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THREAT OF CROSS-CULTURAL CLASH: LESSONS LEARNT FROM INTERNATIONAL PROJECTS

Empirical study
based on
literature review

Keywords

Cross-cultural clash
Project lifecycle
Project management
Development and Technical Assistance (DTA) international projects
Engineering projects

JEL Classification

D83, F35, M54

Abstract

The article is based on both literature review and authors' experience related to about forty international projects – over more than a decade. Besides their creative potential based on the opportunity to exchange cross-cultural knowledge, the international projects have their negative side as well: if not timely identified, and properly managed, the cross-cultural clash might be a threat for the successful completion of the project. The authors investigate engineering, development and technical assistance (DTA) international projects, aiming at identifying their main characteristics, by the project lifecycle stages (as feasibility, design, implementation, evaluation).

Among the notable results of the study are the management lessons learnt in order to mitigate cross-cultural clash, and avoid inter-cultural misunderstandings and even conflicts.

Introduction: international companies, projects, and ... their managers

Decisions made by top managers of large companies are project-related – as they implement their strategies by projects, largely because of the pressure of limited resources and the need to use them efficiently, while the uncertainty of environment ups. On the other hand, large companies and projects are more and more global, making boundaries and distances less and less significant. Consequently, the internationalization of their activities brings together people (not only labour force but also decision makers as well as technical experts) – creating not only new business opportunities but also new opportunities for [cross-cultural] misunderstandings that might develop into intercultural conflicts or clashes – with negative impact on project success. From authors' experience, managing multicultural project teams in international projects proves to be more challenging than mono-cultural project management; the critical element is *communication*. Every culture has different communication means, channels and methods – considered as effective (Hulkkonen, Soikkeli, & Jarvenpaa, 2007). The critical communication issue is the *language*, mostly in international projects when locals and expats have to speak same language (usually English) but none of them is English native.

Examples

In early '90s, one of the authors was involved in several DTA projects in Romania, funded by foreign donors. On two occasions the language misunderstandings between local and foreign experts were almost ready to escalate into conflicts that could have damaged the project results and objectives

(i) In one case, the local party was asked if can do a certain task, and answered affirmatively. After a while, when the task was expected to be accomplished, nothing happened actually; local party was still waiting for the 'green light signal' to start!

[in local language 'I can' has also 'I could' meaning].

(ii) In other circumstances, one of the partners – who happened to be very ethical – was told that he was mining the staff 'morale' [yet he understood it's about 'moral']; and he became upset and reacted negatively.

The *language* is a lot more critical mostly in engineering projects when technical, highly specialized know-how wording is used. The solution is to develop and implement a "language" as a set of terms easy-to-recognize and be accepted by project community. The NORAD's Logical Framework Approach (LFA) is such a language, successfully used in technical assistance projects (NORAD, 1999).

Pre-established communication styles might also be considered – as in some cultures informal communication could be as practical as formal one.

As the project management process assumes significant time allocated to communication, miscommunication is encountered when the message is not properly decoded (frequently translated from one language to another).

Basically there are two types of misunderstandings that might happen: (i) between people of different cultures working together (international experts in the same team, for example); (ii) between managers (usually expats) and local subordinates, which is typical conflict.

From managerial standpoint, the second is of interest in our study as the blame for failures of international alliances is often on cultural clash, on conflicting national and organisational cultures (Cacciaguidi-Fahy & Cunningham, 2007).

The origin of conflicts is not so much on account of the intercultural business communication process or linguistic issues but it arises mostly due to different cultural attitudes; in this respect, Hofstede (2001) has identified five cultural dimensions. Gibson (2001) has demonstrated that the higher the PDI (Power Distance Index), the

more likely teamwork metaphors will be used. Metaphors are means of communication as their purpose is to convey “a series of messages through a process of association and images” and “the essence of the organisation’s strategic intent and its core values” (Cacciaguidi-Fahy & Cunningham, 2007) – which are essential messages to be communicated in multi-cultural working environment. The role of proverbs in intercultural communication is described by Pavan and Scarlat (2013).

Relying on their significant experience in about forty engineering and development & technical assistance (DTA) international projects, the authors explore the literature aiming at identifying practical solutions to avoid the inter-cultural misunderstandings and potential conflicts. This is why the focus of the paper is on multiculturalism in engineering & DTA international projects – along their lifecycle.

Hence the remaining of this paper is structured as follows: (i) Projects and their lifecycle; (ii) Multiculturalism in engineering projects management; (iii) Multiculturalism in development and technical assistance (DTA) international projects – completed with lessons learnt, managerial implications and conclusions.

Projects and their lifecycle

It is generally accepted that a project is defined as a set of *activities*, which: are oriented toward a common *goal*; have their own, particular *management*; are well defined in time (i.e. the project has certain *duration*); consume *resources* - that are *limited* – i.e. the project has a *cost* (Scarlat, 2013).

Maylor (2010) prefers to define the project by listing the criteria to be met by a set of activities in order to qualify as a project:

- “any non-repetitive activity;
- a low-volume, high-variety activity;

- ‘a temporary endeavour undertaken to create a unique product or service’ (PMI, 2000);

- any activity with a start and a finish;

- ‘A unique set of co-ordinated activities, with definite starting and finishing points, undertaken by an individual or organisation to meet specific performance objectives within defined schedule, cost and performance parameters’ (BS 6079: 2000, 1996).”

The number of project definitions is overcome only by the number of project categories; and the project typology is overwhelmed by their variety, actually infinite diversity. Lock (2007) considers “convenient to classify projects under four main headings ... (1) Civil engineering, construction, petrochemical, mining and quarrying; (2) Manufacturing projects; (3) Management projects; (4) Research projects” – which are very much engineering and DTA projects. However, he admits that “no two projects are ever exactly alike; even a repeated project will differ from its predecessor in one or more commercial, administrative or physical aspects.” Truly, the uniqueness of each project was an essential facet of life that was observed millennia earlier as Greek Heraclitus of Ephesus (c.535-c.475 BCE) said: “Panta rhei” (everything flows) (<http://encyclopedia2.thefreedictionary.com/Panta+rhei>).

In spite of their large infinite diversity, the projects follow the lifecycle archetype; all projects go along same stages or *project ages* (Scarlat, 2013): feasibility stage, design stage, implementation, and evaluation. More precisely, there are two types of evaluation: *ex ante* evaluation (after project design but before implementation) and *ex post* evaluation (after project implementation).

The practice of the EU programmes has imposed a six stage project cycle: Programming, Identification, Ex-ante

evaluation, Funding, Implementation, Ex-post evaluation, [Programming] ... a.s.o. The process of managing this cycle is well-known by practitioners as Project Cycle Management – PCM (European Commission, 2002).

This periodization *is suitable for most DTA projects* (EU, World Bank, UNO funded).

Maylor (2010) favours a four phases project lifecycle – known as the “4D” lifecycle: (D1) Define the project; (D2) Design the project process; (D3) Deliver the project (Do it!); (D4) Develop the project process.

From the project manager’s standpoint, the project life is cyclical in the sense that project activities start and finish with the customer. Lock (2007) noticed that “there is really no such thing as a *typical* life cycle, because all projects differ enormously ... The total life of a typical project is rarely a true cycle, because there is often no return to the start or regeneration. So, strictly, we should talk about the *project life history*.”

This is why Lock (2007) considers that *project life history* (typically made of six phases: 1. Initial concept & appraisal; 2. Plan & design; 3. Execute the plan; 4. Debug/commission & hand over; 5. Operate & maintain [useful life]; 6. Dispose of / scrap at end of useful life) *includes typical project management span* (made out phases 1-to-4). However, the same author accepts the concept of *project life cycle* – from the project manager point of view – as composed of six “key stages” (Lock, 2007): [initial concept/need – customer]

1.Sales engineering 2.Design 3.Plan & schedule 4.Purchase goods/services 5.Make/build 6.Test & commission [Customer – Use & eventual disposal].

In addition to these important conceptual observations, note that Lock’s approach is *closer to the engineering projects*.

At its turn, Project Management Institute (PMI, 2000) is very specific in making a neat difference between phases of the

project lifecycle (simply: initial phase, intermediate phase, and final phase) and the *project management process* groups (initiating process group; planning process group; executing process group; monitoring & controlling process group; closing process group).

According to Bentley (2005) and his methodology (PRINCE2), the *project life cycle* (counting five phases: Specify; Design; Develop; Test; Change over) is included in the *product lifespan* – which starts with three phases (Idea; Study; Trigger), continues with the project life cycle itself (the above five phases), and ends with other three phases (Assess value; Use; Scrap).

Beyond their theoretical importance, PRINCE2 as well as PMI *process approach and methodology are very suitable to engineering projects*.

Next two sections specifically deal with multiculturalism issues within engineering and DTA international projects.

Dealing with multiculturalism challenges while managing engineering projects

Overall, the project periodicity offers good basis for learning lessons out of mistakes unwillingly made.

Along the projects lifecycle, the implementation phase is consuming most of the resources; therefore, the errors made during this phase are highly costly.

Nevertheless, *most of the errors are committed during the design phase and their consequences are visible later on, through project implementation*. This is why the engineering and consulting firms should pay special attention to their projects and their lifecycle; essentially when dealing with top risk – as critical infrastructure projects (Scarlat, Simion, & Scarlat, 2011).

With the same goal of reducing the risk of making errors during the design phase,

stage-gate-type methods were developed (Jenkins, Forbes, & Durrani, 1997).

As advantages of multiculturalism outcome disadvantages, more and more engineering and consulting companies are looking for diversity (cultural diversity included), in their efforts to reduce the risk of making design errors. Therefore, it is not surprising that professional services firms like Goldman Sachs look for solutions to their problems using multicultural global resources, and advertise the jobs accordingly in *The Economist*, 2000: “The good news is great minds don’t think alike ... We believe the best ideas come from a room full of differing opinions. With our substantial global resources, we’re able to bring different minds and disciplines to the table. The result is out of the box thinking instead of conventional solutions” (Mello & Ruckers, 2006).

The managers of engineering companies that undertake projects across international borders or within national boundaries working with multicultural teams rarely imagine *ex ante* the challenges that await them. Of course, projects schedules are tighter, products are getting more complex, quality and performance requirements are becoming higher, and budgets are shrinking. But these are all simply constraints and engineers are used to dealing with constraints. Strangely enough, the biggest challenges for the managers of engineering projects today are not of technical but non-technical nature, which are often the stickiest. They need to take actions and pursue initiatives that will stick the project teams to the tasks and thus keep the engineering companies productive and competitive on the market.

Much of the multicultural engineering and technical assistance projects’ success depends on how the organization relates to its employees. Most organizations proclaim that their employees are their most valued

asset, but still make decisions that take them for granted (e.g. massive outsourcing to other countries).

In today’s global economy a diverse workforce is considered essential to a top performing organization. By their composition, cross-functional and interdisciplinary project teams embrace diversity of discipline and functionality. Beyond that, teams whose membership is culturally diverse are shown to outperform more homogenous teams over the life of a project. Culturally diverse teams can provide insights into a diverse customer base that culturally homogenous teams simply cannot provide. Diversity informs decision making, expands the number of options generated during brainstorming, and adds perspectives and approaches to problem solving processes.

Culturally diverse teams do not, however, function without challenges. Language barriers, a variety of perceptions and perspectives, and a wide range of behavioral norms can serve to get multicultural teams off a slow start, and sometimes lead to allegations of bias, equity concerns and misunderstandings.

The most important threats come from the groups of project team members which, because of personal and/or professional lack of satisfaction or cultural conflicts, may leave the engineering project team they are currently working for. In this situation the managerial challenge to be addressed is to successfully mitigate and smooth down the intercultural issues of any kind also motivate and retain the highly qualified and experienced engineers thus preventing them from leaving the team. This requires carefully developed and successfully implemented human resources strategies within the company in general and project team in particular.

In a multicultural project team the most important issue today is to address the

intercultural issues and succeed in joining all the members. The most fundamental strategic management challenge involves the management of competences and other intangible resources which are only partially controlled by the firm and embodied in the human capital.

Catteeuw (2012) signalled the importance of the intercultural competence and proposed a three-level framework of reference for intercultural competence. This intercultural competence framework is applicable to engineers' training – as depicted by Catteeuw (2013).

To be successful in managing a multicultural team working on an engineering project the following issues must be addressed (ASME, 2010):

- Knowledge of regional and cultural differences in management practices
- Knowledge of fair management regulations and practices regarding race, gender, and age;
- How to maintain an awareness of and adapt to the requirements for managing a diverse workforce;
- Conflict resolution techniques.

Multiculturalism in development and technical assistance (DTA) international projects

Each culture represents a micro-cosmos with own laws and principles, with own identity and dynamics (Hall & Hall, 1990). Even space and time reflect a different reality. Each project becomes itself a different culture, borrowing and melting together traits of members' cultures. The more diverse the group, the more each and every individual should adjust to a new language and operating system. Since human beings are reluctant to change, working in a multicultural team forces members to face serious challenges.

As compared to engineering projects that benefit from relatively common technical

language and procedures, in the case of development and technical assistance projects the diversity is omnipresent and actually is precisely the *raison d'être* of the intervention. DTA projects are funded by governments or international agencies, in favor of developing countries, in order to support economic, social, environmental or political progress. It means that, apart from technical knowledge, or advanced equipment, the recipients are exposed to different kinds of relationships, values, behaviors, convictions or attitudes – actually to different cultures.

However, nothing being perfect, besides the advantages of lessons learnt, there are disadvantages related to the cultural clashes. On one hand the host group may refuse the infusion of new culture, or more, not being able to surpass the change. On the other hand, the team empowered by the donor to pass on progress may act in an ethnocentric manner, and impose its own dominant culture, considered standard.

DTA projects resemble two way roads, with learning objectives at both ends, equally for the host population and the intervention team. Communication, versatility, and the ability to become ethnorelativists are the critical traits of the implementing team towards achieving success of DTA projects. In the first two stages of the project lifecycle, feasibility and design, the implementing institution should learn as much as possible about the realities, needs and aspirations of the recipients and to align available resources to those needs and aspirations. Nevertheless, the result of these first two stages may be impressive but not coherent in the real world. Like providing youngsters in remote villages with top computers (where there are only 2 hours per day electricity).

Examples: *In mid '90s, one of the authors was involved in several DTA projects in West Kazakhstan. During that period, international oil companies had in their concession contracts*

as obligation to increase local participation. And they spent important resources and amounts of money for large projects as:

*(i) to build a huge, modern hospital while they did not have doctors to operate the equipment;
(ii) a state of the art sport complex, while local population did not have very sporty habits;
(iii) a large bread factory which with only 10-20% of capacity killed many small local businesses. Generally, projects were extremely large for a small population in a remote area with minimal, almost nonexistent appropriate roads. As result, significant resources were wasted because the implementing institution did not learn much enough – during the first two stages of the project lifecycle – about the realities, needs and aspirations of the recipients and to align project resources to those needs.*

In the implementation and evaluation stages cultural sensitivity is critical. Not only language or level of communication content, but also the implementing team should adjust to the local values, habits and rituals. If, for example, the project deals with administration or governmental agencies, than knowledge of local culture is mandatory in adjusting the project's objectives to the context. Capacity building and sustainability call equally for technical expertise as well as for cultural empathy.

DTA projects have built in multiculturalism since most of the times each stage of the life cycle of the project is commissioned to different teams. Donors would be mostly involved in the first and forth stages, feasibility and evaluation, not necessarily with the same teams. For the design and implementation stages it is common to hire professionals. So a DTA project might be subject to cultural diversity due to the different composition of teams responsible for each stage.

Moreover, within each stage, each team would travel on the same itinerary in the process of team formation (Tuckman, 1965). So, in the formation stage people get to know each other, with curiosity and interest, then comes the storming stage when

intervene conflicts between members or cultures of the group, and sometimes the peak of the storm leading to the dismantle of the team. For survivors the norming stage accommodate with tolerance rules and procedures that allow the team to get into the performing stage, when communication, and cooperation are mandatory for the team to successfully attain objectives.

The practice revealed that best fit for teams involved in DTA international projects, and not only, are people with cultural intelligence, and cultural empathy. These traits are a result of the education and training, personal structure, experience and exposure.

Some could argue that costs to surpass these cultural clashes are too high and might be avoided. At the same time diversity proved to be the engine for progress. Therefore it is important to find the right people for the right project and maintain equilibrium.

Conclusions

Cultural diversity is visible three folds in the DTA projects; there are three types of clashes:

- (i) between teams working on each stage of the project cycle;
- (ii) between team members in the team formation process;
- (iii) between intervention and recipient cultures.

This makes more valuable the contribution of donors and international agencies, as finding the right teams with mixture of expertise and cultural exposure is challenging.

Employers, agencies, donors have all designed their ideal portrait of the project manager leading a multicultural team in an international project, whether DTA or industrial. Most of the job offers require apart from specific education in the particular area, work experience with the type of organization or with the donor,

management experience in similar projects, prior experience in the country or region where project is implemented, knowledge about local conditions, constraints, and regulations, language skills, emotional intelligence, cultural sensitivity, interpersonal and communication skills. It looks that leaders of multicultural teams engaged in international projects, engineering or DTA, are or should be really special!

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