

Cultural differences in project management capabilities: A field study

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Abstract

This paper presents a study on identifying differences in project management style, between two different cultures, the Japanese and the Israeli. Management styles were evaluated on the nine classical project management areas, as defined by PMBOK, and on the organizational support required for a proper project management infrastructure. A total of 425 project managers were involved in the study, out of which 337 were from Israel and 88 were from Japan. Significant cultural differences were found between the two countries. Israeli project managers are more focused on performing “Scope” and “Time” management processes, assisted by project management software, while formal “Communications” and “Cost” management are more frequently used by Japanese project managers. It was also found that Japanese organizations use clear and measurable success measures for each project, while project objectives in Israel are often quite foggy. Differences in efforts made by project managers and management of the organization on specific project processes are demonstrated and discussed in this paper. These differences are manifested by smaller costs and schedule overruns in Japanese organizations, while Israeli customers of local projects seem to obtain better technical performance at the end of the project. The Israeli customer, however, is much more impacted by superior technical performance and easily forgives cost and schedule overruns.

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1. Introduction

Project managers in different countries run projects of similar nature, but in different ways. Differences may derive from cultural distinctions, as well as unequal importance given by project managers and their customers, to the various success measures of the project. Since many present projects have international stakeholders, it becomes very important to identify cultural differences, which may have to be bridged when executing such projects. For instance, Kumar and Willcocks [12] describes a software development project, where most of the developers were in India and the client in the US. In this

case, they were separated by thousands of miles, 12 time zones, and by cultural and religious differences, but were still working on the same project, characterizing a single project involving multiple non-located sites.

Culture is defined as a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment, where it was learned [6]. Baba [1] classifies differences in cultures into three categories: (1) traditional organization structure; (2) managerial differences; and (3) differences in fundamental concept and philosophy which contracts and laws are based on. Mismanaging cultural differences can render otherwise successful managers and organizations ineffective and frustrated when working across cultures. When successfully managed, however, differences in the culture can lead to innovative business practices,

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faster and better learning within the organization, and sustainable sources of competitive advantage [5].

The task of comparing organizational performance in different countries attracts a lot of attention, as can be traced in the management literature. For example, Torren et al. [20] compared managerial task preferences and evaluation of work characteristics in the USA, Japan, Israel, Italy and Australia. Nijkamp et al. [16] compared environmental quality in 12 European countries. Jackson and Artola [9] initiated a cross-cultural empirical study, which examines ethical beliefs and behaviors among French and German managers, and compared results with previous studies of American and Israeli managers. Igbaria and Zviran [8] examined the effect of national environments on end-user computing characteristics in American, Israeli and Taiwanese companies. Koschatzky et al. [11] compared sensor technology processes in the USA, Europe and Japan. Cultural differences were found in most of these studies, indicating different behavior and decision making patterns in different countries.

The objective of this paper is to compare performance of project management processes, among project managers coming from two countries – Japan and Israel. Since Israel represent in its culture the western industrial world, findings of this paper may identify project management characteristics of these countries, as well as of the Japanese culture. While managing multi-cultural projects, this research may be practical when one of the project stakeholders is located either in a western country or in Japan. Our findings, based on a vast field study, will follow a literary review, which will focus on the cultural background and known differences in the management culture of these two countries.

2. Cultural background

Until the beginning of the previous century, Japan was an agrarian nation, structured as a rigid pyramidal hierarchy, with the farming families at the bottom, led by a resident samurai and isolated from other countries [4]. After World War II, Japanese competitive strategy evolved from one of low wages, such as textiles, to capital-intensive scale economies. Then, Japan turned to flexible production, using Just-in-Time (JIT) inventory techniques to provide lower cost and greater variety with a shorter life cycle [15].

These historical events have stamped some major impact on the unique Japanese culture. The dichotomy between the nation and the outside world, the “we-versus-they” viewpoint, still continues to inform Japanese notions of the world and is another important factor in Japan’s competitive environment [4]. Major differences between Japanese employees and western ones were identified in the literature (i.e., [17]).

Some explanations for the results cited above can be found in the Japanese education and culture. The unique Japanese educational system maintains that the group always comes first [4]. Wong [22] found that Japanese managers’ decisions were mostly based on being trustworthy and reliable members of the company. The Japanese are known for their commitment to gaining, maintaining, and expanding market share around the world, using product innovation strategies that challenge their resources and technology [2].

The Israeli managerial culture seems to be of a similar nature to that of the western world, especially the American one, as is demonstrated by the following examples. One study has shown that when analyzing work characteristics, Israeli and American employees share similar attitudes [20]. Another study that had analyzed managerial behavior in different countries also found similarities between American managers and Israeli managers [17].

Although Israel is a small and relatively young country, many Israeli high-tech companies are listed on the NASDAQ Stock Exchange in the United States and many other companies had been purchased by foreign companies. The Israeli government also offers many incentives to attract foreign capital [13]. The collection of data mentioned above ultimately points to the fact that in spite of its size, the Israeli economy is a recognizable one in the western world.

The management culture accepted by many managers in Israel is that of improvisation, of “putting out fires”, and of a short-term management perspective [19]. This culture is probably a result of a country which has struggled daily for survival over a long period of time, and has grown accustomed to providing immediate solutions to ongoing crises and problems [21].

Following the above, it is expected to identify differences in management styles and capabilities between Japan and Israel. The nine project management knowledge areas included in the Project Management Body of Knowledge, known as PMBOK® [18], were used for studying the subject. The following paragraphs summarize previous findings on the comparison between these two countries, grouped according to the nine knowledge areas.

Time: Shortening projects’ duration is highly critical for global competition in both countries, which are continuously searching for new ways to reduce duration. For example, Jacobs and Herbig [10] found that the use of overlapping during the development phase is a critical success factor for Japanese organizations, wishing to expedite product development. Israeli project managers were found to invest most of their efforts in schedule planning [7].

Cost: Japan’s system of forecasting, monitoring and interpreting costs is fundamentally different from that of its western counterpart. Japanese companies make sure that employees understand how their work is

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