

Chapter 5

A Comparative Case Study of Indonesian and UK Organisational Culture Differences in IS Project Management

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ABSTRACT

Information Systems (IS) Project Management (PM) is fundamental to the modern, constantly changing and upgrading business world and is impacted by culture on many levels. This research shows the extent to which organisational culture in international IS projects is impacted by culture found on a national level. Current data contributing to IS PM knowledge is provided by investigating two Information Technology (IT) firms in the telecommunications sector based in Indonesia and the United Kingdom undergoing system upgrade projects using a survey and interviews. Differing trends between these organisational cultures are identified (and a third international control group) in regard to hierarchical structures and managing conflict employing a version of Hofstede's cultural survey as a basis.

INTRODUCTION

Information Systems (IS) Project Management (PM) is fundamental to the modern, constantly changing and globalised business world. It is no longer unusual for an IS project to span multiple geographies, be delivered using diversified human

resource, or feel pressures from differing cultures and norms. Modern internationalisation is fusing different 'national' values into one international set (Warner, 1996b) - yet this is not managed, metered, or normalised and global IS PM must still be mindful of organisational cultural differences in order to deliver value in an evolving industry.

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As organisations launch, and have launched, projects on an international level, managers already run projects according to different methods and priorities. This is due to differences in management style, project management understanding, and, last but not least, culture (Igbaria & Zviran, 1996; Zwikael et al., 2005; Karahanna et al., 2005). However, Redding and Baldwin found organisations operating in a single-culture context are ill-equipped to meet the demands of a globalised world (Redding & Baldwin, 1991). Managers can work more successfully if they understand their cultural biases and assumptions, consider the reasons why people from other cultures do things differently (and not only see irreconcilable differences) (Hoecklin, 1994). Forming strategic alliances has also become a high priority for organisations. However, Buchanan and Berman concluded cross-border corporate alliances have a high probability of failure (Buchanan & Berman, 1992), so managers need to be aware of the problems they might be facing in terms of cultural differences.

With increasing geographical divide inside modern organisations the factors affecting IS project success have been identified as the widening of management responsibility, globalisation of project teams, and understanding of specific IS cultural differences (Chauvet & Gallivan, 2007; Ailon, 2008). In this paper we show findings from a comparison of organisational cultural differences for IS projects delivered in Indonesia and the United Kingdom (UK). The research uses primary data from a study conducted in 2007/08 involving 90 IS project members. The study used a semi-structured questionnaire to deliver initial data on which further detail was gathered with interviews giving depth to the research. The aims are to present recent findings from a real project base to promote the need to understand and consider organisational culture in terms of managing conflict and ambiguity within a project. In particular we focus on the impact of other levels of culture, especially national culture, on organisational culture.

The remainder of this paper is organised as follows; a literature review section summarises relevant papers to this area; a section describing our methodology follows this; the next section presents the findings of our research; a final summary concludes our paper.

LITERATURE REVIEW

It is very difficult to provide a clear-cut definition of the term “culture”; Hoecklin lists ten different concepts from as many sources (Hoecklin, 1994), while Olie discusses over 160 different definitions (Olie, 1994). Our focus is not to further define “culture”, but to provide definitions that mirror our interpretation before delving into the details of our findings.

Culture, to us, is well defined as “a collective programming of the mind which distinguishes one group from another” (Hofstede, 1980). Culture is classified using national culture, organisational culture and individual culture or behaviour (Hampden-Turner & Trompenaars, 1997; Schneider & Barsoux, 2003; Hofstede & Hofstede, 2005). Hofstede (1985) describes national culture, using his “ecological analysis”, noting organisations have unique small-scale cultures and value systems with a traceable link between the founding individual and residual organisational culture. A link can also be seen between national and organisational cultures, as an organisation is typically founded inside one nation. The concept of organisational culture was first pioneered by Peters and Waterman (1982). They used a prescriptive approach to define organisational culture, classifying eight themes common to high-performing organisations. However, one of the shortcomings of their method is an oversimplification of the facts, as they pursue a ‘one size fits all’ approach. Another important line of research (originally inspired by Hofstede) was done by Trompenaars and Hampden-Turner (1997). Similar to Hofstede, they identified several bipolar dimensions to describe cultural aspects. Although there has been criticism of Hofstede’s

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