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MANAGING THE UNEXPECTED IN INTERNATIONAL  
PROJECTS

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## ABSTRACT

The founding idea behind this study is that if the international project environment is not managed with an effort to create a positive impact on the international project, the environment will be a source of unexpected events which will negatively influence the effort to keep the project on track to the attainment of its prime objectives stated in the project plan. The prime objective of this study is to give a practical perspective on the management of unexpected events that emanate from government unexpected interference and unexpected misunderstanding in communicating the project to the outside environment.

Taking into consideration the main objective of this study which is to gain more perspective and better understanding of the management of the unexpected which is yet little known about, the empirical data collection of this study was conducted using interview's analysis of seven Finnish and Chinese project managers.

The major findings of the study are differences in cultural background of parties involved in the project and unexpected changes in and instability of government policy have resulted in deviations in projects. Personalized learning and immediate corrective action have been found to be practical strategies for the management of the unexpected. In addition the study has found that learning can be fostered through post project appraisal and informal personal interaction between project managers. And immediate corrective actions involve the use of local subsidiaries or agents and the manager's innovative action.

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**KEYWORDS:** International Project Management, Managing the Unexpected, Misunderstanding in Communication, Government Interference



# 1. INTRODUCTION

This chapter will introduce the study discussing the background for the study, the problem area of study, scope and limitations of the study and significance of the study for further research and to the existing research in the field of project management in international environment.

## 1.1 Background of the study

Project management as defined by Project Management Institute (2004) is the art of directing and coordinating human and material resources through out the life of the project by using management techniques to achieve predetermined objectives of scope, quality, cost and participant's satisfaction. In the recent years the field of project management has received a greater attention due to the continued increase in project based organizations which puts forward the organizational response; increased organizational flexibility and employee commitment and responsibility (Bredin, 2008).

However the traditional approach to the management of projects fully illuminates it self to the management of the project, with the assumption that the project, project member and the task attended to is an isolated unit with limited environmental contacts. Consequently, traditional and normative project management models, such as various bodies of knowledge presently on the market are highly rational and sequential in the approach to project management

issues, built on the idea of major independent projects being the role model, heavily dependent on structure, administrative systems and the execution of plans (Soderholm, 2008). However it is becoming evident that the issue of project-environment relation is one of the aspects of project management practices as dealing with the project environment is also part to the execution assignment.

When it comes to the management of international projects which are border crossing and executed in a different environmental context, the study of the influence of the environment on the successful execution of the project according to plans becomes very evident. That's why today's international project manager also needs to be attuned to the cultural, organizational and social environments surrounding the project. This leads to the possibility of operating in the environment in a positive way, for the better reception of the change which the project is designed to introduce (Project Management Institute, 2004).

The basic idea behind this study is that if the international project environment is not managed with an effort to create a positive impact on the international project, the environment will be source of unexpected events which will negatively influence the effort to keep the project on track to the attainment of its prime objectives stated in the project plan. Review of literature on the exposure of the project to the environment entails a number of different components. The major ones as enlisted by Miller (1992) are natural, legal, societal, political and governmental. However Daniell (2007) adds into this compiling it as financial, political, cultural and natural. This study focuses on two of these environmental factors which are vital for the execution of the project according to plan

(Hofstede, 2005 and Khattab, et al 2007); the socio-cultural environment and the international-political environment. When a project is specially executed in a different socio-cultural and political environment, the changes in the environment will have an adverse effect on the project execution. The initial idea of this study will be figured here below;

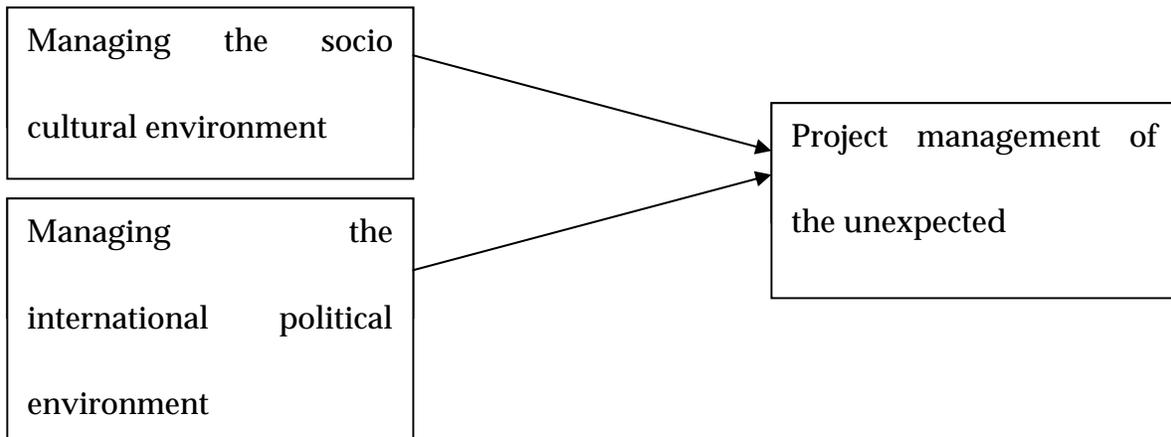


Figure 1. Basic idea of the study

## 1.2 Problem area of the study

An international project is characterized by a very high and difficult to quantify level of uncertainty and filled with unexpected events created as things do not unfold as planned or because conditions change over time. On the other side, projects are supposed to be as closed as possible and concentrated on execution according to plans. However, irrespective of the amount of planning, unexpected

unplanned events – deviations from the expectations occur in project management (Söderholm, 2008).

This study focuses on one common situation during project execution- i.e. dealing with unexpected events- that is not normally included in the best practice models of project management. The approach of the study will be to give a practical perspective towards answering the primary research question; how can unexpected events in international projects be managed?

The research question under investigation in this study is how the unexpected events that stem from the international project environment could be managed so that they could not negatively influence the execution of the project according to the plan.

Like any other project run by organizations, international project will be planned which is the initial step in which the organization determines the best way to guide the project towards delivery. However when it comes to executing the project according to the plan; there are various environmental changes or factors which are left off the plan which arise during the implementation of the project. And even if all the right activities have been anticipated, they may turn out to be difficult or even impossible, to knit together once they are complicated. Hällgren, (2007) mentioned that although project management is described as rational, planned and controlled; irrespective of the amount of planning, unexpected unplanned events – deviations from the expectations – occur in project management. The problem area of the study is to find a management way of

managing those unexpected events which are deviations from the plan. As it will be briefly described in the upcoming topics the research problem has been coined to three areas of investigation which are listed as the problems areas of the research here in below;

1. How cross cultural misunderstanding in communication could result deviations in project execution?
2. How the host government interference could be the source of unexpected which might favor or disfavor a given project?
3. How to manage unexpected events that result form government interference and cross cultural misunderstanding in between the stakeholders of the project?

### 1.3 Objectives and significance of the study

The prime objective of this study is to give a practical perspective on the management of unexpected events that inmate from government's unexpected interference and unexpected misunderstanding in communicating the project to the outside environment. Founding the study on the fact that unexpected events that inmate from the international project environment will adversely effect international project if not managed appropriately, the study will address actual activities, processes and actions of those that execute projects. The aim of the project inmates from the point that projects are planned based on currently existing information about the environment and anticipated environmental changes, however things change and there is usually a misunderstanding in anticipating the about the project environment in the planning phase.

The study will have a significant contribution in figuring out the project-environment interactions and the impact of the international project environment on project execution according to the plans. The study will also investigate sources of unexpected events not anticipated in advance or change over time as things do not unfold as expected. In addition to the above specific contributions of the study to the problem area which is usually underestimated by project managers, the study will be beneficial in introducing the idea that the unexpected can be managed through having a model that can support the decision maker at the point of no return.

#### 1.4 Scope and limitation of the study

In an effort to analyze the environment in which an international project operates; the study will have the scope of covering the two major project environmental issues; the socio-cultural environment and the international-political environment. However, in order to have a deep analysis in these two environmental factors the study has been limited to the analysis of misunderstanding in communication arising from differences in cultures and governmental interference in projects that favor or disfavor a given project. The choice of the particular case of misunderstanding in communication has been made based on the study of Leintz (et al, 2002) which indicated that differences in cultural dimensions result in difference in culture and style which in turn makes even simple communications very complicated and the study by Dan (et al, 2002) who provided evidence to suggest that the individuals' understanding of the communication process and its

barriers, the way they behave with other individuals and expect to be treated, varies according to national cultures. And the choice of the case of government interference in projects has been made based on the study of Khattab (et al, 2007), which mentions that the first and the most common approach to define the political-international environment is from the perspective of governments' interference in business operations.

The empirical findings of this thesis are delimited by the restricted number of managers that take part in the study, making the discoveries of this paper difficult to generalize. However, all the chosen interviewees play important role as members of a project team, and take part in many international project operations performed by their parent companies which increases the scope and the reliability of the data collected. In the present study, the empirical data was collected by using semi structured interview; which has the probability of decreasing the internal validity of the study. However, validity was increased by selecting the interviewees carefully to represent project managers with vast experience in the international socio cultural environment and the international political environment and experience in different geographical locations. In addition the researcher has used direct observation as an opportunity to gather additional information about the topic by being physically present in the field of study.

## 1.5 Over view and structure of the thesis

The thesis is structured in five chapters as indicated in Figure 2. The first Chapter of the study is an introduction to the research. It discusses the general background of the study, consider the problem area, explore the research questions as well as outline the basis structure of the study.

Chapter 2 provides the theoretical perspective of the study. In this chapter the main concepts as well as terms are discussed. It examines current state of the literature on managing international projects. It also presents detailed explanation on the international project environment with main focus on the socio cultural and international political environment. . In addition, it presents the conceptual framework of the study that emerged from the literature review of the research.

Meanwhile, the methodological approach and research strategy used in this study can be found in chapter 3. It demonstrates the research methods and the process of the data collection as well as analysis of the empirical data. It also includes information regarding the validity and reliability of the study.

Subsequently, Chapter 4 presents the results and findings of the research study. It includes the analysis of the empirical data collected from semi-structured interviews as well as from the personal observation made by the researcher. The main findings of the study are presented in three phase's viz. misunderstanding in communication, government interference and the management of unexpected deviations keeping in track with the two research questions.

Finally, Chapter 5, discusses the main research results and implications of the thesis.

## 2. A LITERATURE REVIEW

The theoretical literature part of this study will explain the related literature to the study area and identify previous research in the area as well as to discover where there are gaps in understanding. The literature review has been made to have a logical flow from defining the characteristics and management of projects which is deemed to work for international projects to the review of literature on the management of unexpected events.

An emphasis has been made to cover the areas of international project management focusing on two major sets; the international political environment and the socio cultural environment. In order to limit the area of analysis, one major source of unexpected events has been selected from each topic which is government interference in projects and potential impact of communication problems from misunderstanding of the socio cultural environment. Finally the conveniently available literatures have been discussed on the practical matters on managing the unexpected in projects.

## 2.1. Projects

This sub topic discusses about the nature of projects and the life cycle of projects.

### 2.1.1 Projects and their characteristics

“A project is a one-time, multitask job that has clearly defined starting and ending dates, a specific scope of work to be performed, a budget, and a specified level of performance to be achieved”. (Lewis, 2000)

A project has been defined in quite many different ways however there are important points differentiate a project from other types of organizational activities.

- A project is unique.
- A project is temporary.
- It is progressive elaboration.
- Project as system

A project is a unique endeavor temporary undertaken to deliver a result (Vidal and Marle, 2008). However this doesn't mean that any given project cannot have

any key similarities to other projects; in fact a smart project manager will actively search for similar projects to the one he/she is poised to work on in order to see what some of the risks and realities might be (J. Karla, [www.suite101.com](http://www.suite101.com)). Projects are described as unique because there is always at least one of the following parameters that changes; targets, resources, and environment (Vidal and Marle, 2008). Projects are also unique in the results they deliver; products, services or other outcomes they produce. Here the presence of repetitive elements does not change the fundamental uniqueness of the project work (Project Management Institute, 2004)

A project is a temporary activity as it is created for delivering a pre specified set of results in a given set of time. Project in organizations is a job with an end point and it is an on time job that effects operation and requires people to be more coordinated than usual (F. Love, 1989). Temporary means that every project has a definite beginning and end date. A Project is something that has a specific start date and a specific end date (Lewis, 2000). The end is reached when the project's objectives have been achieved, or it becomes clear that the project's objectives will not or cannot be achieved, or the need for the project no longer exists and the project is terminated (Project Management Institute, 2004). Temporary does not necessarily mean short in duration; many projects last for several years however, the duration of a project is finite. In addition, temporary does not have a connotation to the product or service or result being created by the project; as most projects are performed to create a lasting outcome. Projects may also have

intended or unintended social, economic and environmental impact that far outlasts the projects themselves (Project Management Institute, 2004).

A project is the result of a multi-task job that performs something specific i.e. a goal (Lewis, 2000). It means that between the start and end dates of the project, the unique thing that the project does involve a series of interconnected processes that performs in a progressively elaborative way to achieve a specific goal. Progressive elaboration of the project's specifications needs to be carefully coordinated with proper project scope definition, particularly if the project is performed under contract (Project Management Institute, 2004).when properly defined, the scope of the project, the work to be done – should be controlled as the project and product specifications are progressively elaborated.

Vidal (et al, 2008) describes projects as a system. A system is an object, which, in a given environment, aims at reaching some objectives by doing an activity while its internal structure evolves through time without losing its own identity. Projects can thus be considered as systems. Indeed, a project exists within a specific environment and aims at reaching objectives given this context. A project has to accomplish a network of activities using some methods and methodologies (functional aspect). A project has an internal structure composed of resources, deliverables, tools, workers, etc. Finally, a project evolves through time, via resource consumption, product delivery, members' changes and gain of experience, without losing its own identity.

So projects differ from operational works, as a project consist the above mentioned inherent characteristics. However, projects and operation works have got some similar characteristics and sometimes they even overlap (Project Management Institute, 2004). Both are performed by people, both are constrained by limited resources, and also they are planned, executed and controlled. Projects and operations differ primarily in that operations are ongoing and repetitive, while projects are temporary and unique. In addition the objectives of projects and operational works are fundamentally different. The purpose of a project is to attain its objective and then terminate; projects are different because the project concludes when its specific objective have been attained, while operations adopt a new set of objectives and the work continues.

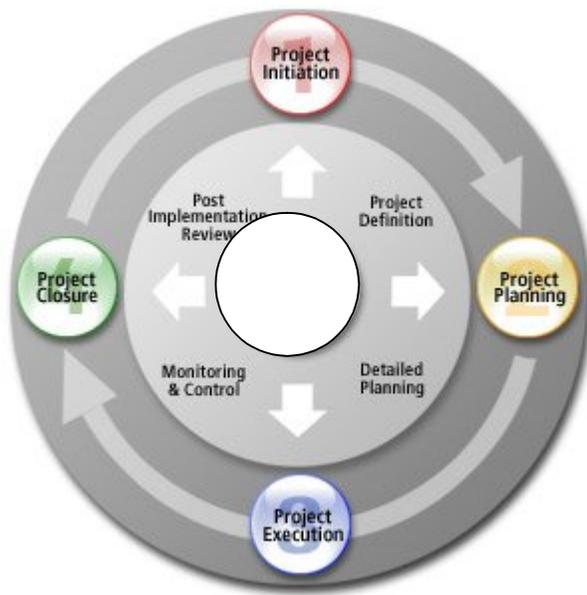
International projects like other similar projects, are unique, temporary and progressively elaborated. However international projects have got additional complexity that stems from operating in a different environment. So in this paper by the term international projects I mean projects performed in an international environment.

### 2.1.2 The project life cycle

The project life cycle refers to a logical sequence of activities to accomplish projects goals or objectives. Project managers or organizations divide projects into phases to provide better management control with appropriate links to the on going operations (Project Management Institute, 2004). Regardless of its complexity, any project goes through a series of stages during its life. Project activities must be grouped into phases because by doing so, the project manager and the core team

can efficiently plan and organize resources for each activity, and also objectively measure achievement of goals and justify their decisions to move ahead, correct, or terminate.

There is not single best way to define an ideal project lifecycle (Project Management Institute, 2004). Some organizations have established policies that standardize all projects within a single life cycle, while others allow the project management to choose the most appropriate life cycle for the teams' project. However most of the times there are common steps that traditional projects pass through; there is first an initiation or birth phase in which the output or critical success factors are defined, followed by a planning phase, characterized by breaking down the project into smaller parts or tasks, an execution phase in which the plan is executed and lastly the closure or exit phase, that makes the completion of the project.



Source: [www.mppmm.com](http://www.mppmm.com)

Figure 2. The project lifecycle

### Project initiation

The project initiation phase is the first phase in project life cycle management, as it involves starting up a new project. This phase is usually referred as the conceptualization stage; the purpose of this phase is to specify what the project should accomplish. It includes defining the characteristics of the deliverables to be created by the project; preparation of the project feasibility document which identifies project constraints, alternatives and related assumptions applied to the end product to be developed; determination of the business value to be achieved; and creation of the project character which is defining its objectives, scope, purpose and deliverables to be produced ([www.visitask.com](http://www.visitask.com)).

### The planning phase

After defining the project and appointing the project team, the project enters the Planning phase. This involves creating a suite of planning documents to help guide the team throughout the project delivery. Planning involves setting out the roadmap for the project by creating the following plans: project plan, resource plan, financial plan, quality plan, acceptance plan and communications plan ([www.mpmm.com](http://www.mpmm.com)).

### Project execution

Project Execution and Control is where most of the resources are applied/ expended on the project. A significant number of team members will join the

project at the beginning of this phase. The primary task is to execute the tasks on the defined Project Schedule and develop the product or service the project is expected to deliver. The Project Manager uses the processes and plans prepared during Project Initiation and Project Planning to manage the project, while preparing the organization for the implementation of the product/service and for transitioning the product/service responsibility from the Project Team to the Performing Organization (NYS Project Management Guidebook).

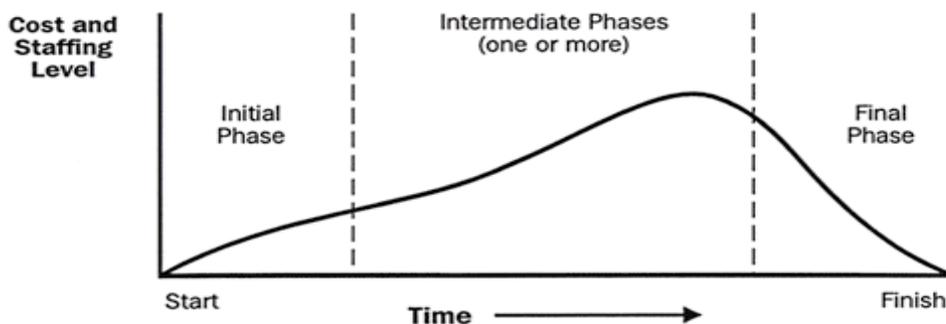
#### Project closure

In Project Closeout, the Project Team assesses the outcome of the project, as well as the performance of the Project Team and the Performing Organization. This is accomplished primarily through soliciting and evaluating feedback from Customers, Project Team members, Consumers and other stakeholders. The primary purpose of this assessment is to document best practices and lessons learned for use on future projects. Key project metrics are also captured to enable the Performing Organization to compare and evaluate performance measurements across projects (NYS Project Management Guidebook).

The translation from one phase to another within a project life cycle generally involves, and is usually defined, some form of technical transfer or hand off (Project Management Institute, 2004). Deliverables from one phase are usually reviewed for completeness and accuracy and approved before work starts on the next phase. A deliverable is a measurable, verifiable work product such as a specification, feasibility study report, detailed design document, or working prototype (Project Management Institute, 2004).

A project phase is generally concluded with a review of the work accomplished and the deliverables to determine acceptance, whether extra work is still required, or whether the phase is considered to be closed. However it is not uncommon for a phase to begin prior to the approval of the previous phase's deliverables, when the risks involved are deemed acceptable (Project Management Institute, 2004).

A project lifecycle description can be very general or very detailed. However a project life cycle generally defines; what technical work to do in each phase, when the deliverables are to be generated in each phase and how each deliverables are to be reviewed, verified and validated, who is involved in each phase, how to control and approve each phase (Project Management Institute, 2004). In this regard, many project life cycles share a number of common characteristics; phases are generally sequential and are usually defined by some form of technical information transfer or technical component handoff, cost and staffing rates are low at the start, peak during the intermediate phases, and drop rapidly as the project draws to conclusion (Project Management Institute, 2004).



Source: Wideman, 2004

Figure 3. The project life cycle time frame

The level of uncertainty is highest, and hence, risk of failure to achieve the objectives is the greatest at the start of the project. The certainty of completion generally gets progressively better as the project continues. In the same way the ability of the stakeholders to influence the final characteristics of the project's product and the final cost of the project is highest at the start, and gets progressively lower as the project continues (Project Management Institute, 2004).

It is of great importance to organize project phases into industry-specific project cycles ([www.visitask.com](http://www.visitask.com)). Not only because each industry sector involves specific requirements, tasks, and procedures when it comes to projects, but also because different industry sectors had different needs for life cycle management methodology. And paying close attention to such details is the difference between doing things well and excelling as project managers. Further industry common practices will often lead to the use of a preferred life cycle within that industry.

## 2.2. Project Management

The concept of managing projects and managing the project lifecycle is usually confusing. However, it takes both types of work to complete a project successfully. The general difference is that project management is a structured approach to managing projects used to define, plan, control, monitor (Burke, 2003) and close the project while the work associated with actually building the project deliverables is accomplished through work that is referred to as the "lifecycle" ([www.tenstep.com](http://www.tenstep.com)).

Vidal et al (2008) says projects became more and more apparent in organizations and as they have much larger amounts at stake, it became impossible to sustain them without specific and rigorous methodology. This methodology is what we now call project management (Vidal et al, 2008). Project management is the ability to define, schedule and assign project activities; record project issues; monitor progress and report changes in activity accomplishment and issue resolution; and maintain and control changes to designs, plans and issue list (Bizopt.com).

The Association of Project Managers book defines project management as “the most efficient way of introducing change... achieved by:

- Defining what has to be accomplished, generally in terms of time, cost, and various technical and quality performance parameters;
- Developing a plan to achieve these and then working this plan, ensuring that progress is maintained in line with these objectives;
- Using appropriate project management techniques and tools to plan, monitor and maintain progress;
- Employing persons skilled in project management – including normally a project manager – who are given (single) responsibility for introducing the change and are accountable for its successful accomplishment.’ (Burke, 2003)

The project management institute, a non profit organization based in north America has broadened this concept by defining project management as The art of directing and coordinating human and material resources throughout the life of a

project by using modern management techniques to achieve predetermined objectives of scope, quality, time, cost and participant [stakeholder] satisfaction." This means that managing a project successfully is about the combined satisfaction of participants, customers or stakeholders who are involved in the project directly or indirectly.

Like the general management, project management is broken down into planning the project and controlling the execution (F. Love 1989). However, there is a great deal of detail in the planning and controlling phase of project management, Love (1989) mentioned that managing projects entail a different approach as on-time-only jobs require special management.

### 2.2.1 Project management: The Planning Phase

A project plan is a formal approved document that describes what is to be done, the amount of resources required to get it done, when it will be done (the time line) and who will be responsible to get the project done. Project planning specifies a set of decisions concerning the ways that things should be done in the future, in order to execute the design for a desired product or service. The key to successful project is the planning phase as it defines and refines objectives and select the best of the alternative courses of action to attain the objectives that the project was undertaken to address (Zwikael, 2007). Creating a project plan is the first thing in conducting any type of project. According to Love (1989) arriving at the final project plan consists of a step by step approach, from preliminary planning to the final plan as described in the paragraphs below;

Preliminary plan; at the initial phase of the project planning, is to clarify objectives on the performance or results to be achieved by the project. Once the lists of objectives have been made then follows setting up a preliminary schedule for accomplishment of the project and the accompanying budget is preliminarily planned.

A project plan is like a contract between the project team, the general management, customer or the client (Love, 1989). These stake holders are expecting to get specific results within the stated time frame in return for a stated allocation of resources. This implies the need for the approval of the preliminary plan.

Once discussion have been made with the concerned interest groups, the project plan is fine tuned to for the commitment of other parties, for additional work to be done and for the priority given to the project if it is done in a multiple-project work environment. At this step of the planning phase the final project plan is prepared with additional planning in more detailed and precise way than the preliminary plan. The final step will be getting a formal approval of the project plan; if necessary the final project plan could be discussed in order to get a final approval once again.

Now the plan is approved and the project goes head tasks are assigned and resources are allocated at this step. At the end of this step, the project has been planned, the people are organized, and the work should be underway; which then follows the controlling phase to the management of the project.

### 2.2.2 Project management; the controlling phase

The controlling phase in project management is about ensuring that the project objectives are met by monitoring and measuring progress regularly to identify variances from the plan so that corrective actions can be taken. Controls show that the project is producing the required results (that meet predefined criteria), in on schedule in meeting its target using previously agreed resources and funding, and remains viable against its business case. Love (1989) specifies different aspects in controlling project execution;

One of the major factors that could affect the results obtained from the project is the motivational factor. Motivation in controlling a project execution involves enhancing cooperation in the project team and the interest groups in the project, demonstrating the big picture of the benefits from the project outcome and team building.

Controlling the project performance and execution within the time line and budget line involves reviewing project reports; how is the project going? Here the project plan will be used as a baseline against which one can measure current progress to date, compare it with the scheduled progress, and then make judgments about the future. The review of progress, will have dual results; is one may decide to take corrective action or make a revision where a new forecasted completion date of the project and the estimate of completion is prepared. Corrective actions for deviations suggested by Love (1989) include; scheduling an overtime to catch up on some tasks that are running behind, give one project

priority over the other projects for a short time, arranging some problem solving meetings with other departments in order to get better commitments to the schedule, or decide to forego some features that are expandable in order to be sure that the project adheres to a tight schedule. Furthermore, a more profound action could be taken which includes going back to the planning phase and re plan the rest of the project. This involves approval of new completion dates, new budgets, new commitments from team members, and possibly modified results. Once it is re planned the project is supposed to come back to control if not; the project will be running out of control, it will most certainly get worse (Love, 1989).

### 2.2.3 Project Risk Management

The project manager is responsible for completing the project to the satisfaction of all relevant stakeholders. Therefore, he/she must ensure not only that actions are executed according to plan, but also that the plan is reliable and properly represents stakeholders' requirements (Zwikael, 2007). De Meyer et al. (2002) claim that deciding of the best way of planning the project is influenced by the level of risk, whether it is a "variation", "foreseen uncertainty", "unforeseen uncertainty" or a "chaos" project. Since a project manager has to deal with high uncertainty levels, the subject of risk management has received much attention, being one of the nine knowledge areas of a project (PMI, 2004). The management of risk in projects is currently one of the main topics of interest for researchers and practitioners working in the area of project management (T. Raz and E. Michael, 2001).

According to Wideman (1992), risks can be divided into five groups: (1) external, unpredictable and uncontrollable risks, (2) external, predictable and uncontrollable risks, (3) internal, non-technical and controllable risks, (4) internal, technical and controllable risks and (5) legal and controllable risks. However, Shtub et al. (2005) and Couillard (1995) classified risk events into three groups: (1) risks linked to technical performance, (2) risks linked to budget and (3) risk linked to schedule. Risk management deals with identifying and reducing the project's risk level, including risk management planning, monitoring and control processes (PMI, 2004).

Risk management planning processes include risk identification, qualitative and quantitative risk analysis and risk response plans. Risk monitoring and control is the last risk management process, which is performed during the project's execution phase. Chapman and Ward (1997) out-line a generic PRM process consisting of nine phases: define the key aspects of the project; focus on a strategic approach to risk management; identify where risks might arise; structure the information about risk assumptions and relationships; assign ownership of risks and responses; estimate the extent of uncertainty; evaluate the relative magnitude of the various risks; plan responses and manage by monitoring and controlling execution. It is evident from this brief review of representative PRM processes that there is general agreement regarding what is included in the process, with the differences depending on variations in the level of detail and on the assignment of activities to steps and phases.

In order to deal with risks, project managers may choose to use several tools from the vast variety of risk management software and tools available, both from finance and project management disciplines, such as planning meetings, risk rating and risk control (Zwikael, 2007). Literature shows that despite the high number of available tools, frequency of implementation by project managers is still very low (Zwikael and Globerson, 2004; Raz et al., 2002). The reason for this could be their low impact on project success (Zwikael and Globerson, 2006). These facts point to a specific need to improve project managers' handling of risk events.

#### 2.2.4 The cause of project failure

Big projects, whether major technology installation, post merger integration, or new growth strategies frequently deliver disappointing returns – by some estimates over half the time (Matta and Askenas, 2005). However, the project management literature has a variety of definitions and distinctive examples on how to exactly define what a project failure means. According to Shafer (et al, 1990), the fact that the concept of project failure is nebulous, has made the attempt to gain a more complete understanding of the cause of project failure; to be difficult. The other difficulties associated with studying what causes a project to fail are that the possibility that the causes of failure may vary by the type of the project being studied and the cause of project failure may also be contingent on the stage of the lifecycle in which the project resides.

Regardless of the facts mentioned above; it is important for project managers and researchers to gain a better understanding of the causes of project failure. Even

though it is difficult to define exactly what constitutes a failed project, Shafer (et al, 1990) after examining a variety of failed projects, they found three common benchmarks to determine if a project is said to be failed or successful. The first criteria is the failure or success of the implementation which is internally oriented measure of the performance of the project team which includes criteria's like staying on schedule, on budget, meeting the technical goals of the project, and maintaining smooth working relationship within the team and the parent organization. The second aspect of the assessment of project success or failure is the perceived quality of the project and includes the project team's perceptions of the value and usefulness of the project's deliverables. Client satisfaction, is the third aspect of project performance, is an external measure of effectiveness, made by the client.

Having the above mentioned benchmarks for knowing if the project has failed or is successful, the same authors concluded that the fact that the critical factors associated with failure depended on the way in which failure was defined and its important to know considerably more about how project managers define failure (and success) and, indeed, how the parent organization makes judgments on the matter.

While another researchers Matta and Askenas (2005), after working on hundreds of projects, pointed out problems associated with project plans at the initial stage of the project. When project involves many people working over an extended period of time, it is very hard for managers planning it to predict all the activities and work streams that will be needed; it is inevitable that something will be left

off the plan. And even if all the right activities have been anticipated, they may turn out to be difficult or even impossible, to knit together once they are complicated. Although managers use project plans to reduce what they called 'execution risks' they inevitably neglect two other critical risks; 'white space risk' and 'integration risk'; which are risks from leaving gaps in the project plan as some required activities won't be identified in advance and risk that the disparate activities won't come together at the end.

The above researches specified two important points on defining why projects fail. The first point is that project failure is strongly contingent on how the organization measures the success of that project. The second point is that failures are attributed to the situation where project plans fail to take into account changes in the project environment. Although project managers use project plans, timelines and budget to reduce the risk of failure to achieve initial objectives (Matta and Askenas, 2005), unforeseen environmental changes like unforeseen economic downturns, development of a superior technical alternative, or changes in governmental regulations are among the many reasons project might fail (Shafer et al, 1990) make a project to fail.

### 2.3 International Projects

International projects are projects that cross borders for their operation. In this paper the characteristics and management of projects mentioned above are assumed to work for international projects except that international projects by

their very nature of crossing borders; operate in a more complicated project environment.

### 2.3.1 The project environment

It is often assumed that project, project members and the task attended to is an isolated “unit” with limited environment contacts. No matter how successful a project manager is in protecting the project there are always inside to outside mutual contacts. The issue of project-environment relation is one of the aspects of project management practices as dealing with the project environment is also part to the execution assignment.

However, Söderholm (2008) mentions that the environmental issues are turned into planned events and are subject for risk assessment; the unpredictability and randomness of the project environment are kept aside and project management are mostly concerned with internal issues. Consequently, traditional and normative project management models, such as various bodies of knowledge presently on the market are highly rational and sequential in the approach to project management issues, built on the idea of major independent projects being the role model, heavily dependent on structure, administrative systems and the execution of plans (Soderholm, 2008). This fact has made the practice of project management to fully illuminate to the project itself while leaving the environment somewhat hidden in the darkness (Laudin, 1998).

While on the other side Soderholm (2008), mentions the reasons why investigating the relation between project execution and the project environment is being an increasingly more interesting issue? First, many projects are organized in networks having several partners, thus being dependent on several organizations and somewhat different goals. Second, recently organizations are being referred as project based with projects being vital parts of the organizational structure. The situation that companies are becoming project dependent and those project becoming more networked involving complex interaction, has led to the time that it is difficult to foresee and less possible to plan.

That's why today's international project manager also needs to be attuned to the cultural, organizational and social environments surrounding the project. Understanding this environment includes identifying the project stakeholders and their ability to affect its successful outcome. This leads to the possibility of operating in the environment in a positive way, for the better reception of the change which the project is designed to introduce (Project Management Institute, 2004).

Understanding the political - international environment is about being familiar with the applicable international, national, regional and local laws and customs, as well as the political climate that could affect the project. Other international factors to consider include time zone differences, national and regional holydays, travel requirements for face to face meeting, and the logistics of teleconferencing.

The management of socio-cultural environment requires the understanding of aspects of the economic, demographic, educational, ethical, ethnic, religious and other characteristics of the people whom the project affects or who may have interest in the project. Understanding the socio-cultural environment also includes examining the organizational culture and determines whether the project management is recognized as a valid role with accountability and authority for managing the project.

Virtually all projects are supposed to be planned and implemented in a social, economic and environmental context (Project Management Institute, 2004). However, international projects involve a more or less uncontrollable environment within which the project operates (Hollensen, 2001). This describes the need to consider international project with a great emphasis in its cultural, social, international, political and physical environmental contexts as projects are planned and executed in these contexts and have intended and unintended positive and/or negative impacts.

### 2.3.2. The Political-International Environment

The Political International environment has very important impact on every project operation; no matter what its size and its area of operation. Whether the company is domestic, national, international, large or small political factors of the country in which the project is going to be implemented in; will have an impact on it. The purpose of this topic is to explore the political-international situations that concern international projects while operating in international environments. Khattab (et al, 2007), mentions that the first and the most common approach to

define the political-international environment is from the perspective of governments' interference in business operations.

For the purpose of limiting the study to make it more specific, I will consider the political - international environment from the perspective of change in governments' policies. However it should be noted that the political-international environmental factors are not limited to government's action; it can also be outside the control of the government (Holleeson, 2001).

Butler and Joaquin (1998) defined the term as the risk that a sovereign host-government will unexpectedly change the 'rules of the game' under which a business operates. Managers must continuously monitor the government, its policies and its stability to determine the potential for political change that could adversely affect operations (Hollenson, 2001). Stability of government policies is the most important of the political conditions that concern an international project; the stability or instability of the prevailing government policies. And the most crucial & unavoidable realities of international projects are that both host and home governments are integral partners.

Reflected in its policies and attitudes toward business are a governments idea of how best to promote the national interest, considering its own resources and political philosophy. A government control's and restricts a company's activities by encouraging and offering support or by discouraging and banning or restricting its activities depending on the government. Here steps in international law. International law recognizes the right of nations to grant or withhold

permission to do business within its political boundaries and control its citizens when it comes to conducting business.

Thus, political environment of countries is a critical concern for managing border crossing projects and the project manager should examine the salient features of political features in the region of operation. The ideal political climate for an international project is stable, friendly environment. Unfortunately, that is never really the case; it's not always friendly and stable. Since foreign businesses are judged by standards as variable as there are nations, the friendliness and stability of the government in each country must be assessed before going into an agreement for project operation. Conversely, radical changes in policies can occur in the most stable governments because of changes in political parties. In those countries where there are two strong political parties where usually one succeeds the other, a major change toward foreign project operations might take place.

Some projects are more politically vulnerable than others, in that they receive more government attention. This special attention may result in positive or negative actions towards the project. Oetzel (2005), nevertheless, argued that a host-government's policy priorities are changing, particularly the policies which favor some industries over others. Unfortunately there are no absolute guidelines for a project team to follow, whether the project will receive government attention or not. There are some generalizations that help to identify the tendency for a project to be politically sensitive. Projects that have an effect upon the environment, exchange rates, national and economic security, and the welfare of the people are more apt to be politically sensitive. For projects judged non

essential the risk would be greater, but for those thought to be making an important contribution, encouragement and special considerations could be available.

In addition to the above mentioned situations that an international project might face while operating in a foreign country, Hollenson (2001) mentioned that international political environment also involves political relations between two or more countries. As an international operation almost inevitably becomes somewhat involved within host country's international relations, no matter how neutral it might be (Hollenson, 2001). This makes an international project even more to be characterized by a very high and difficult to quantify level of uncertainty and filled with unexpected events; as things do not usually unfold as expected when operating a complex international political environment which involves interaction among domestic, foreign and international projects.

### 2.3.3. The Socio-Cultural Environment

The importance of culture for international project operation is very vital. International project management involves crossing national boundaries, which in turn involves facing a different socio-cultural environment. Although the domain of a culture is not limited by national boundaries; for simplicity and practicality I will use national boundaries as the basis of discussing socio-cultural challenges (Fatihi, 1996).

Culture as a concept is difficult to define (Hollison, 2001). However, Hofstede's definition is perhaps the best known to management scholars.

Culture is a collective programming of the mind which distinguishes the members of one human group from another (Hofstede, 1980). ...culture, in this sense, includes system of values; and values are among building blocks of culture (Hollison, 2001).

Managerial concepts such as motivation, superior – subordinate relationships, authority, leadership and control are rooted in cultural values and norms (Fatihi, 1996). The meaning attached to and the application of these concepts varies from one culture to another (Fatihi, 1996). Hofstede (2004) says for those who work in international endeavors, it is sometimes amazing how different people in other cultures behave. We tend to have a human instinct that 'deep inside' all people are the same - but they are not. Therefore, if we go into another country and make decisions based on how we operate in our own home country - the chances are we'll make some very bad decisions (Hofstede, 2004).

Hollison (2001) mentions classifying cultures on dimensions has proven to be most effective constructive method as it helps in vocalizing and labeling cultural differences and similarities. In this subtopic the Hofstede's dimensions (adopted from Hofstede, 2004) of cultures is used to discuss the challenges international project operations face due to their operation in a different socio cultural environment.

Differences in power orientation could be mentioned as the first source of ambiguity and then source of unexpected happenings, while running a project in a different socio-cultural environment. "Power distance is the extent to which less

powerful members of institutions and organizations within a country expect and accept that power is distributed unequally." (Hofstede page 262). Power distance describes also the extent to which employees accept that superiors have more power than they have. Furthermore that opinions and decisions are right because of the higher position some has. In countries with high power distance employees are too afraid to express their doubts and disagreements with their autocratic and paternalistic bosses. The index for power distance describes the dependence of relationships in a country. This could have different implications for the project manager operating a different cultural environment where power distance index in the home country is significantly different from the host country.

The second category of cultural dimensions which might be the cause of confusion in a differing cultural environment is the difference in social orientation. That is the degree to which individuals are integrated into groups. Hofstede (2004) says on the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty. This has implication like collectivistic cultures having a great emphasis on groups and thinks more in terms of "we". In addition harmony and loyalty within the project team and other local stakeholders is very important and should always be maintained and confrontation should be avoided.

Masculinity versus its opposite, femininity refers to the distribution of roles between the genders which is another fundamental issue for any society to which

a range of solutions are found. This dimension indicates the extent to which dominant values in a society tend to be assertive and look more interested in things than in concerning for people and the quality of life. "Masculinity is the opposite of femininity; together, they form one of the dimensions of national cultures. Masculinity stands for a society which social gender roles are dearly distinct: men are supposed to be more modest, tender, and concerned with the quality of life" (Source: Hofstede 2004, page 262). "Femininity stands for a society where gender roles overlap: both men and women are supposed to be modest, tender and concerned with the quality of life." (Hofstede, page 261) The Masculinity and Femininity dimension describes how cultures differentiate on not between gender roles. Masculine cultures tend to be ambitious and need to excel. Members of these cultures have a tendency to polarize and consider big and fast to be beautiful. In workplaces employees emphasize their work to a great extent (live in order to work) and they admire achievers who accomplished their tasks. Feminine cultures consider quality of life and helping others to be very important. Working is basically to earn money which is necessary for living. In business as well as in private life they strive for consensus and develop sympathy for people who are in trouble. Small and slow are considered to be beautiful.

Uncertainty Avoidance Index deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute

Truth; 'there can only be one Truth and we have it'. People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions.

Long-Term Orientation is the fifth dimension of Hofstede. Values associated with long term orientation include; persistence, ordering relationships by status and observing this order, thrift and having a sense of shame. While values associated with Short term orientation include personal steadiness and stability, protecting your 'face', respect or tradition, reciprocation of greetings, favors, and gifts.

In addition to the above, Edward T. Hall (1960) introduced the concept of high and low context cultures as a way of understanding different cultural orientations (Hollenson, 2001). Low context culture is the one where the words used by the speaker explicitly convey his message to the listener (lecture note Gahmber, 2008). In low context cultures the senders of the message encode their message, expecting that the receivers will accurately decode the words used to gain a good understanding of the intended message (Hollenson, 2001). While on the other side high-context cultures use and interpret more of the elements surrounding (Hollenson, 2001).

#### 2.3.4. The Unexpected in International Projects

Project management is described as rational, planned and controlled; however, irrespective of the amount of planning, unexpected unplanned events – deviations from the expectations – occur in project management (Hällgren, 2007). A project is to some extent truly ambiguous and filled with unexpected events created as things do not unfold as planned or because conditions change over time (Söderholm, 2008).

An unexpected event is an occurrence or a situation during the course of the project, regardless of consequence-positive or negative, large or small, that deviates from any plan in the project. However, mostly they are seen as negative as they cause significant deviation to the original project plan (Dvir & Lechler, 2004).

The basic difference between risk and unexpected event is that risk is a known but yet unrealized situation (Eva, 2005) while unexpected events can not be addressed in advance. This indicates that the traditional proactive risk management process; where everything can be planned for and changes are made according to a recipe cannot apply for the management unexpected events.

As the purpose of this thesis is to discuss the unexpected in international projects, changes in the international-political environment and misunderstanding of the socio-cultural environment are selected as the main sources for the occurrences of unexpected event. From the side of the international-political environment events

arising from governments' action are discussed and from the side of socio-cultural environment potential impact of communication problems is discussed in the following paragraphs.

The host government has variety of interests in international project operations and may pursue a course of action that effects the business environment for good or for bad (Khattab, et al, 2007). Government of a country is usually keen to encourage the development and growth of foreign investment and in doing so it can offers various incentives. While on the other side government may also intervene in the business environment for a variety of reasons; such reasons include: protecting national industries from external competition; limiting foreign exploitation; increasing national welfare; redistributing wealth (Khattab, et al, 2007). Khattab (et al, 2007) identified six types of such actions a host-government can pursue: taxation restrictions; currency inconvertibility; contract repudiation; import and/or export restrictions; ownership and/or personnel restrictions; and expropriation and/or confiscation. These risks are called host-government, since they are originated by host-governments and can have unfavorable consequences upon international projects undertaking any form of international business activities in a country's soil (Khattab, et al, 2007).

Taxation restrictions are could be mentioned as one the sources of unexpected events as the government might change the applicable taxes to encourage or restrict a particular industries or nationalities. In many cases taxes are raised without warning and in violation of formal agreements (Holleeson, 2001).

A government, when it experiences shortages of hard currencies, may take currency inconvertibility actions. International projects, as a consequence, can be negatively affected by such restrictions taken by the government to prevent conversion of local currency to some form of foreign exchange (exchange control) and/or prevent the transforming of 'hard' currency out of the host country (transfer risk) (Khattab, et al, 2007).

The third negative and unexpected action a government might take is contract repudiation (Khattab, et al, 2007); a government may terminate contracts without compensation for existing investment for reasons related to contract performance.

The fourth event is that of import and/or export restrictions. A government can impose import restrictions for balance-of-payments reasons, to reduce spending on imports, or for industrial policy reasons; to protect domestic producers of import substitutes (Khattab, et al, 2007).

The fifth risk is that of ownership and/or personnel restrictions. Labor unions can have strong and great political influence in which they can persuade government to pass very restrictive laws (Holleeson, 2001). These restrictions arise when a host-government demands that: (a) government entities, or local nationals, own part of the international projects operating on a country's soil, and/or (b) that local nationals, regardless of experience, be hired in such firms (Khattab, et al, 2007).

The sixth risk in the host-government category is expropriation and/or confiscation. This is official seizure of foreign property which happens in an extreme situation. In an extreme situation, outright nationalization or confiscation without compensation might occur (Khattab, et al, 2007).

When considering the sources of unexpected events in socio cultural environment here in this paper, potential impact of communication problems resulting from operating in a different environment is discussed. As it was mentioned above the basic characteristics of international projects is that they cross borders; and crossing borders as it was discussed is followed by change in culture. As it was mentioned above countries have significantly different cultural dimensions; in power orientation, social orientation, uncertainty orientation, goal orientation and time orientation (Lecture notes Prof. Gahmber, 2008) which in turn results in differing orientations in different phenomena.

A misfit of cultures is often a cause of failure (Cartwright & Cooper, 1996; Cartwright & Cooper, 1993; Olie, 1994). In particular, managers' strong preference for culturally similar environments has been identified as a major problem (Oudenhoven & De Boer, 1995). A major challenge of doing projects internationally is clearly to adapt effectively to different cultures. If the project is not able to adjust to those cultural changes, it results in communication problems; which is the source of unexpected occurrences due to cultural misunderstanding with the project environment.

Communication style: Leintz (et al, 2002) indicated that differences in cultural dimensions result in difference in culture and style which in turn makes even simple communications very complicated. Seemingly minor communication problems can be blown up quickly. The other major source of confusion that in part stems from differences in culture is language barrier. Leintz (et al, 2002) says there exists communication problem even within a single country due to differences in dialects and the problem of communications increases exponentially as we add more countries into the project. Problems in communication or conveying meaning between parties from different cultures could lead to misinterpretation and error in international project operation.

A study by Tran (et al, 2002) provided evidence to suggest that the individuals' understanding of the communication process and its barriers, the way they behave with other individuals and expect to be treated, varies according to national cultures. Tran (et al, 2002) found out that in terms of Hofstede's types of national cultures, respondents from a Low Uncertainty Avoidance culture appear to be associated with a communication process based on trust and are therefore less formal and standardized. In contrast, respondents from a High Uncertainty Avoidance culture have a more formal and standard communication process, such as in written communications. The results suggest that the communication process between those from a Individualist and Collectivist societies can be difficult, perhaps because a Collectivist culture's approach is to take time to consult with, and receive the consent of, their group members. In addition, the message from those belonging to a Collectivist culture is often highly coded and implicit. Those belonging to an Individualist culture tend to view personal skills as a

communication barrier, due to their nature in support of greater individual initiative. Finally, those belonging to a Masculinity culture may not view limited resources as a communication barrier, probably because individuals tend to be dominant with power so resources would not be beyond their control.

Cultural adaptability is the motivation and ability to adapt one's behavior to the prevailing norms, values, beliefs, customs, and expectations that function as a societal level prototype in a given geographical location (Jeniffer et al 2003). At the very least, cultural adaptability represents knowledge of prevailing norms, expectations and practices, so that failure to adapt is a conscious choice rather than merely an error of ignorance (Jeniffer et al 2003).

## 2.4. Managing the unexpected

In this subtopic the general which relates to the management of the unexpected is discussed.

### 2.4.2. Revision, Reopening and fine-tuning

During implementation, projects are supposed be as closed as possible and concentrated on execution according to plans. There are frequent interactions with the environment with an impact on project conditions or goals. "reopening", "Revisions", and "daily fine tuning" will be discussed as three major practices

during implementation in order to cope up with the changes in the environment, based on the study conducted by Söderholm, (2008).

The first category, reopening is when the project is opened up for new definition in terms of for example task, time and cost limits (Söderholm, 2008). When a reopening is made the overall goals for the project delivery remains the same while some major parts of it changes. Experience gained by the time of reopening will be summarized and new plans are made for the next session of the project. According to Söderholm, (2008), reopening has to do with changing stockholder interests. Changing of stakeholder interests can be due to a number of reasons; from minor changes of priorities to turnaround requirements in the business environment. Obviously projects are heavily dependent on stakeholders; first in order to be conceptualized and started; further on to be implemented and terminated. However, stakeholders are not necessarily expressing one single desire or a set of demands that are unambiguous. More often demands are either abstract or contradictory especially when looked upon over time (Söderholm, 2008). This is to say that stakeholder interests, preferences and mutual relations change over time. Another reason for re-openings is when projects are constantly failing to deliver positive progress reports. Once reopening done, the project was allowed to continue but with a new time plan, a new product specification and a renewed set of team members.

The second category is revision. Although plans are supposed to be prepared initially during the project's earliest phase as a means to ensure the fulfillment of project's goal with the specified time and cost limits; revisions and changes to the

initial plan are very common (Söderholm, 2008). According to Söderholm, (2008), there are three major reasons for revising the initial plan. First revisions are made if the plans are made for longer time; obviously as the longer the distance is the more difficult it is to foresee. The second reason is that the project's dependency on other projects, companies and their results as such dependencies result in increased number of revisions in a single project.

Third, revisions are more likely if the task at hand in one way or another means that innovation or creative work is needed. If a project are set up to find out things that are not already known (for example, new products, new technology, etcetera) it is obvious that the effort will be difficult to plan and forecast, at least in detail.

The third category of major practices during implementation is daily fine tuning according to Söderholm, (2008). Fine tuning indicates a constant flow of information, experiences and people in to and out from the project in order to protect the project from environmental disturbances and project members from outside distraction or, if necessary, to govern type, frequency, and content of environment contacts.

#### 2.4.3. Project Management of the unexpected

A study conducted by White and Fortune (2002) indicated that 46% of the project managers who responded to the questionnaires, reported that their project gave rise to unexpected side effects or outputs and many of them expressed that they were surprised that these had arisen. The same study indicated that; 70% of the

undesirable unexpected outcomes could be attributed to either directly or indirectly to lack of awareness of the environment.

Project management practices are often, in the text book version and from the project manager's viewpoint, conceived of as "executing the plan" as efficient as possible while avoiding difficulties and deviations (Söderholm, 2008). However, the traditional practice of concentrating on just the project itself while leaving difficulties and deviations in every day struggle to keep projects on track and on schedule, and do not convey in terms of how the unexpected is dealt with. Because research on deviation in projects has shown that deviations are prevalent and unavoidable; even the best project managers will face unexpected occurrences (Maaninen, et al 2005).

Engwall (2003) provides an important contribution, highlighting how parallel activities in the organizational context, experiences and pre-project processes, institutional forces and future aspirations come together in creating the project context. When projects are put into context, as in Engwall's article, it is obvious that it is not possible to assess all possible environmental impacts that may occur over the project life cycle. Still plans have to be made. Plans codify those expectations that are desirable, necessary and likely if actions are carried out in a correct way without any unexpected disturbances. Project plans are repositories of expectations on which managers build their daily activities and hence there is a logical chain where our expectations about the future guide our actions today. Expectations also help direct our attention and guide us in determining what to look for to confirm that our expectations were correct or incorrect. A complication

is that people normally tend to seek positive confirmation and may neglect disconfirming information. Unexpected events may thus not be detected early on. However, despite the fact that unexpected events are inherent parts of the project, managers undergo different practices in an effort to attain the project objectives being contextually dependent and continuously contingent. Here are some of the practices managers undergo in order to keep the project on track to its initial plan and have a positive interaction with the environment.

Innovative action (Söderholm, 2008): – to creatively design action patterns to deal with un-anticipated changes including re-shuffling of resources, delaying some parts of the project while helping other parts, making use of slack resources in the project or company, outsourcing. Innovative action is problem solving on-site and short term. Experiences of the manager and level of empowerment are important in terms of defining innovative action. It requires the managers to go outside the plan and, in some cases, outside the normal procedures applied in the company. Innovative action is applied frequently in all cases as a way of dealing with re-openings, revisions and fine-tuning.

Knowledge sharing arena (Maaninen, 2005): - In the deviation-solving process, matters are discussed in a context that is relevant for the involved parties, creating a knowledge-sharing arena. In this knowledge-sharing arena, different interpretations of the situation are created, and new solutions emerge, which, if the project allows, may create a better solution than was originally conceived. Eva (2005) recommends interactions and communication between the project team and its context contributes to the possibility to share knowledge and enhances the

understanding about the phenomenon, hence disseminating and acquiring knowledge internally and externally to the project (Scarborough et al., 2004).

Extensive meeting schedules and short term coordination (Söderholm, 2008): – to closely monitor a problematic sequence of the project and to assure continuous information flow and commitment-building between team members working on the problem. Extensive meetings include frequent (in some cases daily) decisions on resources or assignments among team members. The meetings are often said to induce a sense of task force and urgency to the group and keep up the commitment among team members. Extensive meetings can follow on re-opening or as a way of dealing with major revisions.

Learning; unexpected events could be divided into whether they occur often or more seldom in comparable project settings (Eva, 2005). In cases where a similar unexpected event occurs in a project; the actors involved in the situations were aware of what knowledge to use, the understanding was thus rather simple and the appropriate solution could be put into play. Learning is the process by which knowledge is created from experience and the path by which improvement takes place (Bohn, 1994; Fiol and Lyles, 1985). In this case projects can use past exposure to unexpected events to solve deviations that appear to be repetitive.

The use of personnel from one project to another, particularly if the project was of a repetitive nature, enhances the possibility to transfer knowledge. Not much information or interpretation had to be made regarding the situation; the solution

was straightforward, utilizing previous experiences and the organizational structure (Maaninen, 2005).

Detachment strategies: – to isolate the consequences of revisions as much as possible in order to minimize consequences for other parts of the project, for example design changes to allow others to continue working despite lacking some modules of the product or the creation of new sub-projects to deal with specified revisions.

Negotiation skills and project safe guarding: – to negotiate with functional departments, steering committees, customers or other stakeholders to have more resources assigned to the project or to change some of the deliverables (time, functionality, etc.), and to ensure project status and resources.

Early warning systems: - Nikander (2001) argues that there is less and less time to react to emerging challenges, problems and opportunities in projects in the changing, turbulent environments of projects. Hence managing deviations after their happening is destructive as the project manager takes action only after observing deviations such as delays in time management report. Nikander (2001) recommends an early warning system in the project activity environment as an information input. This communicative warning is developed based on observing signals and changes to the earlier situation. Project managers may observe such signals interpret them according to their experience and observation (Nikander ,2001). Provided that the project team is sensitive to observe the signals Nikander (2001) says it is possible to take appropriate action as the project situation, the

project environment and the given time allows. The observer makes observations from the chronological flow of the project events, receives communications and messages, and interprets the information. The second phase to the phenomenon could be the analysis of the information obtained and making decision on the basis of the information in order to mitigate the upcoming event.

## 2.5. Theoretical framework

As the main objective of this study was to explore practical ways in which the unexpected could be managed in international projects; I believe that the relevant literature has been included in the review on the problem area.

To have a logical flow towards the specific area of investigation project management has been explained from the two vital parts of the task; the planning and controlling/ execution. It has been mentioned in the literature that international projects are mainly characterized by their very nature of crossing borders which in turn results in more vulnerability to environmental exposure.

Accordingly, the international project environment has been discussed from two sides the international political and socio cultural aspects. To be more specific and limit the study I have taken two important aspects from each side: government interference and misunderstanding in communication. In this study these two factors are considered for investigation as sources for unexpected events. As it was mentioned above this study is limited to the study of two major environmental factors that effect the completion of a project according to the pre specified plans;

i.e. the socio cultural environment and the international political environment. The study about socio cultural environment is based on the study of Hofstede (2005) which states that operating and making decisions in a different cultural environment based on how one operates in the home country will increase the chance of making very bad decisions. For the purpose of this study the concept of cultural dimensions enlisted by Hofstede; power distance, uncertainty avoidance, masculinity vs femininity and long vs short term orientation and the Edward T. Hall (1960) concept of high and low context cultures are discussed for the study of differences between cultures across borders.

On the other side potential negative impacts of host government interference enlisted by Khattab (et al, 2007); taxation restrictions; currency inconvertibility; contract repudiation; import and/or export restrictions; ownership and/or personnel restrictions; and expropriation and/or confiscation has been explored in this study. Accordingly the theoretical framework for study has been devised.

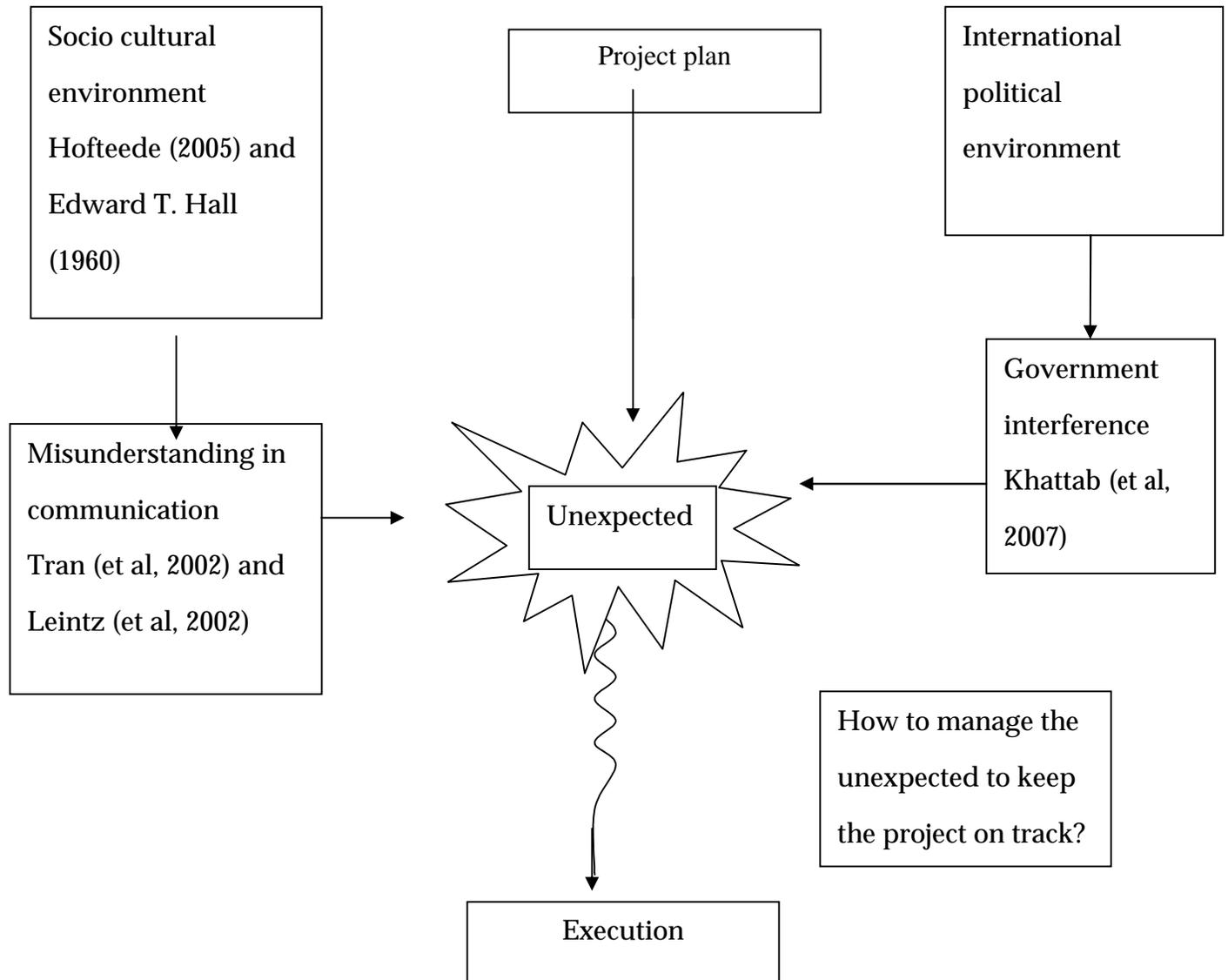


Figure 5, Theoretical framework

As it is illustrated in the above figure, unexpected events are occurrences that deviates the project plan on the process of execution. Among others, misunderstanding in communication as a result of differences in socio cultural background and unexpected government interference are included.

### 3. METHODOLOGY

Methodology is the science of research decisions. Methodology refers to the choice we make about choices we make about cases to study, methods of data gathering, forms of data analysis etc. in planning and executing research study (Silverman, 2001) It provides rules and norms for the researchers to evaluate the decisions for chosen approach and implement them in the research (Hessler 1992).

The methodology part of this study will introduce the basic scientific philosophy and describes the research approach of this study. The chosen method is described and justified. In the end of this chapter the reliability and the validity of the study are evaluated.

#### 3.1 The Research approach

Traditionally research has been classified as qualitative and quantitative, although the two methods can be effectively used in the same research project. These two paradigms guide the decision made according to the method used and they tell something about the general characteristics of the research target (Laaksonen 2005: 18). Both qualitative and quantitative researchers “think they know something about society worth telling to others, and they use a variety of forms, media and means to communicate their ideas and findings (Becker, 1986). The term qualitative research is used to describe a kind of research that produces findings not arrived

at by any means of statistical procedures or other means of quantification (Strauss and Corbin, 1990). In contrast quantitative research emphasizes the measurement and analysis of casual relationships between variables, not processes (Denzil and Lincoln, 2000). In addition the aim of a qualitative research is to arrive at a complete and detailed description where the researcher may only know roughly in advance what he/she is looking for. While the aim of quantitative research is to classify features, count them and construct statistical models in an attempt to explain what is observed. However, it is not necessary to pit these two paradigms against one another in a competing stance. Patton (1990) advocates a "paradigm of choices" that seeks "methodological appropriateness as the primary criterion for judging methodological quality."

Taking into consideration the main objective of this study which is to gain more perspective and better understanding on the management of the unexpected which is yet little known about, the empirical data collection of this study was conducted using a qualitative method. There are several considerations when deciding to adopt a qualitative research methodology. Strauss and Corbin (1990) claim that qualitative methods can be used to better understand any phenomenon about which little is yet known. They can also be used to gain new perspectives on things about which much is already known, or to gain more in-depth information that may be difficult to convey quantitatively. Thus, qualitative methods are appropriate in situations where one needs to first identify the variables that might later be tested quantitatively, or where the researcher has determined that quantitative measures cannot adequately describe or interpret a situation. The ability of qualitative data to more fully describe a phenomenon is an important

consideration not only from the researcher's perspective, but from the reader's perspective as well. "If you want people to understand better than they otherwise might, provide them information in the form in which they usually experience it." (Lincoln and Guba, 1985). Qualitative research reports typically rich with detail and insights into participants' experiences of the world, "may be epistemologically in harmony with the reader's experience" (Stake, 1978, p. 5) and thus more meaningful.

There are several ways of conducting research in social science; however the choice for each strategy depends on the type of the research question, the control an investigator has over actual behavioral events and the focus on contemporary as opposed to historical phenomena (Yin, 2003). The basic choice of the research strategy is usually done between deductive and inductive research strategies. The deductive research strategy moves from general to details. The deductive research strategy does not attempt to create new theories but it attempts to test already existing theories. Inductive research strategy by contrast aims to develop theoretical ideas based on observation. The inductive strategy proceeds from specifics to generalization. Because the research questions of this study are based on existing theories, guidelines and practices of managing projects in international environment the strategy of this study can be described as deductive.

The aim of the study directs the strategic choices of the study. The research problems can be categorized with aim to understand, explain or describe the research object. Often a study can include more than one approach to the problem, but it is useful to categorize the main purpose of the study. The aim of this study is exploratory. The exploratory research mission is to explore new perspectives and

phenomenon, explore phenomenon that are not much researched and produce hypothesis. The research questions in this study are exploratory in nature.

### 3.2. Study method

There are four major methods used by qualitative researchers (Silverman, 2001); observation, analyzing text and documents, interviews and focus groups and audio and video recording. Out of the above mentioned qualitative study methods, the use of interviews could be justified in conjunction with the research topic and this method enables to fully utilize the advantages of qualitative research which is to examine what people actually do in real life rather than asking them to comment upon it (Silverman, 2001). Qualitative interviewing utilizes open-ended questions that allow for individual variations. Patton (1990) writes about three types of qualitative interviewing: 1) informal, conversational interviews; 2) semi-structured interviews; and 3) standardized, open-ended interviews. Considering the research problem and questions of this study which aimed at giving a practical perspective on the management of unexpected events the most suitable research method for collecting data was semi-structured interviews. The use of interview as a method can be justified in many ways. Silverman (2001) describes open ended and flexible questions are likely to get a more considered response than closed questions and therefore provide better access to interviewees' views, interpretations or events, understandings, experiences and opinions. As the concept of finding out how to manage the unexpected events that emanate from the environment, which is a complex and

emotional concept; interview is deemed to be a unique method in collecting data because the researcher interacts directly and verbally with the interviewee to get a practical examples. A great advantage in this is that the collection of the data is flexible.

An interview guide or "schedule" which is a list of questions or general topics that the interviewer wants to explore during each interview was prepared. Although it is prepared to insure that basically the same information is obtained from each person, there are no predetermined responses, and in semi-structured interviews the interviewer is free to probe and explore within these predetermined inquiry areas. Interview guides ensure good use of limited interview time; they make interviewing multiple subjects more systematic and comprehensive; and they help to keep interactions focused. In keeping with the flexible nature of qualitative research designs, interview guides are being modified over time to focus attention on areas of particular importance, or to exclude questions the researcher has found to be unproductive for the goals of the research (Lofland and Lofland, 1984).

### 3.3. Triangulating Methods

Triangulation usually refers to combining multiple theories, methods, observers, and empirical material to produce a more accurate, comprehensive and objective representation of the object of study (Silverman, 2006). . The basic idea behind triangulation is that by looking at an object from more than one stand point, it is possible to produce a more and certain representation of the object. Silverman

(2006) also mentioned that the use of multiple methods is the most common application of triangulation in qualitative research.

Accordingly, for the sake of increasing the validity of the study the researcher has combined interview with direct observation. Yin (2003: 92) mentions direct observation as an opportunity to gather additional information about the topic by being physically present in the field of study.

In addition to the interview data, the researcher spent one month in Ethiopia observing those who execute the projects on site. This helped the researcher to understand better the research context, and to gain detailed information of activities, interactions, and processes of those who execute the project. The direct observational data was not systematically coded, but it gave the researcher a deeper understanding of the inner dynamics of the area of operating in a complex socio-cultural and political international environment.

### 3.4 Analyzing the collected data

Data analysis is working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others.

The interview data was analyzed using replication logic, following Eisenhardt (1989) and Yin (2003a). The replication logic is where two or more cases are shown to support the same theory. All interviews were taped and transcribed, and a record was created for each case. Simultaneously, the interview data was first carefully re-read and reflected on several times to allow deep familiarization with it and analyze with respect to the literature review. The interview transcripts were supported with respondent's sketches, lists, etc. and earlier e-mail conversations with the respondents.

Wherever possible, relevant literature was examined to get proper understanding of the interviewee responses. It was coded after several times of careful reading of the data. The reflection from reading of the data as well as insights arising during that process obviously impacted the data analysis process.

#### 3.4.1 Introduction to the Empirical Material

The interview structure was formed based on the research questions and the existing theory used in the literature review provided in the beginning of this study. The interview had a very nature of being open ended and ethnographic (in-depth), with the initial frame of reference being provided by the interviewer. The open ended structure of the interviews enabled the researcher to ask additional questions when needed. In the first part of the questionnaire the researcher has made an effort to capture background information relating to the interviewee and the parent company's operation in which the interviewee is working for. In the second part the interviewee was asked about the common problems associated

with executing projects according to plans and attitudes towards understanding the project environment as a source deviation in project accomplishment. The third and fourth part of the interview question have been used to discuss on more specific area of analysis of the thesis which are the discussions about the role of government interference in favoring or disfavoring a particular project and the influence of cross cultural misunderstanding in communications. Here the researcher has made an effort to grasp not only ideas but also project managers' ideas towards approaching those problems. The fifth part initiates a discussion about solutions and experience sharing towards handling the unexpected. The last but not the least, the sixth part was included in order to have the interviewee to speak out their mind the field area of study which is how to manage the unexpected in international projects.

#### 3.4.2 Background Information about the interviewee's

The study has managed to include seven project managers with varying background and country. Three of them are working in Vaasa; Finland, and the rest four are currently working in Ethiopia. Here below is a list of the interviewee's and their background. In order to keep the identity of the interviewee's and their company; their company's country of origin and field of business has been indicated though out the data analysis.

- The first interviewee, from now on will be referred as interviewee A, works with a Finnish manufacturer of large diesel and gas engines for use in powering ships and electricity generation. He has been working in the

company for the last 16 years as an electrical engineer and later on as a project manager for the company's projects in south central and northern America and south East Asia.

- The second interviewee, from now on referred as interviewee B, works for a Swiss – Swedish engineering firm operating mainly in power and automation technologies. He is a project coordinator of the company's project operations in Caspian Sea, sub – Sahara Africa and Vietnam.
- The third interviewee, from now on referred as interviewee C, works for a Finnish company which is described as a world leader in manufacturing and development of plastic pipe systems and technology. He is engaged in developing mobile production plant and pipeline gravity systems mainly in Vietnam, Libya and Spain.
- The fourth interviewee, from now on referred as interviewee D, is a project manager for a Chinese Manufacturer and solution provider for wireless base stations, terminals and networking products in Ethiopia.
- The fifth interviewee, from now on referred as interviewee E, works for a Chinese road and bridge Construction Company which is a subsidiary for a state owned Chinese construction firm.
- The sixth interviewee is a project coordinator for a medium sized Finnish power plant company. He has been in charge of various projects in Africa

including hydro power, network design smart grid, more advanced electric generation, and carbon emission reduction project.

- The seventh interviewee, from now on referred as interviewee G, is currently working as a project coordinator for Finnish German networking and Telecommunication Company.

### 3.5 Validity and Reliability

The concepts of validity and reliability can be used to define the strength and correctness of the collected data. Reliability deals with the precision of the actual measuring procedure. A reliable study would give similar results if conducted again using the same means. In a reliable study the measurement procedure generates the same answers regardless when and how it is carried out (Yin, 1994).

In this study the empirical part was collected by semi-structured interviews, which were varying according to the interviewee. The outcomes of the interviews would naturally differ if another round of interviews was carried out, however the core of the responses would be expected to remain essentially the same.

Nevertheless, qualitative research is always dependent of the unintentional circumstances. In this study the reliability was strengthened by focusing and carefully selecting interviewee's with differing backgrounds. All of the

interviewed managers were employed by different companies, which also increase the reliability.

In qualitative research instrument validity and reliability depend largely in the skills of the researcher. The empirical findings of this thesis are delimited by the restricted number of managers that take part in the study, making the discoveries of this paper difficult to generalize. However, interview reliability has been enhanced by ensuring that all interviewee's understand the questions in the same way and also the researcher believes that well done qualitative interviewing could provide with the required level of depth and complexity required.

In this study the reliability was also enhanced because the interviewer was the same person for all interviews. The interviewer had also become familiar with the terms and subject before the interviews were conducted. The reliability was also enhanced by transcribing the interviews and sending them back for interviewee's with possibility to add comments. The reliability of the study also depends on the abilities and honesty of the researcher to describe the circumstances particularly about the collecting of data.

To increase the reliability of this study, a detailed description of the used methodology has been given, completed by the appendixes used in the actual research. The same interview guide was used in all interviews and the chosen method of semi-structured interviews enabled the researcher to further inquire details when needed.

When something is measured there is also a need to valid measures to find out if the measures were capturing what they were supposed to do. A valid study measures what it is supposed to. Although the definitions validity and reliability often belong to quantitative research, they apply to qualitative observations as well (Kirk & Miller, 1987, Ghauri & Grønhaug, 2002).

Validity can be seen to have two distinct dimensions, internal validity and external validity. Internal validity refers to the ability of the conducted research to study what it originally was supposed to be studying, i.e. the credibility of the data, and external validity refers to the extent the collected data is applicable in other contexts or settings, i.e. the transferability of the data. In the present study, the empirical data was collected by using semi structured interview as a prime method and direct observation for data triangulation to provide multiple measures of the same phenomena; which has probably increased the internal validity of the study. In addition, validity was increased by selecting the interviewees carefully to represent project managers with vast experience in the international socio cultural environment and the international political environment and experience in different geographical locations. All chosen interviewees play important role as members of a project team, and take part in many international project operations performed by their parent companies. Validity was also sought to increase by providing the interviews a complete confidentiality, which allowed the interviewees to fully express their views and opinions. All interviews were also recorded and transcribed, and quotations were used as part of the analysis to support the conclusions made by the researcher.

## 4. FINDINGS AND INTERPRETATIONS

This Chapter explicates the findings and analyzes them with regard to the theoretical framework of the study. The discussion follows the theoretical framework built to examine the research questions. With regard to analysing the topic a break down has been made based on the research questions in order to give a logical flow in the analysis and interpretation.

### 4.1 The project environment

It was mentioned in literature that there still exists a notion of not worrying about the project environment, when the objective of project management is to get the project completed within scope, cost and schedule. However this has not been noticed with the interview made with the project managers included in this study. Here is what one project manager from company D had to say:

“If the real intention of your project is to end up with a successful project; then watching where and with whom you are working is very important”

According to this, watching where you are working leads to the analysis and study of the socio cultural environment and the political international environment. And accordingly it leads to the knowledge of what your customers really want and what their expectations are. Which in turn leads to working

towards achieving to the satisfaction of the customer and this is what is called a successful project.

However the understanding of the project environment mainly aimed at the understanding of the customer's expectations is not a simple work as the expectation of the customer changes over time. Here is what a project manager from Company A had to say;

“Most of the environmental influences towards our projects are unexpected and differ from one project to the other, however dealing with changes in customer expectations and dealing with commissioning of local agents are the main challenges from the environment. For example during the sales phase - expectations from client are different from what we have to offer; usually because there is a frequent change in customer expectations and also due to a misunderstanding between us and the client. This usually results in change of the product or its features.

This leads us to the idea that the task of managing the project environment is not a task to be performed at the beginning or at the planning phase of the project; as things and the expectations of the people you are working with or the project environment as a whole change over time. The response of one project manager from Company B confirms this idea; here is what he had to say;

“We are usually successful when it comes to dealing with the environment not only because we give great focus to the customer expectations and but also we take feedback continuously over time.

It can be said that all the interviewed managers agreed on the greater need for a focus to the external project environment while executing projects across borders as watching the socio cultural and political environment of the host are matters a lot in the success or failure of the project. However I have noticed a difference on the manager's emphasis on the topic; project managers on the field of execution are more concerned and sensitive to the topic. Here is what one project manager from Company F has said;

“We spent too much time analysing the technical feasibility of the project; however we now found out that studying the socio economic and the political situation of this country was the major job”

Going hand in hand with this idea one project manager from Company D said;

“I have now realised that executing a project in a differing socio economic and political environment is much harder that what I was expecting while being at the head office. We are differing much more that what we know; even in one continent (Africa) crossing borders or even regions within a given country with the same strategy makes a big difference on the success of the project.”

Concerning the emphasis to be given for project environment; all agreed on one point and that is the idea that the study of the socio cultural and political international environment is directly linked with understanding the customer's

expectation and the success of the project; despite the difference on the approach of the managers who are on the field and those at the head offices.

Finally one point that has to be mentioned in conjunction with the emphasis on the project environment is that the focus depends on the complexity of the project, the objective of the project and the familiarity of the project environment. Here is what the interviewed project managers have to say;

“The more complex the project gets the more difficult it gets and the harder the task of managing changes in the environment will be.”

Project manager from Company B

“The effect of the environment and the concern we give to the environment depends on the objective of the project for example sales project to enter into new markets shows less environmental challenges than when we execute a full construction projects in a foreign country. “

Project manager from Company C

“Even though it doesn't work in prototypes, country experience matters a lot; the more familiar the project environment is the easier it will be to understand and work with the environment”

Project manager from Company E

Per the discussion made above; it is important for project managers to closely follow the interaction the project has with its environment. In addition the interviewed project managers indicated that there is a difference in the degree of

concern to be given based on the kind of the project and the environment it is executed.

## 4.2 Misunderstanding in communication

Obviously one of the major tasks of a project manager executing project across borders is facing the challenge of adapting and working in a different socio cultural environment. However, if the project is not able to adjust to those cultural changes, it results in communication problems which is a source of unexpected occurrences due to cultural misunderstanding in communication with the project environment as differences in cultural dimensions result in difference in culture and style which in turn makes even simple communications very complicated.

Accordingly, one of the research problem of this thesis was to find out how cross cultural misunderstanding in communication could result deviations in project execution? The issue has been discussed with the interviewed project managers and their experience will be discussed here below.

The manager's I interviewed from the head offices on Finnish multinationals focused on their strong preference for a similar cultural environment while formulating strategies relating too their international expansion and project operations. Here is how one project manager from Company B expressed his concern;

“It is more cost effective to work in an environment where our field project managers are culturally familiar to their background; and most of them are from Finland....”

However though, he mentioned that the size of the company is not limited to Finland’s European neighbors. Here I would like to mention that the interviewed project managers are from big multinational companies that their operation is big enough to cover a large and a diversified socio cultural environment. And accordingly all have mentioned how this exposure and operation in a differing cultural environment has effected their project operations and has always created deviations in their project plans.

A project manager Company B said this answering on how differences in cultural dimensions lead to misunderstanding in communication;

“Cultures differ; huge difference however always a good job is appreciated every where. But in all the cases culture matters, it changes the way you do the job for example in some cultures you have to go down there and deal with the customers on every detail while in the others you may not need to do so. To give practical example for this one is Arab countries like Jordan where sending correspondence letters does not lead you to anywhere rather face to face communication is appreciated.”

Going with what has been mentioned above a manager from Company A expressed that such differences in culture may be too wide that the two parties may understand the same contract written in the same language differently. Here is what he has to say:

“We have practically faced where misunderstanding in communication had led to the creation of a great space in interpretation of contracts”

In addition to this, a project manager from Company C said;

“All regions are different, some times it makes business complex for example in Russia it is difficult to understand their intension in a contract and in doing project operations in Russia and with the Russians.”

The above mentioned review from the interview made with the managers at the head office of the Finnish multinationals entail the fact that differences cultural background put a significant effect on the performance of the project in contract negotiation and agreement, in communication the project with the social environment and stakeholders, and in the whole operation of the project.

However as the basic framework for this study it has been mentioned that individual understands of the communication process and its barriers, the way they behave with other individuals and expect to be treated, varies according to national cultures. And the study of Hofteede's dimensions of national cultures; power orientation, social orientation, uncertainty orientation, goal orientation and power orientation was used as a basis to evaluate how differences in national cultures create a misunderstanding in communication and hence create unexpected deviations in the project. To do this interview was conducted with Finnish and Chinese managers in Ethiopia to see how they have been influenced

and how they are managing to keep their respective projects on track. Here is my personal observation of Ethiopian work culture as a native Ethiopian.

The Geert Hofstede analysis for East Africa includes the countries of Ethiopia, Kenya, Tanzania, and Zambia. Even though I haven't been in the other east African countries I am convinced with the rankings given to east Africa in power distance index, individualism and uncertainty avoidance with regard to the situation my country Ethiopia.

The highest ranking score for East Africa is Power Distance (PDI) at 64.

The East Africa ranking for Uncertainty Avoidance (UAI) is 52; weak uncertainty avoidance.

The East Africa ranking for Masculinity (MAS) is 41; more feministic culture.

The East Africa ranking for Individualism (IDV) is 27; less individualistic.

Table 1. Hofstede's rating on cultural dimension of east Africa

However taking into account the key differences between feminine and masculine societies stated by Hofstede (not in comparison with other nations) I can argue that we have more masculine characteristics.

In family: men should be tough and women's ambition is channeled towards men's success. For example; in rural parts of the country (85% of the population) men's strength and wealth (like number of cattle or area of land) is taken into consideration for the women's family to approve a marriage.

Gender: men deal with family income (earning) and women deal with taking care of her husband and children. Illustration of this: in Ethiopia we have about 80 languages and I can speak two of them. In the languages that I know (the national language and another widely spoken language): the direct word by word translation of the Ethiopian word for marriage is like 'man taking a women' and the direct translation of the word for wife is 'some one taking care of the house or mother of the household'

In education: there is a tough competition in a class and best student is a norm. For example at the end of the year rather than average grade, rank matters most. In addition women usually study nursing and teacher education while men study engineering and science.

At the work place: carriers are compulsory for men and optional for women. There is lower share of working women in professional jobs and many non

governmental and governmental (like the ministry of women affairs which report to the prime minister of the country) are working to improve this.

In the state: leaders (parts of the society) usually try to solve conflicts (both internal and with neighbors) through fighting. Most likely that is why we usually have civil wars and border conflicts. In addition women seat in the parliament is quite very small, although improvements are there (The number of women in the previous parliament was only 47, where as in the current parliament women have occupied 107 seats of the 547- seat HPR )

So according to the country classification made by Geert Hofteede and my personal observation Ethiopia has higher power distance, week uncertainty avoidance, less individualistic and more masculine culture. And here below I fully adapt the categorization of Finland in the Hofteed's country categorization based on the dimensions of culture.

Finland	Hofteede's figures
PDI	33
IDV	63
MAS	26
UAI	59

Source: [http://www.geert-hofstede.com/hofstede\\_finland.shtml](http://www.geert-hofstede.com/hofstede_finland.shtml)

Table 2. Hofstede's rating on cultural dimension for Finland

According to this, Finland is classified as lower power distance (33), low uncertainty avoidance (59), more feministic (26) and more individualistic (63) country. In order to put those two countries into comparison;

Country	PDI	IND	MAS	UAI
Ethiopia	64	27	41	52
Finland	33	63	26	59

Table 3. Comparisons on cultural dimensions of Ethiopia and Finland

From the above table it can clearly be seen that the two countries have significant differences in power, social and gender orientations. Here below we will see how differences in power distance and individualism vs. collectivism have effected international project operation of Finnish project managers in Ethiopia.

When we look at the origins of power distance differences described by Hofstede; higher power distance in my country might be due to lower latitudes (nature is not challenging but sharing that is), large population size and lower national wealth. This has made the society and the culture, which by term is described as the socio cultural environment, to be in a condition that subordinates acknowledge the power of others simply based on where they are situated in

certain formal, hierarchical positions. Such a higher power distance influences also the extent to which employees accept that superiors have more power than they have. Furthermore that opinions and decisions are right because of the higher position some has. In countries like Ethiopia with high power distance employees are too afraid to express their doubts and disagreements with their autocratic and paternalistic bosses. While on the other hand, the Finnish socio-cultural environment as noted by the fact that they have lower power distance is that: bosses and subordinates work close together and consult each other. Subordinates and superiors consider each other as or less equal even there is a difference in education level. The hierarchical system can always change depending on the circumstances. The hierarchies are flat with a decentralized organization and a small number of supervisors who are expected to be accessible for their subordinates. Within a company the degree for unequal treatment is reduced to a low level. There is interdependence between employer and employee. The salary range is narrow between the top and bottom in companies. Subordinates expect to be consulted within the decision-making process. From these major differences between two countries with significantly differing power orientation and above mentioned implication it is obvious to imagine how challenging it would be to manage one and the same project with a given goal and schedule to be achieved. Here is one practical example from one failed hydro power plant project performed by a Finnish company in Ethiopia;

The project is initiated by a medium sized Finnish company and partly financed by the Finnish government. The project goal is to generate electricity from small river falls. After taking two years of study on the technical feasibility and

practicality of the project in Ethiopia; they proceeded to work with out having enough information about working in that country, with the given socio cultural environment looks like or what the challenges are. Here is how the project manager described the situation after the initial pilot project failed and the whole project gets closed;

“We hired three engineers from here to work with us on the project and they were the only Staff we got to the project. Their job was to analyze if the water fall is strong enough to turn the turbine according to the design. I am the one who designed the turbine and had explained to them that I assume the waterfall will be strong enough to circulate it. After their field survey they reported analysis that goes in conjunction to my design. However the fact was that the design was wrong. They haven’t told me this. The turbine and the generator were manufactured in Finland according to the design which did not actually work. Now we have reached to the point of no return.

Another project manager from Company G told me the following;

“Working in a different cultural environment will be more complex and challenging if you are here all the time because even if you had learned about the cultures before or after arrival, you will make mistakes and the cost of mistakes might be high. I have experienced that one of my project employee resigned because I addressed him as Mr. while he was a Doctor; such mistakes are immaterial in Finland.”

These practical examples give us how differences mentioned above regarding power distance could lead to a major unexpected occurrence which in this case could lead to huge cost or even a failure.

As it was illustrated on the table above; Ethiopian society is more collective while the Finnish society is more individualistic. Accordingly those figures they infer that Ethiopians believe that they are an indispensable part of the group, and will readily contribute without concern for advantage being taken of them or for whether others are doing their part. Such collectivism involves the subordination of personal interests to the goals of the larger work group, an emphasis on sharing, cooperation, and group harmony, a concern with group welfare, and hostility toward out-group members. While the Finnish national and work culture could be described, based on Hofstede, as self-orientation, an emphasis on self-sufficiency and control, the pursuit of individual goals that may or may not be consistent with in-group goals, a willingness to confront members of the in-group to which a person belongs, and a culture where people derive pride from their own accomplishments. In an individualistic environment, people are motivated by self-interest and achievement of personal goals. They are hesitant to contribute to collective action unless their own efforts are recognized, preferring instead to benefit from the efforts of others.

For my question concerning the reasons for the failure relating to collective nature of the Ethiopia culture and the fact that he is a Finn; the project manager for Company F outlined the following;

“They tend to work in groups and they tend to have some kind of internal mission statement inside the group. I had my own personal goals which was to drive the project towards the achievement of the project’s goals and I was fine with the fact that they have group harmony because I appreciated team work and cooperation; however though; the problem was that I was left out of the group which made me out of touch.

This project was indeed a kind that could illustrate how differences in cultural dimensions and orientations could lead to the emergence of unexpected occurrence, never planned in advance. The project manager is from an individualistic culture where achievement, risk-taking, stamina, intense focus, quick decision making, and personal accountability are valued and he did not have know how much affiliation matter to the people he is working with.

I asked a manager from Company F about the challenges of working in Ethiopia as some one from an individualistic country, and here is what she had to say;

“The characteristics, in my opinion which would be difficult for a foreign expatriate from countries like Finland would be group (informal) level cultures. These are established group norms and values functioning as a system which may sometimes transcend the formal organizational structure. The group which is usually formed with a group of people with similar interests can decide members performance (for example output per hour), what is the reasonable salary and benefits also.”

Another important point that I found in my interview with those Finnish managers working in Ethiopia was about the difficulty of assigning responsibility

and delegating tasks to some one. Here is what the manager from Company F said;

“In here you cannot give full responsibility to some one to do something because every body is interdependent and they always look for consensus before some body decides something; every body should agree on it. This is so strange for me!”

#### 4.3. Government interference and managing international project

As it was noted in the literature the understanding of the international political environment includes being familiar with the applicable international, national, regional and local laws and customs, as well as the political climate that could affect the project. After jotting down some of the facts about Ethiopia concerning the current political – international environment I will present an explanation based on the interview I made with Finnish and Chinese managers working in Ethiopia.

Although steps have been taken to spur the private sector, such as simplifying administrative procedures, clarifying rules regulating business activities and shortening the time required to obtain necessary licenses, the government still maintains a major role in the economy. The telecommunications sector for instance, is a state monopoly. In addition, according to the constitution, the ownership of land belongs only to “the state and the people”. Citizens can lease land for up to 99 years but are not allowed to sell it. Several sectors of the economy

are not open to private investors but instead are reserved solely for the government. Among them are the transmission and generation of electricity, postal services and the manufacturing of weapons.

Foreign firms are excluded from many areas of the economy including banking, insurance, broadcasting, air transportation that use aircraft with a seating capacity of more than 20 passengers, motels, saw mills, movie theatres, travel agencies, bakery products and pastries for the domestic market, the export of raw coffee, retail and wholesale trade, brokerage services and shipping.

According to the State Department's 2007 Investment Climate Report for Ethiopia, "There are "no discriminatory or excessively onerous visa, residence or work permit requirements...Foreign investors do not face unfavorable tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers." There are no restrictions on the repatriation of profit, dividends, salaries, the liquidation of assets and interest required for debt servicing. Under the provisions of the 1996 Investment Proclamation Law, no assets of a domestic or foreign investor can be wholly or partly nationalized except when it is deemed in the public interest.

The Central Bank has a monopoly on all foreign exchange transactions and supervises all foreign exchange payments and remittances. The currency, the Birr, is not convertible. The government carefully monitors and controls its movement and as a result, it trades in a very narrow range. After depreciating 4.0 percent against the dollar in 2006, it dropped by 2.3 percent in 2007 and retreated an

additional 1.3 percent in the year to date period ending March 5. The Birr is widely considered to be overvalued particularly in light of Ethiopia's high inflation rate, which was 18.4 percent in the year ending December 2007. This was slightly higher than the 17.2 percent rise in the year ending December 2006.

The financial system is very underdeveloped. A stock exchange does not exist and there are only eleven banks, of which three are state owned. The largest bank is the state owned Commercial Bank of Ethiopia, which controls about two-thirds of the assets of the banking system. The government controls interest rates and sets them below the high inflation rate. According to data from the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment inflows (FDI) in 2006 were \$364 mln and accounted for 13.9 percent of gross fixed capital formation. The total stock of FDI in 2006 was \$3.133 bln, which represented 23.5 percent of GDP. This was above the 20.8 percent of GDP average for East Africa. The UNCTAD ranks Ethiopia 131 of 141 nations in its Inward Potential Performance Index (covering 2003-2005). The index measures the attractiveness of a nation to FDI based upon several criteria including per capita income, GDP growth over the previous ten years, research and development spending as a percent of GDP and the ratio of tertiary students in the population.

Although it is a criminal offense to give or receive bribes, corruption remains fairly pervasive. Transparency International for instance, ranks Ethiopia 138 out of 179 in its corruption perception index. Ethiopia also scores low in many of the World Bank indicators. For example, it is 102 of 178 in ease of doing business. With respect to political stability, it is ranked at the 5.3 percentile, which is well

below the 35.6 percentile average for sub Saharan Africa. Its ranking of 36.9 percentile for control of corruption however is modestly higher than the sub-Saharan average of 30.3. The Fraser Institute places Ethiopia 101 of 141 in its World Freedom index. The Heritage Foundation ranks it 124 of 157 in its Economic Freedom Index. This places Ethiopia 26th out of 40 sub-Saharan nations that are ranked in the index. According to the Heritage Foundation, “Ethiopia...scores moderately well in fiscal freedom, government size, and labor freedom...The banking system is weak and subject to strong political pressures...Property rights cannot be guaranteed...The government influences prices through its regulation of state-owned enterprises and utilities...and controls the prices of pharmaceuticals and fertilizers... Ethiopia's financial sector is small and significantly government-influenced. The central bank is not independent, and the government strongly influences lending, controls interest rates, and owns the largest bank (Commercial Bank of Ethiopia)... Despite legal restrictions on corruption, officials have been accused of manipulating the privatization process, and state-owned and party-owned businesses receive preferential access to land leases and credit.”

Despite those facts The IMF is optimistic about Ethiopia's economic outlook. It is predicting a growth rate of 8.5 percent in the fiscal year ending July 7, 2008, which is only modestly lower than the estimated 9.4 percent advance in 06/07. Inflation (annual average) is expected to decelerate to 12.6 percent from 17.0 percent, the current account deficit (including foreign assistance) is forecasted to fall to 3.6 percent of GDP from 5.6 percent of GDP and the budget deficit (including foreign grants) is projected to retreat to 3.8 percent of GDP from 4.3 percent of GDP.

There are reasons to validate the IMF's optimistic economic outlook. The government for example, has increased spending on infrastructure development (a large part of the financing for these projects is derived from foreign assistance) such as roads, which is helping to make the economy more efficient. There are plans to invest more heavily in hydro-electric power, which will increase the electrical capacity. Foreign investment, particularly from China and India, is on the rise and the government is encouraging foreign oil companies to explore for oil. Construction activity is vibrant.

I interviewed a manager from Company D on how he sees the current political international environment in Ethiopia. Here is what he has to say on the issue;

“When we look at the situation what we see is the market opportunity in here, there are about 80 million people in this country. The potential is really untouched. However there are many problems the first the and the biggest is that government controls every thing for example the telecommunication is underdeveloped and totally owned and controlled by the government, so we only have one client which is the Ethiopian telecommunications corporation. The capacity of this corporation is limited and we are limited to the operations of it.

Another project manager from Company D outlined many problems mainly concerning corruption and bureaucracy in the country.

“It's the government who decides the prices of various input materials we use in our construction projects like cement and metals, this has made us not decide and buy in a free

market. In addition our main competitors are government owned enterprises that get preferential access to those resources. The other main problem is unprecedented government interference in the project for example they put pressure on us in order for us to hire local people which we think are not qualified for the job. The last but not the least is the challenge of working with corrupt and autocratic public officials”

The other interview who gave is attitude towards working in the current political international environment is the project manager from Company F. Here is his outline of the challenges and problems of working in that political environment;

“The government controls every thing while the qualification of the officials is questionable, those incompetent government officials are corrupt and lazy, the banking system is so underdeveloped that it took me 6 weeks to open a letter of credit, I had a challenging time getting the license to operate in electric power generation because they don't have clear terms on who gives the license”

Here, from all the above facts about the political environment in the country relating to operation of a project and the witness of those project managers; it can be safe to infer that reflected in its policies and attitudes toward business governments are the most crucial & unavoidable realities of international projects. Even though, ideally the political climate for an international project seems to be stable as one can know and study political facts about the host country in advance; there is always a space for unexpected occurrences where in this case government unexpectedly changes the ‘rules of the game’ under which a business operates. As the one of the problems areas of this study is how to manage those unexpected

events that divert the normal function of the project, I will first state what could go wrong and give examples based on the interview from the managers.

The first and the most stressed point mentioned by the interviewed managers concerning unexpected occurrences that in part come from the international political environment is changes in policies that result from a change in one government official.

“Change in one key personnel can change a lot of things and you cannot be sure for how long he will be in power”

Project manager from Company D

“Decision making is mainly concentrated on individuals not on the master plan, so you never know when the person changes his mind or he is replaced by another person with a different attitude in which case you might have to restart the whole thing all over again”

Project manager from Company E

The other important issue mentioned by the managers is instability of funds raised to finance government sponsored projects, here is one example mentioned by a project manager of Company G,

“The government may sometimes run out of money and tell us to stop the project for a while. This happens because most of the projects are financed by foreign aid and loan. There are times where expected funds fail to be raised in which case we fail to meet our schedules.”

However though, with my study I have not found unexpected government actions mentioned in the literature like: taxation restrictions; currency inconvertibility; contract repudiation; import and/or export restrictions; ownership and/or personnel restrictions; or expropriation and/or confiscation. Except the occurrence of change in taxation of imported input materials which usually happens unexpectedly without warning. This challenge was mentioned by the manager from Company E.

“They some times raise taxes with out prior notice and also after we started the project here in 2004 there has been introduced two more taxes which didn't exist before”

Besides the examples used on the case of Ethiopia to show government interference could result in deviations in the project plan I would like to mention one practical example given by one of the interview manager. This manager who is a project manager from Company B described about the emergence of additional stakeholder, not considered neither at the planning of the project nor at the signing of the contract.

“We had a contract to build a power plant for one eastern European country, during the signing of the contract we agreed with the government on the need to cut some trees to build transmission lines and they we ok with that and the trees were owned by the government. But later in the middle of the project undergoing an environmentalist group emerged and sued us for creating damage to the ecosystem”

#### 4.4 Management of the unexpected in International Projects

As it has been mentioned in the above three subtopics of the data analysis and interpretation of this study; that project managers have been giving attention to the project environment however though it has been discussed that the challenge of managing and working in the pre-existing environment has become difficult due to the emergence of occurrences that have not been planned in advance through time. Hence, the research questions of how cross cultural misunderstanding in communication could result deviations in project execution? And how the host government interference could be the source of unexpected which might favor or disfavor a given project? Were explained based the interview made with Finnish project managers in Finland, Finnish project managers in Ethiopia and Chinese project managers working in Ethiopia.

Here below the topic of How to manage unexpected events that result form government interference and cross cultural misunderstanding in between the stakeholders of the project? Will be discussed based on the interviewed project managers' experience and my personal observation and analysis.

All most all of the managers I interviewed have mentioned that they have experienced unexpected events in each and every project they executed so far. Here is how some of the described their attitude towards those kind of unexpected occurrences;

“If every thing goes as planned we do not need a project manager”

Project manager from Company B

“This world is not ideal, for example the customer may come with new ideas then you have to think again; this is the difficult part of managing a project”

Project manager from Company G

“The competence of a good project manager is determined by the actions he takes by the time something unexpected comes and affects the project”

Project manager from Company C

If the emergence of unexpected occurrences in the middle of a project is an integral part of any given project; then how are these project managers coping up with this and executing project will be the area of this subtopic and indeed the prime objective of this study is to give a practical perspective on the management of unexpected events. The major strategies mentioned in the literature for the management of the unexpected were reopening where a project is reopened with new task time and cost limits while the project remains the same, making revisions and changes to the initial plan and the third was fine tuning which indicates a constant flow of information, experiences and people in to and out from the project in order to protect the project from environmental disturbances. The other more specific strategies were; innovative actions, knowledge sharing arena in deviation solving process, extensive meeting schedules and short term coordination, learning from experience, detachment strategies, negotiation skills and project safeguarding and early warning systems.

In my interview with those managers none of them told me about a given strategy or a separate department meant for managing the unexpected in their projects so they couldn't exactly tell which of the above methods mentioned in literature they are using. However, they have unstructured and varying response strategies in different case which I will here below categorize them and present.

The two major methods that I have identified in my interviews' with the project managers in order to manage the unexpected events that inmate from misunderstanding in communication due to differences in socio cultural environment and those that inmate from government interference are;

1. Learning
2. Fine tuning and corrective action

Learning has been defined in various ways from people in varying professions. However in this context learning is defined as a change in behavior as a result of experience. Or in other terms learning refers to the acquisition, and transfer to long-term memory, of experience, Information, and Knowledge, which may subsequently be used for solving problems, making decisions, and creating new knowledge . Learning in the management of the unexpected occurrences in international projects refers to the focus on lessons learned for better response strategy on deviations out side the plan and for a knowledge driven planning and a more informed guess about the future. Or in general learning is a means by which knowledge from the past is brought to bear on the present activities.

However, identification of critical knowledge and its utilization is a challenge for any project manager. There are two basic strategies for managing knowledge mentioned in literature: codification strategy and personalization strategy. The first strategy is about codifying the knowledge and storing it in databases. Personalization strategy incorporates sharing knowledge by personal interaction. All the project managers interviewed in this study emphasized on the importance of capturing, using and transfer of the lessons learned. However, none of those big multinational companies I interviewed have a structure for storing lessons learned in computerized databases and retrieving them. Rather they have personalized knowledge sharing mechanisms. The following justification has been given by one of the project managers for not investing in computerized systems; like share net.

“Even though the problems are the same the sources are different; we rely on the experience of our project managers than expensive computer software”

Project manager from Company A

So due to the limitation of this study, that company's using computerized knowledge sharing systems has not been included in the sample, I cannot illustrate how effective those systems are in using learning as a mechanism for managing the unexpected. However in literature it has been mentioned that many well-known multinational companies, such as Hewlett Packard, DaimlerChrysler (Davenport and Voelpel, 2001), British Petroleum (Cohen and Prusak, 1996), Chevron, Ford, Xerox, Raytheon, IBM (Ellis, 2001), Siemens (Davenport and Probst, 2002; Voelpel, 2003), Shell (Haimila, 2001), and Caterpillar (Ardichvili et al., 2003), to name only a few, have integrated different kinds of virtual knowledge

sharing systems. In addition Siemens's sharenet is usually mentioned as an example of the successfulness of knowledge sharing systems. This knowledge-sharing system connected 17,000 sales and marketing employees in order to tap into the experience its sales team around the globe. The system also includes among other things, knowledge library, a forum for urgent requests, and platforms for knowledge sharing. These computer based systems I think will help in solving the drawback that experiences are only bound to people, often not a part of a project's documentation and seldom transferred to other people during the course of the project.

The study addresses actual activities, processes and actions of those that execute projects based on the interview made with them. So accordingly, for the questions asked to those managers on how they learn from the past and apply it for the current and future projects their answers mainly concentrated on post project appraisal and personal interaction with fellow project managers which is cross project learning.

The basic idea behind post project appraisal is that analysis of unexpected events that had actually happened in projects may give an idea about what is likely to occur in similar projects. For example, during the assessment process at the start of a project, if there is political instability in a country, a decision-maker may predict that the government may change and this may lead to some unexpected problems. An actual event such as "bureaucratic delays due to change in government" provides the decision-maker with an idea about the potential problems that may emerge if there is political instability in a country. Similarly, by investigating the

frequency of those events in previous projects, the probability of occurrence in the forthcoming projects can be estimated. Accordingly, it is believed that although events may be specific to a project, similar sources of occurrences and vulnerability exist in all projects. Information about “what actually happened, reasons or sources for the deviation and how they are managed (response strategy)” can be transferred between projects.

Most of the interviewed managers agreed on this point that post project assessment of unexpected occurrences in previous project enhance the development of well informed and knowledge based plan for the next project. Here is what one of the managers mentioned regarding this issue.

“We don’t have an official way as a company in which we share what we learned from a given project. However we gather as a team at the end of every project for a post project assessment where based on the project’s final report and the manager’s explanation; we discuss what good and bad things happened and how they were managed. This helps us to have a better forecast and leave space for contingencies while planning the next project as a team and also individually”

Project manager from Company C

Going together with this point project manager from Company D said the following;

“At the end of every project we sit for a close up meeting where we share knowledge and experience within the organization”

The same method has also been mentioned by the project manager from Company B. Here is what he mentioned.

“We have got regional managers and project managers who report for those regional managers. The unexpected government interference or political instability and the misunderstanding in communicating the project we mentioned earlier have similar nature in one given region. These managers meet every season to discuss about their experience and share it with each other. This way our regional managers through time have specialized in handling the unexpected”

One practical example has also been given by one project manager from Company G. He said;

“We used to have a problem of not being understood, while we sent important information like contract specifications via e-mail to Arab countries and Africa. But we learned that we need to meet physically so that we can ease up cultural difference in the usage of words. This is what we learned from some of our project managers working in those regions”

This method of post project appraisal for learning from what has actually happened to use it in a problem at hand is common among the project managers this study has covered. However the draw back of this method will be the fact that only the managers present at that specific meeting will get to know and learn.

The other widely mention method is through personal interaction among project managers. These mechanisms are used to leverage learning, experience and

expertise of employees accumulated across projects through mutual communications. The basic idea of such kind of individualized and informal experience sharing mechanisms is that firms which can successfully share knowledge across individuals and projects may find that ideas and experiences in one project can frequently solve the problems of another. This kind of experience sharing happens between managers at convenience and it is informal but yet mentioned to be very beneficial by the managers interviewed.

“For example when I went to Arab countries I got a lot of important and practical information from my colleague who has been working as a manager in the Middle East. This way I avoided small but vital mistakes like shaking hands numerous times at least at first meeting and again upon leaving, Tea or coffee is typically offered by the host and should be accepted by the guest; to reject the offer may be seen as an affront, avoiding other substances such; as pornography and narcotics. Those kinds of things you cannot easily get from a book or a documentary”

Project manager from Company B

Another project manager from Company D mentioned that he uses his fellow project managers in other parts of Africa as his consultants. He said this;

“When I face some unexpected things which I cannot handle it by myself I will ask my fellow project managers in other parts of Africa because at least one of them might have faced similar problems before. Even if they don’t directly solve it they will give you a clue. And usually most parts of Africa have similar political situation, so what happened here

might have happened some where else. I do the same when my colleagues need my expertise.”

The interviewed managers described that the cases where a project has to be revised or reopened are very rare while going under a daily fine tuning is part of most of the project operations. So fine tuning is selected for endorsement of this study and when and how fine tune will be discussed here.

One important thing that should be noted before deciding on the need for fine tuning is that no matter how successful a project manager is in protecting the project there are always inside to outside mutual contacts. So the when to do the fine tuning, is every time those contacts create a negative influence on the normal functioning of the project. This means that; there is always a need for a fine tuning both at the project work and the external environment. As mentioned above, I will focus on how to fine tune the environment so as to have a positive and customer oriented interaction.

The first and the major way the project managers mentioned as a way for positive fine tuning of the project environment is the use of local agents, subsidiaries, or even the customer itself in some cases. A manager from Company E gave the example of Ethiopia where the need for a local agent in fine tuning the project when it gets deviated do to government’s unexpected action. Here is what he said;

“We have local agents, we call them negotiators. These are the people who know how things work down here. Whenever we have difficulties in government related issues like

bureaucracy they fix it for us. This has reduced delay and it saves significant time and money for us”

A project manager from Project manager from Company C stressed on the need for local agents, subsidiary, another company with the experience and also the Finnish governments’ involvement. Here is what he said;

“All the regions are different and it is hard to understand the project environment there. So every time we get a project in an area where we had no previous experience we try to get a local agent via the chamber of commerce or we make an agreement with a another company with experience in the given market and also the history of working with us before for example we have done this in south America last year. And as our projects by their nature usually involve pretty much government money we make a deal with the host government for example when we take projects in Russia we work with ministry of foreign affairs of Finland.”

The project manager from Company A mentioned the need to have a good relationship with the client because the client can help in solving those kinds of unexpected events. He says;

“The working relationship you have with the client matters and they may help you like a local facilitator. For example in Bangladesh we had a case were it take us too long at the customs to get a shipment of our materials and later on a new tax rule was introduced while our materials we still there. But our client made the deal with the authorities and helped us out”

There are also cases mentioned by one project manager from Company B mentioned were local presence helps in translating so that there would not be misunderstanding in communication and acts as a facilitator against unexpected government actions. He said;

“We are big and we are present locally”

The other method mentioned by the managers concerning fine tuning and correction is innovative action by the project manager himself. This requires the managers to go outside the plan and, in some cases, outside the normal procedures applied in the company which is to creatively design action patterns to deal with un-anticipated changes including re-shuffling of resources, delaying some parts of the project while helping other parts, making use of slack resources in the project or company, outsourcing. Here is how some of the managers described how those actions might be necessary and important.

“Get to the root, ask many questions on why it happened and take action. But do not take too long, fast acting is better than doing the right thing, it usually give pretty good relation with the customer. Not acting usually makes things go worse”

Project manager from Company C

“The most important thing is how fast the project manager acted towards solving the problem because delay is usually expensive”

Project manager from Company B

“The unexpected occurrences are usually small and if not handled with care and as fast as possible they get bigger and complicated so it is up to us (project manager) to take the necessary action based on our experience”

Project manager from Company G

The figure below summarizes the findings of the study. The following figure represents the final model of the study. As compared to the original theoretical framework of the study, this model maintains that the empirical evidence do follow the pattern of the framework. Though, not all mediating factors seem to have impact on the outcome of the research study.

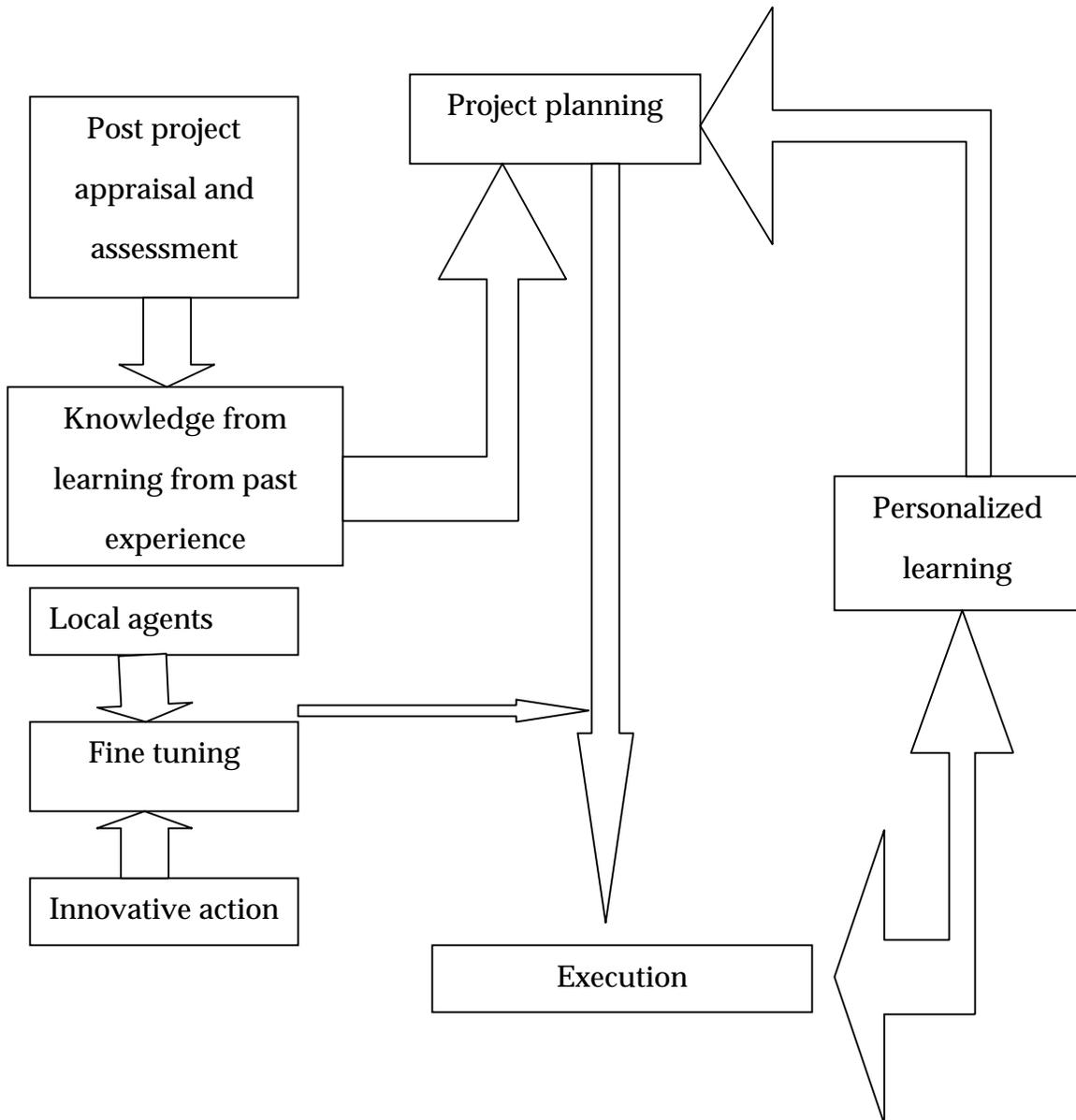


Figure 4. Graphical Synthesis of the final framework of the study.

As it can be seen in the synthesis of the above frame work fine tuning is the major way to erect deviations in the project plan. Personalized learning and knowledge

from past experience enhance a well informed planning. In addition, the use of local agents and innovative actions support the fine tuning process. Finally, personalized learning is also indicated as having a dual role of both enhancing better planning and also leverages better execution of the project plan.

## 5. CONCLUSION

This chapter will summarize the findings of the study; it will outline the implication of the study for practitioners of project management and will offer concluding remarks and suggestions for further research on the topic. In addition it will explain the trust worthiness of the study.

### 5.1 Summary

The first chapter introduced the study beginning with the background and problem area of the study. The background of the study is based on international projects which by their very nature of crossing borders are exposed to various environmental contacts. The basic idea behind the study is the fact that an international project is characterized by a very high and difficult to quantify level of uncertainty and filled with unexpected events created as things do not unfold as planned or because conditions change over time due to changes in the project environment. The problem area of the study focused on two of those unexpected occurrences that inmate from the projects' outside environment; the international – political environment and the socio – cultural environment. In order to have a deep analysis in these two environmental factors the study was limited to the analysis of (a) misunderstanding in communication arising from differences in cultures and (b) unexpected governmental interference in projects that favor or

disfavor a given project. Accordingly the problem area of investigation was coined to three research questions;

1. How cross cultural misunderstanding in communication could result in deviations of project execution?
2. How the host government interference could be the source of unexpected which might favor or disfavor a given project?
3. How to manage unexpected events that result form government interference or cross cultural misunderstanding in between the stakeholders of the project?

So the prime objective of this study was to give a practical perspective on the management of unexpected events that relate to the elements of the environment mentioned in the research question.

The literature review mainly focused on the nature of international projects, the project environment and the management of the unexpected. The literature has guided the study to the focus of occurrences of unexpected events that are deemed to arise from changes in the international-political environment and misunderstanding of the socio-cultural environment. The literature finally discussed the suggestions of other studies on the management of the unexpected in general.

Taking into consideration the main objective of this study which was to gain more perspective and better understanding on the management of the unexpected, which is yet little known about, the empirical data collection of this study was conducted using a qualitative method. In conjunction with the research topic and that the method enables to fully utilize the advantages of qualitative research which is to examine what people actually do in real life rather than asking them to comment upon it; a semi structured interview has been used as a main study method. In addition the researcher spent one month in Ethiopia for direct observation as an opportunity to gather additional information about the topic by being physically present in the field of study.

Based on the above qualitative data and method of analysis the study has reached at the following conclusion.

- Investigating the relation between project execution and the project environment an increasingly more vital issue. Based on the interview analysis made; its safe to conclude on the need for a greater need to focus on the external project environment while executing projects across borders as watching the socio cultural and political environment of the host country matters a lot in the success or failure of the project. However the understanding of the project environment mainly aimed at the understanding of the customer's expectations is not a simple work as it changes over time. In addition one point that has to be taken into account in conjunction with the emphasis on the project environment is that the focus

depends on the complexity of the project, the objective of the project and the familiarity of the project environment.

- The cultural background of the external parties involved in the project will change the way that the project runs. The study has give practical examples on the challenges which usually bring deviations to the project based a case analysis on a Finnish company working in Ethiopia. Among others, misunderstanding in communication at the signing of the project, negotiation and in communicating the project while on progress changes the cost and schedule of the project as the expectations of the client might have not been understood in the right way. In addition, it has been mentioned that individuals' understanding of the communication process and its barriers, the way they behave with other individuals and expect to be treated, varies according to national cultures.
  
- The study has found host government interference to be a critical environmental factor that should be taken care of by project managers. As an illustration of the case, challenges Chinese project managers are facing in Ethiopia executing construction and telecommunication projects are discussed and the results are; although steps have been taken to spur the private sector, such as simplifying administrative procedures, clarifying rules regulating business activities and shortening the time required to obtain necessary licenses, the government still maintains a major role in effecting the planned execution progress of the project. Accordingly the study has concluded occurrences that emanate from the international

political environment include changes in policies that result from a change in one government official, delay resulting from bureaucratic and under qualified government officials, instability of funds raised to finance government sponsored projects, and change in taxation of imported input materials which usually happens unexpectedly without warning. In addition to the case of Ethiopia, the study has found unexpected occurrences that in part from international political environment like the emergence of unexpected additional parties like environmentalist.

- The last but not the least finding of the study is on how to manage unexpected events that result from government interference and cross cultural misunderstanding in between the stakeholders of the project? The first finding concerning the occurrence of unexpected events is that unexpected events or deviations from the plan are integral parts of daily project operation and the interviewed project managers are aware of that. However, almost all of the companies considered in this study do not have a given strategy or separated department of the management of the unexpected in projects.

Based on actual activities of those who execute the projects the study has found two main strategies for the management of the unexpected; personalized learning and fine tuning.

Learning is the focus on lessons learned for better response strategy on deviations outside the plan and for a knowledge driven planning and a more informed guess

about the future. According to the findings of this study learning is fostered mainly through post project appraisal and personal interaction. Post project appraisal is the analysis of unexpected events that had actually happened in past projects and that may give an idea about what is likely to occur in similar projects. And personal interaction is used to leverage learning, experience and expertise of employees accumulated across projects through mutual communications. However, identification of critical knowledge and its utilization is mentioned, in this study, to be a challenge in the process of learning.

In this study innovative action by the project manager has been emphasized as a main strategy to fine tune the project towards the achievement of its goals and objectives at the optimal level. The first and the major way the project managers mentioned as a way for positive fine tuning of the project environment is the use of local agents, subsidiaries, or even the customer itself in some cases. And the other way mentioned in this is study is local presence and actions to be taken by the project manager outside the normal procedures applied in the company which is to creatively design action patterns to deal with un-anticipated changes including re-shuffling of resources, delaying some parts of the project while helping other parts, making use of slack resources in the project or company, outsourcing.

## 5.2 Recommendation for practitioners of project management

One of the most important implications of this study on project managers is that; irrespective of the amount of planning unexpected unplanned events – deviations from the expectations – occur in project management. A project is to some extent truly ambiguous and filled with unexpected events created as things do not unfold as planned or because conditions change over time. This indicates that the traditional proactive risk management process; where everything can be planned for and changes are made according to a recipe cannot apply for the management of the unexpected events. This leads us to the idea that the task of managing the project environment is not a task to be performed at the beginning or at planning phase of the project; as things and the expectation of the people you are working with or the project environment as a whole changes over time. It is recommendable that project managers need to focus and continuously follow the external project environment while executing projects across borders as watching the socio cultural and political environment of the host matters a lot in the success or failure of the project.

By giving examples given by the current practitioners of project management; the study has emphasized that international project management involves crossing national boundaries, which in turn involves facing a different socio-cultural environment. To be more specific; individuals' understanding of the communication process and its barriers, the way they behave with other individuals and expect to be treated, varies according to national cultures. Accordingly, if projects managers go into another country and make decisions

based on how they operate in their own home country - conveying meaning between stakeholders from different cultures could lead to misinterpretation and error in international project operation.

Regarding the topic of managing the international - political environment the study has an implication that friendliness and stability of government policies is the most important of the political conditions that concern an international project; the stability or instability of the prevailing government policies. So managers must continuously monitor the government, its policies and its stability to determine the potential for political change that could adversely affect operations. In addition project managers should note that reflected in its policies and attitudes toward business governments are the most crucial & unavoidable realities of international projects.

The main recommendations of this study in managing the unexpected in general and in dealing with the unexpected which in part from misunderstanding in communication and unexpected government interference are learning and fine tuning and corrective action. Learning is enhanced through post project appraisal that is the analysis of unexpected events that had actually happened in projects may give an idea about what is likely to occur in similar projects and enhance the development of a well informed planning. And the other important implication for project managers is that learning can be forested through leveraging experience and expertise of employees accumulated across projects through mutual communications in an informal and unstructured way.

In addition, fine tuning and corrective action is recommended by this study as one way of managing deviations. In addition the study emphasizes that managers should take into account that no matter successful they are in protecting the project there are always inside to outside mutual contacts; which entails the continuous need to fine tune the environment so as to have a positive and customer oriented interaction. The last but not the least, corrective action taken by project managers should be fast enough as delays are usually expensive.

### 5.3 Trustworthiness of the study

The aim of trustworthiness in a qualitative inquiry is to support the argument that the inquiry's findings are "worth paying attention to" (Lincoln & Guba, 1985, p.290). This is quite different from the conventional experimental precedent of attempting to show validity, soundness, and significance. In any qualitative research project, four issues of trustworthiness demand attention: credibility, transferability, dependability, and confirmability. Credibility is an evaluation of whether or not the research findings represent a "credible" conceptual interpretation of the data drawn from the participants' original data (Lincoln & Guba, 1985, p.296). Transferability is the degree to which the findings of this inquiry can apply or transfer beyond the bounds of the project. Dependability is an assessment of the quality of the integrated processes of data collection, data analysis, and theory generation. Confirmability is a measure of how well the inquiry's findings are supported by the data collected. (Lincoln & Guba, 1985). In this thesis, trustworthiness was enhanced through the strategies detailed below.

In an effort to increase the credibility of the collected data, the interviewees were carefully selected based on their experience on project management and their qualification on the field. The outcomes of the interviews would naturally differ if another round of interviews was carried out, however the core response would be expected to be the same. Furthermore, the interviewer has made an effort to include a diversified list of project managers in the process in order to increase the transferability of the study. The dependability and confirmability on this study is mainly dependent of the researchers' personal experience in doing research and being able to analyze data and interpret it to arrive at a given conclusion.

#### 5.4 Suggestions for further research

This study will have a significant contribution to the analysis of international project in its interaction with the environment. In an effort to analyze the environment in which an international project operates; the study covered the two major project environmental issues; the socio-cultural environment and the international-political environment. However, international projects are not only influenced by changes in those two. A further study could be conducted including more elements like the technological environment and the natural environment.

Due to time and financial limitation this study had only a scope of covering seven interviewed cases which has restricted the conclusion of this study. So there are many other topics yet have to be uncovered from further research. Among these

are the impact of using computerized knowledge sharing mechanisms and the usage of forum for urgent requests as a platform for experience sharing can be studied.

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## Appendix

### List of questions/general topics for interview

date:.....

1. background information about the interviewee
  - Name.....
  - Years of experience.....
  - Managerial position.....
  - Company name.....XXXXXXXXXXXXXXXXXXXX..
  - Field of business.....
2. What is your role in the organization and in a recent project you have conducted?

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### The project environment as a source of unexpected events

3. What have you experienced in your effort to accomplish project according to your plans as a project manager? (Associated with the project environment) statistics shows that about half of the projects fail to achieve their pre established objectives.

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4. What are the common and unexpected problems you face that emanate from the environment? From the above factors which ones usually go wrong unexpectedly?

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Misunderstanding in communication

5. Tell me about your experience as a project manager working in countries with a different cultural orientation?

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6. How do you describe misunderstanding in communication while conducting projects across borders? Can you give examples based on your previous experience on confusion being a source of misunderstanding like differences in cultures leading to misinterpretation and error in project operation? What do you think could be the solution or preparation to handle this? (with regional experience)

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Government interference in projects

7. Tell me your experience in dealing with the host government in cases of taxation restrictions; currency inconvertibility; contract repudiation; import and/or export restrictions; ownership and/or personnel restrictions; and expropriation and/or confiscation

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8. What do you think are the roles of the host government in facilitating or hindering the project execution? So far have you faced unexpected events due to changes in government policies and practices favoring or disfavoring your particular project? How have you been able to deal with those problems? (with country experience)

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Management of the unexpected

9. Have you faced similar problems (mentioned above) before? How does that help in your ability to manage unexpected events with similar nature?

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10. Do you have any mechanism so far in order to manage the unexpected or unforeseen events in executing projects? If yes (both at a company level and/individual level)

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11. Do you have a system of retrieving past project experience (at a company level) for using them in current situations where you face unexpected events? If yes how did they forester your decision?

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12. What is your attitude towards solving problems in projects that arise from the project environment or reducing them through re-opening, revising or daily tuning a project?

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13. Your general recommendation and suggestion towards the topic of dealing with the unexpected (as a project manager)?

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