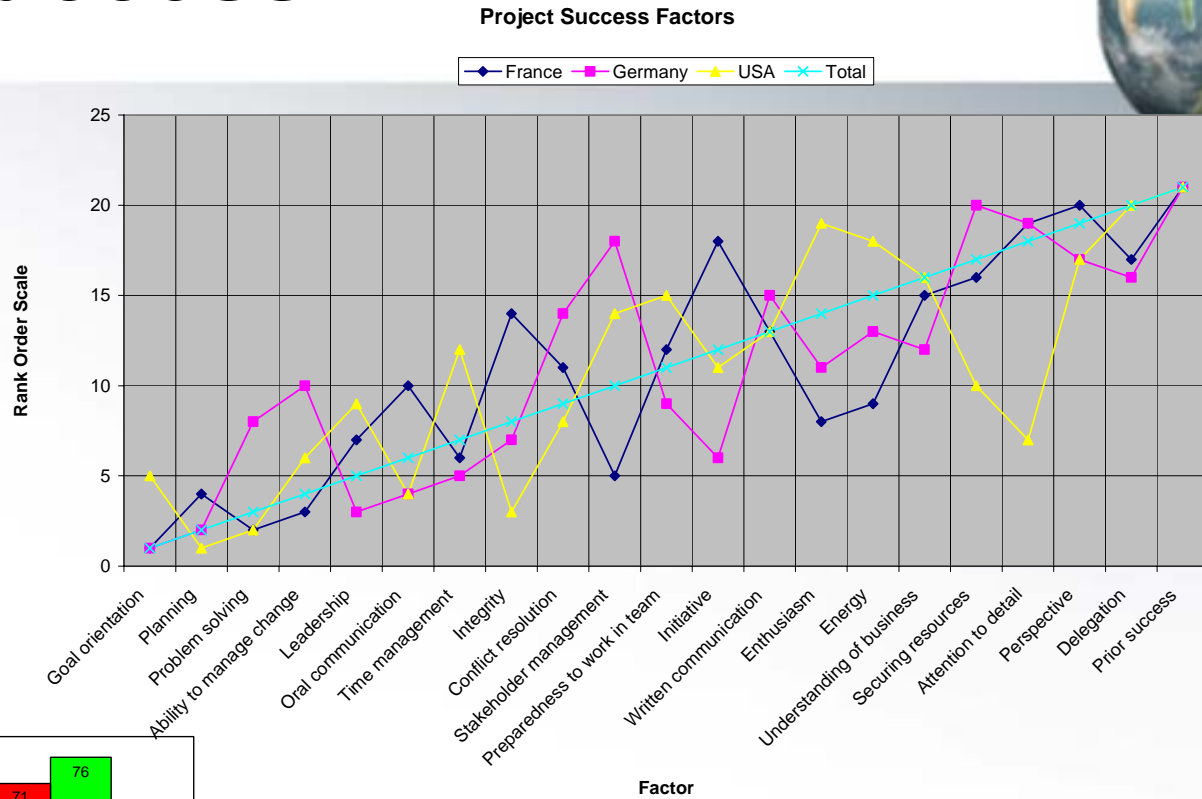
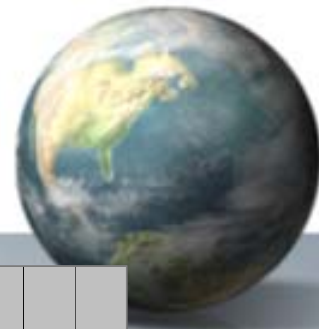
FreqTeam



FreqStake

- Statistical Significance found between France, Germany, and USA on the frequency of meeting with project team.
- Statistical Significance found between France and USA on the frequency of meeting with the sponsor and stakeholders.

Project Success

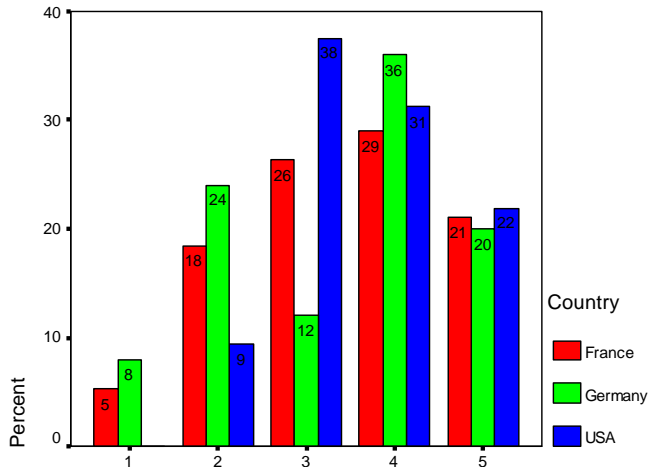


Successful

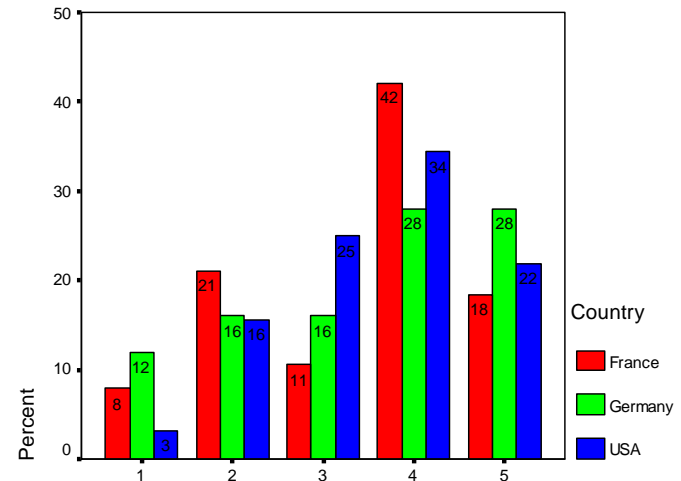
Significance found in three areas:

- Planning (France/USA)
- Integrity (France/USA)
- Attention to Detail (France/Germany/USA)

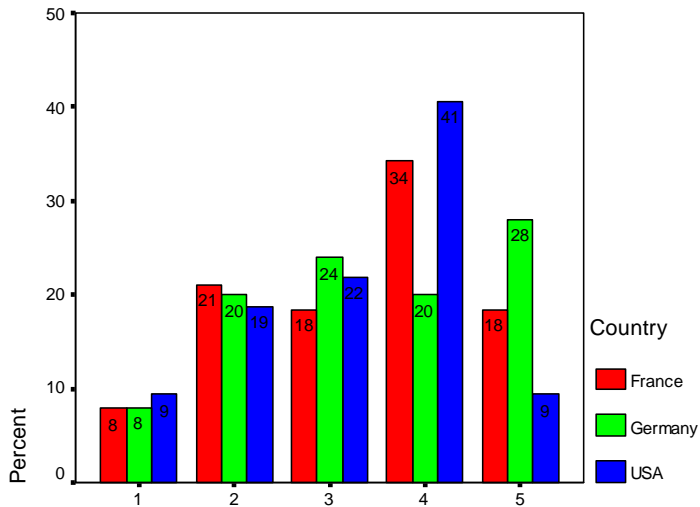
State of Project Management



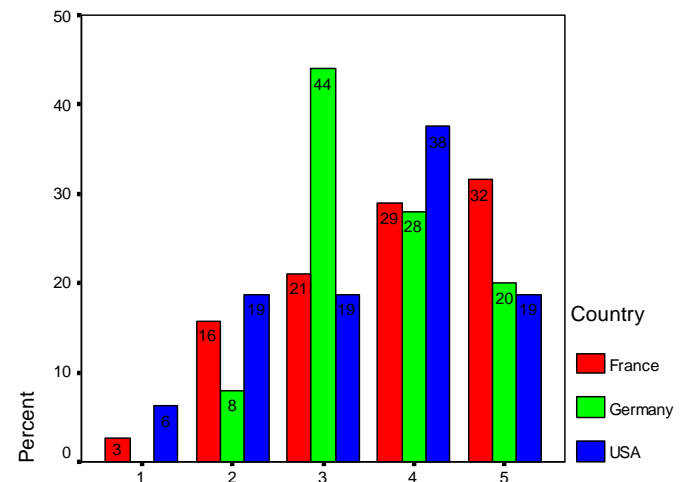
Success of Introduction of Project Management



PM is generally widely adopted

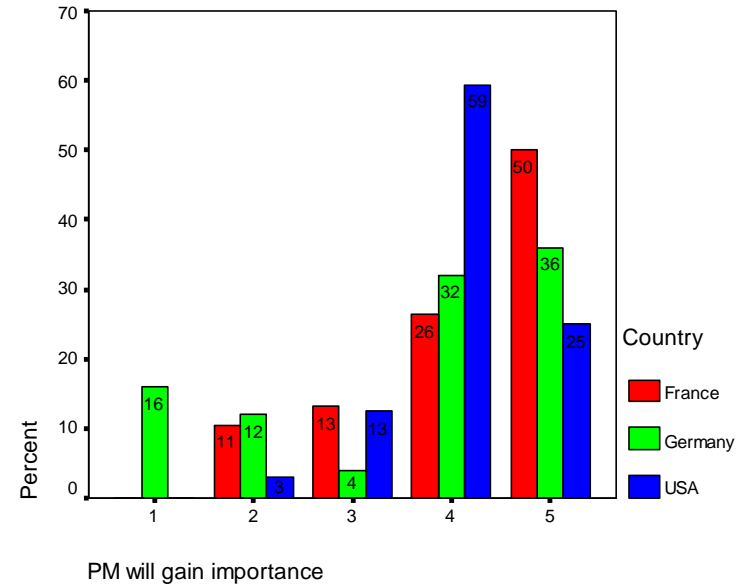
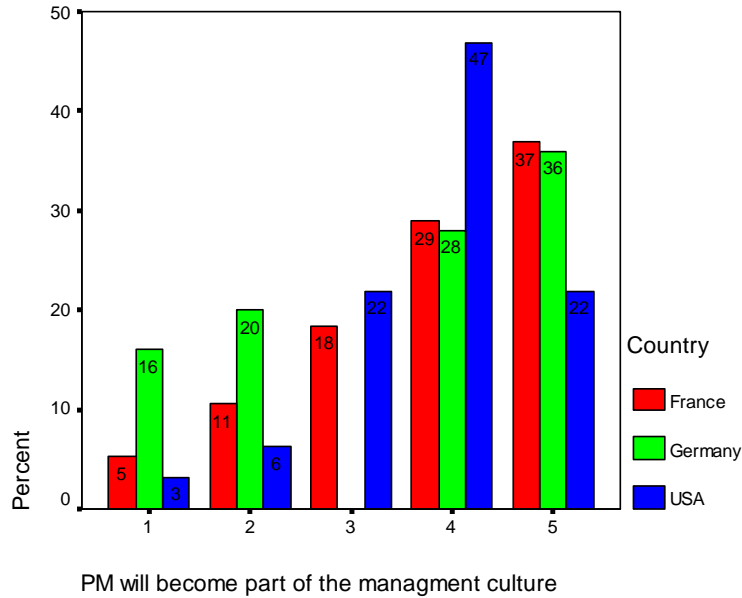


Company will invest more in PM



Management by project will become dominate

State of Project Management



Summary, Conclusions & Recommendations



- Summary
- Conclusions
 - Review of research questions and answers that I reason after the data has been collected and analyzed.
- Implications for Practice
- Implications for Research
- Recommendations

Conclusions



- **Highly Educated:** 35% of participants in the survey had over six years post secondary schooling. 80% had four or more years of post secondary education.
- **Age:** The majority (57.4%) of the respondents were over 40 years old.
- **Gender:** An imbalance of men (71.6%) over women (28.4%) exists in the results.

Hypothesis 1 - Schedule



- No statistical significance exists to support that project schedules alone differ from one culture to another.
- The results of the question about projects on schedule, behind schedule, or ahead of schedule show a difference in the portion of project behind or on schedule. This difference is dramatic in terms of what gaps may exist in receipt of the project delivery.
 - France has 54.1% of projects on schedule
 - Germany has 44.0% of projects on schedule.
 - United States has 32.3% of projects on schedule

Hypothesis 1 – Schedule (Continued)



- When looking at the number of changes no statistical evidence of significance is apparent.
- 6.3% of the projects were abandoned before completion.
- The project durations among cultures are similar when looking from a statistical perspective.
 - Most projects for all three cultures are the 6 to 12 month category.
 - Most project durations no matter the culture are less than one year in length.
 - The duration of the project can be longer in France as more projects are in the greater than 18 month long duration (33.3%) category compared to 10% in the USA.
- The results from the survey indicate that the time consumed on projects does not vary significantly from country to country.
- This hypothesis is accepted as a significant difference exists in the durations of projects, depending on the culture.

Hypothesis 2 - Scope



- With the partial data set from France and a full representation from Germany and the United States no significance evident was found that a difference exists on the number of scope changes.
- The United States has fewer projects that complete with the planned scope than in France and Germany.
- The United States has more project changes to either reduce or increase the scope of work. When comparing French and German projects the distribution of changes based on planned scope, additional scope, and reduced scope are similar.
- Measurable differences exist between the number and distribution of scope changes; less significant is the number of changes and more significant in the distribution of scope changes to original plan.
- This hypothesis is accepted.

Hypothesis 3 - Costs



- No significance is found when looking at the project budget size.
- No significance is found when looking at the number of times that the budget was readjusted.
- No significance is found when looking at budget variance statistically.
- No significance when looking at the performance of incentive based projects.
- In this hypothesis, the null is accepted. Project cost changes from baseline will be similar in each of these cultures.

Hypothesis 4 - Communication



- Communication types were not available as output from the research instrument.
- No statistical difference between France and Germany exists; however, the United States differs significantly from the other two.
- Frequency of communication is influenced by the culture in which the project is done.
- This may be a significant issue when considering the expectations of one culture to another. France and Germany may not expect the frequency of results that a project manager in the United States may be giving. The United States organizations may not expect the same frequency of updates on projects from French and German projects.

Hypothesis 5 - Success



- Out of 21 areas identified as project success factors, the areas with statistical significance were integrity, attention to detail, and planning.
- When asked if they consider their project successful, most of the people in France (71.1%) and Germany (76.0%) answered yes. In the United States, less than half (46.9%) answered yes.
- Current State of Project Management
 - Success of introduction, the United States had the highest mean score 3.66, followed by France 3.42, and Germany 3.36. No significant statistical difference among the cultures was found.
 - The results of the survey show that project management is widely adopted in the organizations of the respondents.
 - Companies are generally willing to invest in project management.
 - The respondents believe that project management will find new fields of application in the organization.
 - Management by project will become dominate in the organizations.
 - This is supported by the respondents' indication that project management will become part of the management culture. The average mean on a five point scale to this question was high at 3.98 for all cultures combined.
- For this hypothesis, the null is accepted. No difference is found in cultures effect on what is considered project success.

Hypothesis Synopsis



- H1: There is a correlation between project schedule and the culture in which the project is preformed. **Accept**
- H2: There will be measurable difference in the size of changes to project scope in different national cultures. **Accept**
-
- H3: The project cost change from baseline will be influenced by the culture in which it is done. **Accept Null**
- H4: The communication types and frequency will be influenced by national culture. **Accept**
- H5: National culture will influence what is considered as project success. **Accept Null**

Implications



- To Practice

- It is hoped that organizations participating in projects in foreign environments may recognize the differences that they may incur in projects to create more realistic expectations or consideration of contingencies for the specific culture in which they may be doing a project.
- Project management can be successful companies where it is understood and supported by the management. Over 20% percent of respondents in all three cultures indicated that project management had a successful introduction to the organization. This tells us that project management is gaining acceptance in these three cultures.
- The results also tell us that the project management will gain importance in the organizations; the significant of this is that project management is not mature in the organizations in which it is practiced and growth in this maturity is expected.

- To Research

- A tremendous amount of research has been done in the area of culture. Culture itself is not easy or quick to change. Project management has standards and is developing profession. By understanding culture, research going forward in project management may need to have some consideration that not all cultures project outcomes results will be the same.
- This study looked at France, Germany, and the United States; further application could be used across additional national cultures. Building upon the current base will add additional validity and larger pool of consideration.
- This research was concerned with a limited focus. This same research could be applied to other disciplines, or expanded on in project management. Other disciplines might include other areas of business such as manufacturing or other professions. This research is but a snapshot in time, as cultures and project management evolve a benefit may be found in reapplying the research tool and methodology to compare results.

Recommendations



- We live in a world of differences, where local culture needs to be considered. The standards and development of the project management profession have grown in some respects beyond the bounds of localized processes and consideration to more international standards.
- Often barriers to complete cultural understanding exist, as was apparent during this research. One example is that terms do not always carry the same meaning.
- Most of the responses came from members of PMI, a homogeneous group of respondents. This group subscribes to the same standard worldwide. They are also exposed to the same periodicals, same journals, and same information through PMI. In future research opening up the research to a broader group of people may produce differing results.
- Project management processes are defined and used in a standard manner worldwide; however, differences exist in the detail of each unique national culture that influences the process. This research has focused on the results or outcomes of projects, thus it does not include the detail of the processes. This may be a consideration for future research in the area of project management in the international context.
- The reality is that many projects cross borders, and it is almost impossible to eliminate this element from the research. Further research may include isolation or expansion in cross-cultural elements that affect projects being done in a specific country.

Recommendations



- *Project managers*
 - If a difference exists in the communication frequency, consider making a concession and consideration within your project planning and team to accommodate changes.
 - If you are in a culture where budgets are skewed positive or negative with relation to other cultures, you may consider adjustment to bring your project into alignment with the expectation.
 - Be very clear on your messages and repeat them often.
 - Companies recognize the need to staff larger projects by more experienced project managers.
 - Be sensitive when defining success parameter across borders.
 - Organizations may not have the same level of acceptance or support of project management.

Recommendations



- Organizations
 - Cultural differences affect project schedule durations between France and the USA.
 - In this analysis, schedules were interrupted 29% of the time. In the United States this was 74.1% of the time.
 - The United States also has the largest percentage of additional scope or reduced scope in projects.
 - Managing costs is critically important to business. The research suggests that budget adjustments are going to happen; however, not with the same frequency as scope or schedule changes.
 - Communication will be different in the cultures studied, more so between the United States and the other countries.
 - The cultures studied each have similar definitions for success.

Recommendations



- Organizations (continued)
 - Fewer than half of United States projects were considered by the project managers to be successful.
 - Not all projects that have an incentive produce the desired results. In this group of respondents, incentive was not predictor of the end results.
 - Make time for involvement in projects. Active involvement by the owning organization can have a dramatic impact on the outcomes of the project.
 - Projects will be less predictable when working outside of your own culture.
 - Additional complication when translation and distance is involved.

Thank you!

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*A copy of the research can be provided
by request.*

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