

# CULTURE SHOCK

**Projects spanning cultures need more than just a good translator.**

BY LYNDA BOURNE, DPM, PMP

It was a billion dollar project deal—one that I would suggest collapsed in part over a lack of cross-cultural understanding. In late 2004, Fortescue Metals Group Ltd. and a consortium of Chinese engineering companies announced a series of “binding agreements” to build a new iron-ore mine, railway and port. But the deal fell through when discussions around an equity stake in Fortescue broke down.

In a Western context, these were separate negotiations and the breakdown of one should not have impacted the other. To the Chinese, however, the relationship is what matters and the failure of one aspect of the relationship damages *all* aspects of the relationship. Fortescue was able to recover. Since that initial setback, the company has successfully built its mine, railway and port and is now Australia’s third-largest iron-ore exporter with strong ties to Chinese markets.

Project players in China must consider *guan xi*, says S.K. Khor, PMP, founder of Asia ICT Project Management Sdn Bhd in Malaysia. The philosophy deals with any network of relationships among various parties who cooperate and support one another in the Chinese business and project world. And Mr. Khor says it’s critical to the successful delivery of any project—from bidding through to handover—involving Chinese organizations.

“*Guan xi* is intensely personal. While it can be shared and reflected onto the organization a person works for, the individual ‘owns’ his or her *guan xi* and has to invest time in developing and maintaining it,” Mr. Khor explains. “This gives him or her a competitive advantage as well as the ability to avoid conflict, both of which are beneficial to the outcome of the project.”

Every culture has its own style of communication. In most Western cultures, it is the sender’s responsibility to deliver a clear message. But as Malcolm Gladwell describes in his book *Outliers: The Story of Success* [Little, Brown and Co., 2008], in many Asian countries, the listener is charged with making sense of what is being politely intimated—particularly if the person sending the message is junior to the person receiving it.

There is no right or wrong in culture. But the ongoing debate about how cultural differences impact projects raises several questions. For example, do we need to adapt *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* to different cultures?

Cultural understanding doesn’t just happen along an East-West divide. I experienced two very different approaches to human resource management during a major project review in Pakistan, for example. The hierarchal and procedural culture of the Indian subcontinent was quite different compared to the team culture of the Chinese engineering company working on the project.

Dealing effectively with project issues such as cost and time overruns is also culturally sensitive. In Japan, the concept of *nemawashi*, or pre-arrangements, requires contentious issues to be discussed and resolved privately so there is no public disagreement or embarrassment.

Even the act of making a decision can be seen as a failure—decisions should simply emerge. *Nemawashi* makes transparencies—such as a project management office fearlessly reporting schedule slippage or cost overruns—at a project meeting almost impossible. A totally different, culturally sensitive approach to information sharing is needed.

There is no right or wrong in culture. But the ongoing debate about how cultural differences impact projects raises several questions. For example, do we need to adapt *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* to different cultures? It’s currently produced in several translations, but language is only one dimension of culture. Do the processes also need to be adapted to reflect various cultural idiosyncrasies?

It’s an intriguing question that I’ll pick up again in a post on the Voices on Project Management blog ([www.PMI.org/voices](http://www.PMI.org/voices)). Be sure to weigh in. PM

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