

GLOBAL PROJECT MANAGEMENT FOR MARKET ECONOMIES: AN ASIAN PACIFIC PERSPECTIVE

Nguyen, M. Nghi , Ph.D., P.E., PMP
President, NDV Project Management Services Inc., Montreal, Quebec, Canada J4X-2H5. (514) 672-2693
Professor, Concordia University, Montreal, Quebec, Canada H3G 1M8

ABSTRACT

Asian Pacific countries whose economies had been transformed into market-oriented environments have recently been fueled by decades of significant economic growth. To speed up their economic development within the framework of a rapidly changing networked global economy, these countries are in dire need of adopting global project management expertise in order to serve the cause of effectively implementing a significant number of infrastructure projects and contribute to the goals of industrialization and modernization of their countries to meet the globalization and technology challenges of the 21st century. This paper introduces the world-class, global project management approach being practiced by thousands of project managers in the more advanced, developed countries to successfully execute their projects, promotes its usefulness and adaptability to the global business environment and provides an Asian Pacific perspective on the subject associated with related events and trends.

EVOLUTION OF GLOBAL PROJECT MANAGEMENT FOR ASIAN PACIFIC MARKET ECONOMIES

The evolution of global project management began with global corporations' realization of the fact that they are effective technology transfer agents while doing and expanding their own business in a host country where increasing percentages of their markets, often with higher profit margins, are found. Their project managers must, therefore, be aware of the necessity of having to adapt their practices to unfamiliar elements of a project in a specific country .e.g. Bechtel, IBM,Siemens, Shell, PriceWaterhouse, Pfizer, ABB, Lockheed Martin represent a selection of global companies spanning multiple industries and having their corporate headquarters in various countries.

Since 1950s, project management has been an acknowledged and important methodology for planning, organizing, coordinating, monitoring and controlling project implementation in Canada and the U.S. with the development of network techniques such as CPM (Critical Path Method) and PERT (Project Evaluation and Review Technique). Project management principles, methods and tools are effectively used to manage projects in all industries. Project management was becoming global in the 1990s with the effort of the U.S. based Project Management Institute (PMI), a global entity with almost 160,000 members in more than 135 countries worldwide, to advocate the advancement of the practice, science and profession of project management throughout the world. It is the world's premier source and resource of project management-oriented knowledge and expertise. Its specific objectives are to increase the project management knowledge base and global access to and utilization of this knowledge base. There are eight official translations of PMI's A Guide to the Project Management Body of Knowledge (PMBOK), the latest 2004 edition has been released worldwide to advance PMI global initiative. The PMBOK is becoming the standard for the practice of project management worldwide. Since its first edition in 1987, PMBOK has been and will continue to be a global, basic reference for PMI's professional development programs, including the internationally recognized Project Management Professional (PMP) certification process as well as recognition of educational programs in project management. Annual PMI conferences in North America and Europe have been in place. Other conferences include those in South America, and Asian Pacific (A PMI Asian Pacific Project Management conference was held in February 2005 in Singapore). A PMI service center in Belgium was opened in June 2003 to support activities in Europe, the Middle East and Africa. A PMI office was opened in Beijing, China in January 2005. Also starting in 1990s, Asian Pacific countries such as China, Japan, Australia, Malaysia, Thailand, Indonesia and Singapore which made up of a variety of unique cultures, religions and lifestyles, most of these with their transition to a market economy and their integration into the world economy, have rapidly acquired project management to successfully execute many of their infrastructure development projects ,.e.g., China, with its transformation into an industrial, high-tech and services oriented market economy for almost 25 years with double-digit economic growth resulting in its entry into the World Trade Organization (WTO) and its successful bid to hold the 2008 Olympic Games in Beijing, has acquired PMI's global, international standards and practices in project management to effectively support its economic globalization policy and help speeding up its economic reform and integrating its market economy to the whole world as it has the responsibility for substantial changes in order to comply with the country standard for WTO membership. China's State Administration and Foreign Experts Affairs (SAFEA), the government department in charge of introducing and promoting the use of foreign intellectual resources, has been instrumental in acquiring, introducing, promoting and applying global project management systems for thousands of its engineers and project management professionals since 2000. Top Chinese leaders view project management as a major resource for successfully meeting these many challenging opportunities. The Project Management Professional (PMP) Certification process in China has recorded the highest percentage of growth for any country in the world. China's State Economic and Trade Commission (SETC), the country's agency in charge of planning for most state-owned enterprises, and the United Nations Industrial Development Organization (UNIDO) estimated that China has an immediate need for 6,000 project management trainers and 600,000 project management practitioners, including 100,000 certified Project Management Professionals (PMPs) to meet its global business objectives. The PMP certification exam has been translated into Mandarin Chinese. Through SAFEA efforts, public education on project management has been broadcasting on state television in China. Also, Japan, with its growing economic dominance and the degree to which it is integrating all nations of the Asia Pacific region, including China, through trade, direct investment, aid, financial services and technology transfer, has also been adopting project management as an important tool to support their economic development in the coming years. PMI global presence in Asian Pacific countries is currently reflected by the activities of its chapters in China, Japan, India, Taiwan, Thailand, Philippines, Singapore, Indonesia, Australia and New Zealand.

AN OVERVIEW OF THE GLOBAL PMBOK

The Project Management Body of Knowledge (PMBOK) describes the sum of knowledge within the profession of project management. It includes knowledge of proven, traditional practices which are effectively , widely and successfully applied to most projects in any industry and there is widespread consensus about their value and usefulness. The PMBOK Guide provides a basic reference for anyone interested in the profession of project management .The Project Management Knowledge Areas describing the project management knowledge and practice in terms of their component processes are as follows:

Project Scope Management: The processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully

Project Time Management: The processes required to accomplish timely completion of the project

Project Cost Management: The processes involved in planning, estimating, budgeting and controlling costs so that the project can be completed within the approved budget

Project Quality Management: The processes including all activities of the performing organization that determine quality policies, objectives and responsibilities so that the project will satisfy the needs for which it was undertaken

Project Human Resource Management: The processes that organize and manage the project team

Project Communications Management: The processes required to ensure timely and appropriate generation, collection, distribution, storage, retrieval and ultimate disposition of project information

Project Procurement Management: The processes to purchase or acquire the products, services or results needed from outside the project team to perform the work

Project Risk Management: The processes concerned with conducting risk management planning, identification, analysis, responses, monitoring and control on a project

Project Integration Management: The processes and activities needed to identify, define, combine, unify and coordinate the various processes and project management activities

EVENTS AND TRENDS AFFECTING GLOBALIZATION OF PROJECT MANAGEMENT PRACTICE : AN ASIAN PACIFIC PERSPECTIVE

During 2004, many significant events occurred worldwide, several with potential long-term implications to the global project management profession. The impact of these events has resulted in the direction global project management practice is heading , impacting Asian Pacific countries and their global corporations. The followings are those events and trends:

Events:

- Global economic growth is being tempered by a number of speed-robbing factors, notably the war in Iraq, the sharp rise in the price of oil, competitive adjustments associated with the massive realignment of floating currencies against the U.S. dollar and effort by China to slowdown their hot economy ,e.g., Asian countries whose economies have been whiplashed by the weakening U.S. dollar and China's rapid growth and consumption of raw materials have been partly behind the sharp rise in global prices of metals, steel, oil, lumber and other resources.
- Global growth still retains favorable momentum, led by China, the U.S and Japan. However, worldwide activity is being re-balanced toward the lower-cost producing regions of the world ,e.g., China, the globe's manufacturing outsourcing giant, and its satellite production sites in many Asian Pacific countries are leading the way and India, the globe's service outsourcing giant, is also in the fast lane of growth. This more rapid pace of economic growth supported strong commodity markets.
- The emergence of China and India's middle classes as the key economic theme of the next 20 years thanks to rapid growths of their economies. China's economy expanded at its fastest pace in eight years in 2004, growing at an annual rate of 9.5% despite efforts to slow its blistering pace to avert inflation by its government. China's exports jumped 33% to a record \$ 63.8 billion U.S. in December 2004. If the 1990s were all about China's emergence as an economic superpower, the story of this decade is India's remarkable growth, creating a vast middle class with new spending power. Now, India has begun to rival China as the world's fastest-growing major economy
- The 10-member Association of South East Asian Nations (ASEAN) and China signed an accord to create the world's biggest free-trade area by removing tariffs for their two billion people by decade's end, a key step in their vision of a trade bloc to rival Europe and North America. In 2004, according to Asian Development Bank (ADB), the overall GDP growth of ASEAN countries, China and Korea was 7.6%, the largest increase since the Asian financial crisis of 1997.
- Worldwide urbanization is increasing, at a fastest pace ever particularly for Asian Pacific countries, e.g. China, Vietnam, etc., due to the fact that urbanized citizens earn many times more than those who live on farms. This monumental shift in world population will transform the urban nations' areas, not only burdening physical and social infrastructures but also fueling an array of building and economic opportunities ,e.g., it is anticipated that during the first two decades of the 21st century, 200 million people will migrate from rural China to its cities
- Increased importance on globalization and common threats – from terrorism to natural disasters – have made countries more dependent on one another, e.g., the development of the General Agreement on Tariffs and Trade and the World Trade Organization (WTO) has enabled rapid growth in global trade for most manufacturing products and, more recently, for services as well as the importance of risk management in business operations, e.g., the multibillion-dollar purchase of IBM's personal computer business by Lenovo Group, the biggest computer maker in China, which is gaining immediate access to IBM's huge U.S. and global market while IBM will benefit from the growing Chinese market as the deal makes it a big shareholder in Lenovo, as well as its preferred provider for some services

Trends Impacting Global Project Management:

- The global economic conditions mentioned above will result in dramatic increase in spending related to infrastructure, energy, information technology and industrial producing projects in Asia Pacific countries, particularly those which are encountering increased local competition from global, international companies whose efficiency, competitiveness were associated with global, standardized project management practices effectively being practiced on an unprecedented scale. Asian Pacific countries, therefore, must adapt this world-class knowledge management to effectively compete for and manage projects in their own business environments. There is an urgent need for a common framework through which Asian Pacific companies' global project management practitioners understand the same terminology and the application of globally accepted project management techniques
- The eventual creation of an ASEAN free-trade zone will culminate in fierce competitions among ASEAN members and other countries, for a significant number of projects within this economic bloc. Consequently, globally standardized and internationally recognized project management training will be urgently needed for project management practitioners in Asian Pacific countries to improve the performances of their projects. Combining western knowledge with Asian Pacific experience in its current state of adaptation to an environment of economic transition is a necessary task
- Business globalization and rapid urbanization of Asian Pacific population, particularly from the newly urbanized poor, will create global, virtual project teams to carry out international projects to support massive infrastructure development for cities

,e.g., the construction of transportation system for traffic-jammed cities. These projects must also address the issue of reporting project costs in multiple currencies and associated inflation rates, multiple languages and cultural concerns, among others. Global project management methodology, processes and tools must be expanded to address these issues which will significantly impact Asian Pacific countries having a variety of unique cultures, religions and lifestyles

- Fast-paced technological developments are rapidly recreating the new business landscape. Through the Internet and other technologies, businesses have access to the global marketplace in ways that did not exist just 10 years ago. They are opening up access to a wide range of knowledge almost beyond imagination. Today's projects often involved managing project team members from several global companies, originating from multiple countries, representing diverse cultures and with varying skill levels resulting in the need for Asian Pacific countries to keep pace with current technological development, particularly those associated with how to manage effectively global projects ,with virtual project teams, from human resource and communication aspects; the soft skills of global project management. A clear project management methodology is needed to measure project performances. Global companies' executives and managers must manage the resources and communicate effectively to assess how project events have changed and how best to overcome project challenges as they arise to create values for the companies that they serve
- The phenomenal growth of internationally-recognized project management practices in China, with energetic and enthusiastic support from Chinese top leadership, to meet the demands of its rapidly growing economy, Asian Pacific countries have no choice but to adapt the same approach in order to be able to compete in a more and more profit-driven and transparent global economy in which they are expecting to play major roles. This can only be accomplished by having urgent global project management training organized to rapidly transfer the latest technology in this field to their firms and will allow their industry to make significant inroads on its path to globalization.

EFFECTIVE GLOBAL PROJECT MANAGEMENT TECHNOLOGY TRANSFER FOR ASIAN PACIFIC COUNTRIES

Projects worldwide are sure to fail if effective project management is not provided for their executions. Ample evidence of these failures exist throughout the world for global organizations and is particularly severe in developing nations in general, and Asian Pacific countries in particular, where necessary skills have not been successfully developed in its work force. Other factors creating barriers to successful project operations and executions include political, economic, social systems, cultural aspects and the lack of financial resources. These difficulties could be mitigated and successful project implementation provided through effective global project management practices among those responsible for finance, exploration, development, production, operation and support. The effective development and training of a competent project management work force for Asian Pacific countries to meet the global challenge of a truly global economy and fulfill their business globalization strategy requirements must rest first with an honest appraisal of their countries' capabilities in project management and include the following commitments from their senior business executives, organizational decision makers and country leaders:

- Encourage, promote and expand PMI membership opportunities as well as access to resources and networks for those desirous to join the project management profession.
- Support local, regional and national interests in project management by introducing state-of-the art project management knowledge and resources as well as effective utilization of project management principles and methodologies in global business, governmental and academic organizations
- Enhance global exchanges of the project management profession, including technical paper publications and joint activities such as research, standards, education, certification, conferences and others to support and advance global project management professionalism leading to improving the performances of projects in this region of the world, maintaining a higher growth rate for their economies and continuing to improve their people's working and living standards
- Develop and establish the "Train-the-Trainers" approach to provide effective globally recognized project management training for Asian Pacific countries' competent project management work force by planning and organizing training programs for those who will participate in the training and supply of future global project management professionals to support their burgeoning national and international economies

CONCLUSION

Successful execution of all types of projects, a prerequisite for the success of global businesses in a market-driven economy, is the cornerstone of improved global investment, trade and commerce for all countries of the industrialized world. Significant increase in using project management techniques to carry out global projects had made it perfectly clear that the rigors of a competitive market economy, in a situation of severe lack of global project management expertise, had particularly unfortunate results for those countries slow in adapting these globally recognized tools. Effective global project management will help Asian Pacific companies to continually upgrading the skills of their managers in executing projects and the technologies they employ; significantly increasing productivity enhancing investments; mastering the management of global projects in which they are a part; becoming more transparent and accountable for how they manage themselves; and working as partners with global business communities as well as those who have an interest in their operations. Globally-accepted project management practice has become a powerful driver for the development of China and Japan's economies. The next step is to promote the use of standardized PMBOK for other project-oriented economies of Asian Pacific countries. It is believed that, with effective global project management, managers will work smarter, not harder to accomplish the objectives of their projects and contribute to the growth of their own organizations leading to attaining a higher growth rate for their societies and continuing to improve their people's living standards. Let us hope, in the coming years, Asian Pacific countries will show the courage and the conviction to make global project management an effective tool in their process of integration into world economy

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