international project management
Leadership in Complex Environments
THOMAS W. GRISHAM
INTERNATIONAL PROJECT MANAGEMENT: LEADERSHIP IN COMPLEX ENVIRONMENTS
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Thomas W. Grisham

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Chapter 1

Introduction

International project management is the leadership of projects that are conducted in multiple countries and cultures. Projects may include:

- An international Swiss-based nonprofit organization providing humanitarian assistance to people in Somalia; with a local political partner; a value chain in Kenya, Egypt, and India; and funding from multiple donor countries.
- A Singaporean for-profit organization building a new manufacturing facility in Cambodia; with a Chinese partner; value chain organizations in Germany, Morocco, Vietnam, and Brazil; and a government agency in Cambodia.
- A U.K. multinational organization with partners in South Korea, the United States, and Japan that is performing a public private partnership project in Botswana. Funding is being provided by a consortium of organizations, including private equity from the United Kingdom, bonds issued in the United States, and a government guarantee. The project will be operated by a joint venture of organizations from Botswana, South Africa, Spain, and Germany.
- A Russian charitable organization providing emergency medical and food services for people in various countries in the Balkans and the Persian Gulf. Pharmaceuticals and food sourced and delivered from value chain organizations in 10 different countries, physicians from all over the European Union and Russia, and donations from Central Asia and the subcontinent.
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- A global organization that will launch a new information technology platform. The platform will be used in the Mexican division, and the architecture and code is being provided from Finland, Estonia, and India. The concept was developed from lessons learned, or best practices, in Russia.
- An Italian organization constructing a new prison facility for the U.S. government.
- A transnational organization that markets through divisions in 82 countries. The products are designed in Italy, Sweden, and France, with customization done in each country. The product components are manufactured in Ukraine, Sri Lanka, Laos, and Pakistan; are shipped to Malaysia for subcomponent assembly; then shipped on for final assembly in China. The organization is preparing to develop a new product line as a project.

International projects differ from domestic projects by their complexity of culture, politics, law, local practice, language, time zones, holidays, processes, resources, and more. As you can see from the list, they can be incredibly complex even if internal to a single organization. This is one reason many global organizations have embraced project management as a way to increase quality and decrease price. Projects that are conducted with multiple organizations are truly fascinating undertakings. International projects are similar to domestic projects in that they share basic project management processes, but it does not follow that a project manager with only domestic experience can lead an international project. For example, stakeholder management is required on both domestic and international projects.

On international projects, attitudes are influenced by culture. Think of changes in scope in a culture that values long-term relationships (the Chinese) compared to one that places more importance on the contract itself (the United States). Project success can be jeopardized by failing to account for such cultural differences. This is part of leadership, and thus the title of the book. Project management is a profession, so we use that term to refer to the profession. However, we must be clear from the beginning that managing an international project only will greatly diminish the probability of success; leading an international project requires a different set of skills and a different attitude, and is the focus of this book. We discuss the differences between leadership and management later.
International markets are places of rapid change and severe economic pressure; the pressure today is to drive quality up and prices down. To manage change effectively requires a foundation of leadership first, then processes, and metrics. Taken together, they provide a platform for imbuing a culture of change within organizations. When firms and organizations become flatter (less distance between the chief executive and a worker), there is a greater need for people to enter the workplace fully trained, especially for international project managers. The project management profession has responded with professional certifications that include practical experience, project management training, and a code of ethics. For these reasons, many firms and organizations are seeking project management professionals (PMPs), including governments, nongovernmental organizations (NGOs), United Nations groups, development banks, and of course private industry. Many firms and agencies are requiring that suppliers of project management services name a PMP in their tender documents as a prerequisite for bidding.

International business and project management practice have converged in the last 10 years. Organizations are tending toward hiring multitaled people who are self-motivated, intelligent, and willing to take responsibility. Some of the reasons are:

- The need for leaner and flatter organizations to reduce costs
- The need for leadership skills throughout the organizational food chain from top to bottom—lead one day, follow the next, and be comfortable personally in either role
- The need for knowledge workers throughout the organization
- Globalization and the need to improve quality while reducing cost
- Kaizen to keep quality high while reducing cost
- Diversity

This book is designed to describe the confluence of theory and practice for international projects and to highlight the need for leadership skills in such environments. It is written for these groups:

- International project and program management practitioners who wish to enhance their skills and broaden their understanding of international project management.
- Domestic project and program management practitioners who need to learn how to lead international projects.
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- Academics who want to extend the research into topics that impinge on international project management and techniques.
- Students of project or program management. From our experience, few projects now have only a domestic component, and so the broader view of leading international projects will serve students well in domestic settings as well.

To meet the needs of these groups, we have incorporated a wide range of material taken from the literature on project management, leadership, business management, conflict management, psychology, sociology, anthropology, the arts, religion, history, geography, political science, and more. Successful international project managers need to be inquisitive and need to have a broad range of interests and capabilities. These attributes are inherent in cross-cultural leadership intelligence (XLQ), and key to the success of international project managers. XLQ combines the concepts of intelligence quotient (IQ), emotional intelligence (EQ), and cultural intelligence (CQ). It is a measure of the leadership attributes possessed by a project manager. We describe it XLQ detail in Chapter 4, but for now think of it as the ability of an international project manager to inspire the desire of others to follow her/him regardless of their societal, organizational, or group cultures.

The structure of the book mirrors the Project Management Body of Knowledge (PMBOK 2004), so that project and program managers with that credential can relate back to this standard. The fourth edition of the PMBOK was available in early 2009, but the differences between the third edition that we refer to in this book and the fourth edition are not important for our purposes. We selected the PMBOK knowledge areas as the standard because far more people belong to the Project Management Institute (PMI) than the other international project management organizations combined. The book is therefore organized around the nine knowledge areas—integration, scope, time, cost, quality, human resources, communication, risk, and procurement—and includes discussion of the process groups—initiating, planning, execution, monitoring and control, and close-out.

The PMBOK provides a generic process, written from an internal organizational view, and, presumably, for both domestic and international projects. To validate this, in 2006 the PMI offered a grant to determine how “internationalized” the PMBOK truly is. Our answer to this question lies in the pages of this book.
We should make perfectly clear one more item about the *PMBOK*. This book, as you will see, is not intended to expand on or explain the *PMBOK* or the International Competence Baseline (ICB) of the International Project Management Association (IPMA). We do not favor one over the other, and we refer to them to enable our readers to connect their knowledge back to these established standards. That is the *only* reason these works are mentioned here. In fact, we see both as works in progress and in need of significant adjustment to meet the needs of international projects.

International projects managers have the same requirement, in our view, as do physicians, and that is to stay current with the knowledge base. International project management requires people to be curious and adventuresome. To that end, and others, this book is approximately 80% focused on professional best practices and 20% academic. In some sections, the reader will find more references, or citations, to other sources. The reason is to provide those of you who are curious about the topic and want more information a place to begin your search and to provide those who need to hone their skills references that will provide you with more detail. Although the book is a blend of practice and theory, it is also our hope that it exposes the reader to more than just project management thinking, for that is what international project managers must possess.

What exactly is an international project? The *PMBOK* defines a project as “a temporary endeavor undertaken to create a unique product, service or result” (p. 368). This distinguishes a project from the ongoing operations of a business. Starting with this definition as a basis, we need to add that an international project is one that utilizes resources from or provides services in more than one country, physically or virtually. At one extreme, a project performed in a single country utilizing local people that have international backgrounds is an international project. At the other extreme, a project that utilizes resources from, and provides services in, multiple countries is also an international project. One common denominator is the need for XLQ. This book provides processes and techniques for managing international projects across this spectrum of possibilities; we recognize that many will not be able to reach the transparency goal we suggest.

What you will find in these pages is a description of a goal. Leaders of international projects have different levels of expertise, and their organizations have different cultural norms. Countries have different cultural, political, and legal systems. Some countries have a higher quality
of life, some have corruption issues, some have civil strife, and some face refugee challenges. Some government agencies have strict regulations regarding procurement of goods and services, and in some countries, the rule of law is not yet fully established. It is a wonderfully challenging and complex environment. For this reason, each project will be unique and will have its own set of challenges. The processes that we describe in this book are a goal that must be modified to fit the conditions encountered. The processes are not the way but rather a way to increase the probability of success. The measure of an expert international project leader in our view is the ability to adjust the processes we describe to fit the conditions.

The book uses “we” rather than “I,” simply because a team of people are required to complete an international project successfully. So in our examples—some of which are true, some a composite of our experience, and some hypothetical—we use “we” to recognize the many people who may have participated in the projects we were associated with. “We” here means the author’s view of the composite. Actually, I recommend that project managers consciously limit their use of the word “I” and replace it with “we.” In this book, the teams on the projects in my experience are speaking through me. The use of “we” is my way to recognize them.

The book uses the PMBOK knowledge areas as chapter headings. The chapters are, however, in a different order from those in the PMBOK for a reason. The chapters in this book follow the sequence we suggest in practice for planning a project or program. A brief description of each is presented next.

Chapter 1, “Introduction,” provides basic considerations for international projects, such as sustainability, ethics, laws, compensation, culture, knowledge management, and of course project structures. The sustainability section includes more references than in the remainder of the book. We feel this is a critical topic for international project managers, and currently the literature for project management is thin on this topic.

Chapter 2, “Framework,” provides some basics for international projects, such as the stakeholders, participants, project life cycle and contracting methods. These first two chapters lay the groundwork for the remainder of the book.

Chapter 3, “Project Basics,” discusses the first of the PMBOK knowledge areas: integration management. Beginning with this chapter, the book discusses the international project requirements of each PMBOK knowledge area. We have not internationalized the PMBOK but rather have organized our ideas on international project management using
the *PMBOK* format. Integration management spans all of the *PMBOK* process groups starting with initiation, through planning, execution, monitoring and controlling, and ending with close-out of the project. It also connects these process groups to each of the knowledge areas—the thread binds the quilt of project management. In this chapter, we discuss the foundation concepts for successful international project management. We cover cross-cultural issue from an enterprise point of view and introduce societal culture.

We consider Chapter 4, “Leading Diversity,” to be the most important aspect of international project management. Leading people is the first job of a project manager, followed closely by communication skills. Managing the project takes third place in our experience. In this chapter, we address cross-cultural leadership in detail and provide our model for XLQ. We also discuss teambuilding, motivation, values and ethics, knowledge sharing, and education and discuss communication management. For international projects, there are the obvious language issues that must be addressed, but perhaps more important are the cultural, sociological, and psychological aspects of communications. As with sustainability and risk, the project management literature is not deep in the area of communications, and we need to look to other disciplines for help in honing these skills. We present ways that international project managers can improve their effectiveness when communicating across cultures, business or cultural.

In Chapter 5, “Integration Management,” covers the purchase order structure, charter, planning, and ethics.

In Chapter 6, “Scope Management,” we discuss the considerations for scope management, including development of a scope split document, a change management plan, and a dispute resolution process.

In Chapter 7, “Cost and Progress Management,” we discuss the issues of cost and progress. For international projects, this knowledge area can be quite a challenge. We provide, as in all of the chapters, the challenges and our suggestions on how to meet them more effectively.

Chapter 8 is called “Risk Management.” On international projects, the key is to select the most critical project risks and actively manage them, for in today’s world there are many risks indeed. This chapter presents techniques to assist in focusing on the critical project risks.
Chapter 9, “Time Management,” addresses the issues relating to time management, float, and transparency. On international projects, addressing this issue requires a basic understanding of time zones, religions, cultures, and customs. It also enables a 24-hour view of project planning.

Chapter 10 is titled “Quality Management—Customer Satisfaction.” On all projects, quality has both a service and product component. On international projects, establishing standards for these components and developing quality plans and dashboards is complex. As we show, there are at least four major international standards for project management: those promulgated by the Project Management Institute (U.S.), the International Project Management Association (Swiss), Association for Project Management (U.K.), and Projects In Controlled Environments, the second version (PRINCE2) (U.K.). In addition, multiple technical standards exist. In this chapter, we provide guidance on how to manage this diversity.

Chapter 11 is titled “Procurement Management.” In a global economy, most international projects take advantage of international value chains. Suggestions on how to manage these systems better and how to integrate them into the project are provided.

Chapter 12 provides a summary review of the concept of the collaborative project enterprise and some final thoughts about leading international projects.

The book offers a blend of theory, practice, and example projects from our personal experiences. As noted, where the project management literature is thin, we have provided more references to point to theory that can be used to improve the knowledge of international project managers. On the practice side, we have translated our experience into the format of the PMBOK, but with a close eye toward the other international standards. Where we find non-PMBOK standards to be more effective, or where we find no information in the PMBOK, we have used the other international standards. We have used short stories of our experience, throughout the book, to provide a frame of reference for the reader. People have always used stories to communicate with one another, and they are a powerful medium, along with metaphors, to convey complex ideas in a short time frame. Perhaps most important, stories are simply enjoyable.

In conclusion, the book takes the view that international project managers need to be leaders with high cross-cultural intelligence, creative communication skills, the ability to establish and maintain dependable project management processes, and compelling curiosity.
In this chapter, we begin by discussing the palette upon which international projects are painted. We introduce our view of an international project manager and the professional standards. Then we turn our attention to the international environment and discuss sustainability, ethics, laws, value chains, e-business, culture, and human resources. We then discuss organizational structures, change management, knowledge management, and end with project structures or projects as collaborative project enterprises (or, as some call them, temporary organizations).

It is critical that an international project manager have an understanding of the context within which she or he works. The reason is that the international markets have not yet agreed on accepted standards. The diversity in everything from culture to technical standards is astounding, and it is what makes international project management both challenging and rewarding. If you celebrate change and diversity, this is the field for you.

2.1 INTERNATIONAL PROJECT MANAGER

The standards for project management, discussed in the next section, provide a structured systems approach to facilitate the development of repeatable processes. The advantage of those standards is that the
discussion about each of the processes, or PMBOK knowledge areas, is made more direct and definable. The disadvantage is that the interrelationship between the processes is difficult to explain and to correlate. This book is organized in line with the PMBOK to make correlation to this recognized standard more direct.

Figure 2.1 provides a graphic look at the balance necessary between brain functions for international project managers. The view is from the top of the head, with the face being at the top of the figure. The figure is based on psychological, sociological, and medical research, which has found that found people use the right hemisphere of their brain to deal with more conceptual types of issues, holistic thinking, images, intuition, artistic creativity, and language intonation—the so-called soft skills. People use the left hemisphere to process more logical activities, analytical thinking, and language (grammar and words)—the so-called hard skills. An international project manager must find ways to fuse the leadership side—soft skills—with the managerial process side—hard skills.

This book emphasizes the importance of the right-brain leadership skills, for they are vital. The left-brain managerial aspects are necessary to the successful completion of projects as well, and need to be in
balance, but they have a significantly smaller impact on the realization of successful international projects. Leadership is the key.

Figure 2.1 was created using mindmapping (Buzan 1993) software to show fuzzy relationships. The extreme branches shown in the left-brain represent the nine PMBOK knowledge areas. On the right-brain side, cross-cultural leadership intelligence (XLQ), sustainability and ethics, and context are the three major areas. Under context, it is especially important for an international project manager to understand the peripheral conditions surrounding the project, the teams, and the international marketplace.

On that point, imagine you are a lead project manager for a communications organization that is providing services in Iran to enlarge the telecommunications network. The government chooses to employ a “deep packet” (information technology [IT] system that offers filtering of data), an option that your organization offers, as part of that project. There is a disputed election, and the government uses the system in an attempt to disable Internet communications. Your project is a great success with the customer—assume it is the government—but the rest of the world sees your organization as playing a key role in the suppression of information. Your project could result in questions about the ethics of your organization. Our point is that the person who leads international projects must be curious enough to become informed about global issues, trends, and attitudes. Given enough pressure on your organization, you may be forced to disable the option and, in doing so, alienate the customer. The customer could then sanction your actions and affect your partners and value chains.

To use a more straightforward example, if the project is an IT endeavor that plans to connect financial markets in three countries, including the United States, the politics and history of the Sarbanes-Oxley Act may well be critical.¹ Again, the point is an international project manager

¹Generally both U.S. and non-U.S. organizations are subject to the disclosure requirements of the Sarbanes-Oxley Act, with some exceptions. The quality and timeliness of organization information has been enhanced, including these provisions:

- Management and auditors must annually assess their organization’s internal controls and related disclosures.
- Additional disclosure of off–balance sheet financing and financial contingencies is now required.
- The presentation of VFM information is now required.
- Disclosure under Section 16 of the Exchange Act of insider stock transactions has been accelerated to two business days. (This does not apply to non-U.S. issuers.)
- Disclosure of certain information will now be required in “real time.”
must understand the international business environment and be current with international politics, economics, and societal trends. One excellent source we recommend is a British periodical, the *Economist* (www.economist.com).

On the left-brain side are the more direct managerial functions that an international project manager must lead. Value chains are discussed in Chapter 11 as part of the procurement knowledge area. Likewise, the navigation considerations are the subject of their own individual chapters. We use sailing as a metaphor to describe these processes, thus the word “navigation.” These left-brain considerations are more process related, technical, and logical. The right-brain considerations provide a foundation or palette on which the left-brain activities are painted.

The left- and right-brain example is an attempt to draw a clear distinction between management and leadership. If you manage an international project, you will reduce your probability of success—radically. If you lead an international project, you will increase the probability of success radically. Many people ask what the balance should be between the two. Unfortunately, the answer depends on the project conditions and requires a leader to adapt skills to the environment. In general, however, we would suggest something in the range of 80% leadership, 20% management. We were fortunate enough to have had the opportunity to work for the extreme versions of manager and leader on the same project at different times. That and other experiences have led us to this heuristic.

Sustainability and ethics are central challenges on international projects, due to the variability between organizational and societal cultures. Consider the issue of corruption. Transparency International provides an annual corruption perception index (CPI) that ranks more than 150 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys of businesses (www.transparency.org). In 2006, Finland had a CPI of 9.6 (low perception of corruption), whereas Haiti had an index of 1.8. If you have a project to provide telecommunications in Haiti, and your organization considers its corporate social responsibility (CSR) as a core value, there will be significant tension between sustainability and ethics, and context.

International project management is complex and ever changing. In this book, we describe a perspective that is optimum. We also argue that the lead project manager must adapt to his or her environment, seek to understand all perspectives, and empathize. Leading international projects is not about fixed processes, black and
Standards

white, yes and no, male or female, plus and minus, up and down. It is about balance. In Taoism, this notion is represented by the symbol, shown above, for yin and yang, or female and male. There is male in female (white dot in black area) and female in male. One would not exist without the other, and they are balanced and intertwined. When you see this symbol in the book, remember to consider what we have just said in this context. We cannot provide a fixed process that will work in every circumstance, but we can provide a vision that will increase your chances of success.

The next section provides a brief look at the Project Management Institute's PMBOK, the International Project Management Association (IPMA), the Association of Project Managers (APM), and Projects in Controlled Environments (PRINCE2). These are the primary international standards for project management, and throughout the book, we relate our approach to international project management back to the standards so that those who are credentialed by any of these groups can see the connections back to the standards. Remember, however, that the standards are only guidelines, and the standards do not address how to apply them on international projects. The goal of this book is to illustrate how to apply best practices.

2.2 STANDARDS

There are four major standards for project management. Each standard provides a knowledge base that promulgates a common language and methodology for the profession. Although they are similar to one another in content, they differ in organization, emphasis, and terminology. Each of the standards has its strengths and weaknesses, but the PMBOK is widely used and there must be some common benchmark; otherwise both the terminology and methodology can easily be misunderstood. This book uses the PMBOK as the benchmark for structure and for terminology, since it has the largest current membership. There are areas where the PMBOK is silent or where it places too little emphasis on particular skills; one of those areas is leadership. In such cases, this book looks to the other standards.

The Project Management Institute (PMI) has published the PMBOK (2004) as its standard of practice. PMI (www.pmi.org) was founded in 1969 in the United States and has over 420,000 members from 70 countries. The PMI has a project management professional (PMP) credential that
requires experience, course work, and an exam. It also offers a credential for program managers. PMI also publishes the Project Management Journal, a scholarly magazine for project management professionals.

The International Project Management Association (IPMA) has published the ICB-IPMA Competence Baseline (2006) as its standard of practice. The IPMA (www.ipma.org) was founded in Vienna in 1965 and had over 40,000 members in 2007. It is composed of an alliance of member organizations in 45 countries. The IPMA has four levels of credentials: level A-certified project director; level B certified senior project manager; level C project manager; and level D certified project management associate. The IPMA also publishes a scholarly journal, the International Journal of Project Management.

The Association of Project Managers (APM) has published the APM Body of Knowledge (2006) as its standard of practice. The APM (www.apm.org.uk) was conceived of in 1972, adopted its name formally in 1975, and was a founding member of IPMA. The APM is based in the United Kingdom and as of 1998 had over 10,000 members in 40 countries. It utilizes the four-level IPMA certification approach. The APM publishes books, but no regular publications in magazine format.

Projects in Controlled Environments (PRINCE2®) was first developed as a British government standard for IT project management in 1989 by the Central Computer and Telecommunications Agency (CCTA), now part of the Office of Government Commerce (OGC). The PRINCE2 process model (www.prince2.com) provides a graphical process view of the project management process. As with the other standards, PRINCE2 offers a credential examination for “foundation” and “practitioner” levels.

The Australian Institute of Project Management (AIPM; www.aipm.com.au/html/default.cfm) was founded in 1976 and had about 9,000 members in 2008. It also has a registration program called “RegPM,” or registered project manager.

We provide some of the definition used by PMI and IPMA for selected terms, again to refer people back to these standards. We also provide a glossary for easy reference to words and acronyms used in this book, including those from PMI and IPMA.

These are the primary standards for project management and for international project management. In the next section, we discuss the environment in which these standards are applied.
2.3 INTERNATIONAL ENVIRONMENT

Life is change, and life has been very good over the last 20 years as the rate of change has increased rapidly. The pace of change in international markets continues to increase along with Internet accessibility and the speed of global business. As connectivity increases, the ability to locate and exploit lower-cost resources provides significant opportunities for organizations, large and small. Organizations need people, and human resources are now available globally.

The demographics of the world are changing. Today developed countries, such as Japan, have aging populations that require young people to support their economic systems and to provide services. Advertising and satellite television are bringing images of development to the remotest corners of our planet while the economies in developing or undeveloped countries continue, in most cases, to lag significantly behind the developed countries. The disparities are now so great, and the pressures to reduce costs so intense, that it is possible for foreign nationals to increase income levels by factors of 10 or more by immigrating. These trends have also led to changes in social norms and a new dialogue about globalization.

Globalization places pressure on governments, firms, societies, and people to adjust to different values, economic conditions, norms, tempos, and foreigners. Societies have established words to describe foreigners, such as farang in Thai or gaijin in Japanese. Such words serve to differentiate and stereotype groups of people, and in doing so create the potential for conflict. The pressures created by globalization have in turn inspired international attention toward the concept of sustainability. Globalization brings the benefits of enhanced economic prosperity and the disadvantage of adverse impacts on society and the environment. However, perhaps most important, it underscores the differences between cultural values and norms.

In an article on globalization, the Economist (“Survey: World Economy”, 2006) took the position indicates that globalization has provided a number of benefits to organizations: the reduction of labor costs gained from offshoring to low-wage countries; the flexibility of moving production curbs the bargaining power of workers in rich countries; and depressed wages in certain sectors, such as construction, due to increased immigration. The article points out that these labor issues are not just limited to low-wage
workers. For example, the number of students graduating in India and China with science and engineering degrees in 2004 was over 1.2 million, compared with 0.9 million in the United States and the European Union (EU). On the economic scale, the article indicates that the emerging economies will produce over 60% of the world’s gross domestic product (GDP) by the year 2025. The Economist also notes that since 2000, the GDP per capita has increased at 3.2% per year, offering more people better living conditions.

However, the article warns that the sharing of economic benefits is seriously disproportionate. Corporate profits and their percentage of developed economies are increasing while the share of wage earners is decreasing. For example, in 1980, wages in the G10 countries represented almost 63% of national income, and corporate profits in the G7 countries approximately 11%. In 2006, the wages were at about 59%, and the profits at about 15%. The article suggests that governments may have to intervene to force sharing through taxes and benefits. This is an important piece of knowledge for an international project manager, for it warns of the potential for economic inequality on your team.

Organizations are on the leading edge of these challenges and must find creative ways to cope with them as part of their ongoing business operations. Many governmental systems in the twenty-first century are still relatively insular; often organizations must navigate through uncharted waters when working in multiple countries. Multinational organizations, such as the United Nations, the World Health Organization, and the World Bank, provide a forum in which the incredible diversity of our planet comes together to find a common way. Despite the efforts of such forums, ethical inconsistencies abound in the international markets. These uncertainties force organizations to define their own standards for the environment, the societies within which they work, and their employees. International ethical standards exist, but they are inconsistent and not in wide use by a plurality of organizations.

Thus, an offering of baksheesh, a gratuity for a service, in one country could be a bribe in a second country and a tax deduction in a third. The establishment of international cultural values has been an

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2G10 (Group of 10) countries are eight International Monetary Fund (IMF) members—Belgium, Canada, France, Italy, Japan, the Netherlands, the United Kingdom, and the United States—and the central banks of Germany and Sweden. G7 countries are the United States, France, Germany, Italy, Japan, United Kingdom, and Canada. The G8 includes Russia.
ongoing human endeavor for the past 5,000 years, beginning with the recorded worship of deities (Grun 1982), and it continues to be a work in progress. As an international project manager, you must lead by setting an example for the team. Doing so requires balancing local custom against international laws and customs of other cultures.

Religion is one tool that societies use to define ethics, so commonalities run through most religions: People should not kill, people should not steal, and people should not lie. However, the application of these ethics varies and is manifested through different values and norms. The values and norms vary internationally for certain, but they also can vary widely within a country and within societal sects or tribes and organizations. To offer one example, Jainism is a religion that reveres life in all forms; most religions revere human life but not necessarily other life-forms. A devout Jain may refuse to consume food after dark to avoid the possibility of accidentally harming insects. Imagine that you are a project manager who is a Christian working on a project in India and wear leather shoes, leather belt, and carry a leather portfolio. What does your colleague who is Jain feel about this? How about your Hindu colleagues? A high level of XLQ would enable an international project manager to be aware of such considerations.

International legal systems often have evolved from religious beliefs and establish a formal definition of the ethics for a culture. As such, they carry great weight and importance for the people of a particular culture. In some legal systems, the connection between religion and laws is explicit; in others, it is more implicit. Norms in legal systems remain open for interpretation. Navigating the legal complexities of the international marketplace can be a daunting task, one that plays a critical role in the planning and execution of international projects. We discuss this issue in more detail in Section 2.3.4. General Electric has a published view of ethics in a document called “The Spirit and the Letter.” The ethical values just described are the spirit, and the laws are the letter. The essence of this idea is at the heart of international ethics and sustainability: You can follow the law by the letter and still do unethical acts by the spirit.

The international marketplace is an environment of rapid change, high economic pressure, dispersed resources, and ethical diversity. To be successful, an international project manager must be cognizant of this diversity and must have a high level of XLQ. For an international project to be successful means that it satisfies the customer (quality), provides the scope agreed on, is within budget, and is within the time specified.
International projects also should be conducted with a view to long-term sustainability. Figure 2.2 combines the conventional “triple constraint” (time, cost, scope) into a view of the success criteria for an international project. If the project is not conducted in a sustainable way, or the product project is not sustainable, then society and history will judge it a failure. Equally important is customer satisfaction. Seldom, if ever, have we seen a project be successful if the customer was dissatisfied even if the scope, time, and cost were as planned. The International Standards Organization (ISO) definition of quality means that the project meets the stated and implied needs of a customer. Then there is the so-called triple constraint that a project must be completed to the scope defined, and within the time frame and budget established. What then is sustainability?

### 2.3.1 Globalization

Globalization is increasing global connectivity, integration, and interdependence in the economic, social, technological, cultural, political, and ecological spheres. For international project managers, this means greater access to resources at reduced prices and greater potential for conflict. Joseph Stiglitz (2003), a Nobel laureate, presidential advisor, and chief economist at the International Monetary Fund (IMF) and World Bank, understands globalization from a unique perspective: “globalization today is not working for many of the world’s poor. It is not working for much of
the environment. It is not working for the stability of the global economy” (p. 214). Stiglitz emphasizes that globalization undermines traditional values and that the pace of globalization matters because people need a more gradual opportunity to adjust. Many international project managers must confront the economic disparities in the global markets and must lead their teams in demonstrating that it is important to protect and cherish values in a time of rapid change.

People and materials for international projects are now sourced globally. We have seen a steel control module manufactured in Spain, shipped to Brazil where the transformers are installed, then shipped to Mexico where the motors are installed. Then they are shipped to Japan where the pumps are installed, and then they are shipped to the Philippines where the piping is installed. Then they are shipped to Malaysia for the computer and control equipment installation, then to Singapore, where the accessories from China, India, and Bulgaria are installed and the unit is tested. At each step, the competitive advantage of the country en route is leveraged, whether the advantage is low wages, high technical skill, or tax benefits. As Stiglitz points out, these value chain opportunities do not necessarily reach the people in the countries themselves, because global firms that repatriate the profits move the benefits.

Gladwell (2000) describes tipping points and uses epidemics as a metaphor to describe their effects. The three rules of tipping points are: (1) the law of the few (charisma and infectious behavior), (2) the stickiness factor (making information irresistible), and (3) the power of context (people are sensitive to their environment). The concept of tipping points applies to globalization and its potential for rapid radical changes rather than slow adjustments. In a world filled with both poverty and economic inequality, the potential for explosive change is increasing. This is of great concern for an international project manager who has resources in multiple countries. Consider a strike scheduled by the French labor unions that shut down transportation. If critical equipment needed in Vietnam is manufactured in Paris, this tipping point will impact the project. If avian flu breaks out in Hong Kong, it could well affect the team members from Albania who were traveling through Hong Kong on the way home. Our point is that an international project manager must stay informed.

As a direct result of the Internet, international projects also must confront the issue of equity in pay. Many organizations utilize purchasing power parity formulas to ensure that people of the same experience and
skills from different countries are paid fairly. In this way, IT technicians working on the same project who live and work in Bangalore, Sophia, and San Jose are paid a salary that enables them to have equivalent purchasing power in their individual countries. More and more organizations are adopting this approach to provide equitable, not equal, reimbursement so that the people working on the project can enjoy a “living wage” in their home country. One of the dimensions of XLQ is empathy, or the ability to see the world through another’s eyes.

Then there is the pressure to make money for the shareholders of the organizations. At best, this viewpoint yields the short-term goal of meeting quarterly metrics if the organization is publicly traded. At worst, it represents greed and a lack of concern for others. Competition reduces price, and reduced prices encourage growth and spending. It is natural then for organizations to seek the most effective location for producing their products and services. An international project manager should understand the effects of project decisions on project stakeholders.

One excellent example of globalization and the fundamental changes occurring in the 21st century is summarized in *Three cups of Tea: one man’s mission to fight terrorism and build nations... one school at a time* by Greg Mortenson and David Oliver Relin (2006). Early in the book, Greg Mortenson (who was raised by missionary parents in Tanzania) is separated from a group evacuating a climber with high altitude sickness from a failed attempt on K2, one of the most dangerous climbs in the Karakoram. Pushed to the limits of endurance, he sings a childhood melody. In Taoism the term *wu-wei* means to act without acting, or said another way to be spontaneous without intention. In this wu-wei moment, Mortenson says to himself:

*Yesu ni refiki Yangu Ah kayee Mbingunie* (what a friend we have in Jesus he lives in heaven) he sang in Swahili, the language they had used in the plain church building, with its distant view of Kilimanjaro, at services every Sunday. The tune was too ingrained for Mortenson to consider the novelty of this moment—an American, lost in Pakistan, singing a German hymn in Swahili (p. 18).

Globalization will be touched on throughout this book, because international project managers must manage it. As globalization evolves, international project managers must confront the issues raised and lead their teams. We therefore strongly encourage our readers to develop an