

# Chapter 70

## Project and Risk Management in a Global Context: The Importance of Cultural Risk

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### ABSTRACT

*Project management is one of the possible ways to improve the organizational reputation and create value. The control achievable on each project' constrains (time, cost and quality) and the actions consequent by assessment process can represent in theory a guarantee for the success of a project. In practical, there are many risks capable of upsetting the project dynamics leading to failures. Risk management, or the specific area of knowledge of Project Risk Management, are useful to prevent this possible occurrence. The global dimension of organizations' networks that use PM, moves this quality to the project that this organizations do. A definition of global project is provided as well as also the consequent considerations about the cross-cultural aspect within the peoples involved in this type of project. It is framed and proposed a new category of risk related to management of global project: cultural risk analysis.*

### INTRODUCTION

Project management is a useful discipline that among other things can reduce the project complexity and, maximize the knowledge and control on each activities. What makes the process complex is the fact that each activity is under the constraints of three important variables: costs, time and quality. Through the evolution of project management (PM), knowledge and models have moved continuously between conceptual and empirical research. Under the social point of view, "projects are complex social settings

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characterized by tensions between unpredictability, control and collaborative interaction among diverse participants on any projects” (Cicmil et al. 2006, p. 676). From other hand, one of the substantial characteristic of project is the innovation considering that the life cycle of general innovation outcomes is increasingly shorter.

The organizations operating in global context are seeking to fight the high level of complexity in managing projects. Although a lot of researcher (as in e.g. Pinto, Slevin, 1988; Baccarini, 1996; Vidal, Marle, 2008 and others) have made effort to investigate on complexity projects factors, but the identification of a solution for a problem in continuously moving is an hard goal to achieve.

Assuming that the society is complex, that the environment is complex, the competition is complex and the projects are complex, is it possible to argue that with this high general level of complexity and with this global “complexion” (competition and high level of complexity), the modern project management is really adequate to manage all the activities?

The management of cultural diversity is a hard topic starting from the globalization’ phenomena. This is not only the case of international management, or the case of negotiation between two or more parts from different part of the world and different culture. With facilitation of transit of people and things the global collaboration on big (o mega) project has been facilitated. The management of this big project has increasingly involved international stakeholders and project team (PT) members involved from different part of the world. This is, also, the case of the cross cultural aspect in project management operating in global context.

The aim of this work is to provide a different perspective to understand the complexity projects. Starting from the definition of project before provided (Cicmil et al. 2006) and acknowledging that project can be defined as “global” (Binder, 2016), the authors argue that is possible to read the project complexity also under the lens of cultural aspect in order to reduce it in reducing the cultural risk in managing projects. Cultural aspect is linked to contextuality and this relation influences the project complexity (Koivu et al, 2004).

The work is structured as follow: the first part describe the modern PM; the second describe the Project Risk Management (PRM); the third discusses the cultural aspect and the related cultural risk. The work end with indication of future research and with conclusions.

## **PROJECT MANAGEMENT IN GLOBAL CONTEXT**

The Project Management (PM) is defined as “systemic management of a complex, unique and a fixed time lasting enterprise, aiming at reaching a clear and pre-set goal, by a continuous process of planning and control of different resources having interdependent constraints of costs-time-quality” (Archibald, 2004, page 29). In more details, quality, time, costs and resources are the management variables (or constrains) around which the methodology of the PM operates. In addition, it is possible to identify elements: structural such as project, programs, processes, tasks, and main actors (or project stakeholders) such as Project Manager (PMr), Sponsor and Project Team (PT).

The terms program/project/process/performance (task) are often used as synonyms, even if they have a different semantic meaning.

In this sense, we assume that program is a long-term action, normally involving more than one project.

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