

# The Globalization of Project Management

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## Abstract

In 2008, the worldwide financial crisis occurred in various parts of the world, with severe and long-term implication in the U.S., which may have lasting effect on the project management profession. Stimulus packages are being implemented by governments worldwide to address the severity of this event causing the current global economic downturn. Within the project management profession, global cooperation in term of researches, policies, procedures, standards and applications increases significantly. The Project Management Institute (PMI), the world's largest project management association, has experienced continued, impressive international growth and expansion with its active professional membership reaching over 320,000 members who live or work in more than 175 countries.

The globalization of project management profession has been promoted strongly by leaders of various professional project management associations worldwide, e.g., PMI and the International Project Management Association (IPMA) have signed a Memorandum of Understanding in October 2008 at the PMI Global Congress in Denver, Colorado, USA to collaborate on promoting the profession of project management globally. In pursuing their objectives, the two organizations will seek opportunities to increase the supply of qualified, educated professionals to fill expected vacancies in the profession. The organizations will also explore future opportunities to improve the quality of academic research on the project management profession and its application. Global project management forums have been held worldwide, where professional leaders have met and discussed initiatives. While such professional cooperation is critical to advancing the project management profession around the world, a broader model is needed to understand the relationship of the profession to current, volatile economic, industrial, political, social, cultural, technological issues and changing conditions. Hence, the relationship of this profession to academic, governmental, and industrial organizations must be better understood as well as the effect on the profession of significant events and trends around the world be considered and addressed, in terms of short-term impacts and long-term strategic issues. The purpose of this paper is to examine recent events and trends that have affected or may have an impact on the project management profession on a global basis. How significant that impact is will be drawn and an assessment made as to the global implication of project management associated with the current, global economic crisis.

## Events and Trends Impacting the Globalization of Project Management

During 2008 and early 2009, many significant events occurred worldwide, particularly the "rapid-fire" ones since September 2008, have sorely weakened the world economy, several with potential long-term implications to the global project management profession. The impact of these events has resulted in the current trending within the globalization of the project management profession. The followings are those events and trends:

- After a full year of recession in the U.S. caused by the financial crisis that began with junk mortgages in this country leading to the meltdown in U.S. housing values, its economic downturn was actually accelerating late in 2008. The U.S. economy, originally estimated to have declined at a 3.8 percent annual rate during the fourth quarter, actually plummeted at a 6.2 percent pace and has shed 5.2 million jobs, with more than half of that number lost in the last five months alone starting in November 2008. Consumers' confidence was shaken and had capitulated to despair, reflecting reaction to last fall's bankruptcy of a U.S. giant investment bank, Lehman Brothers Holdings Inc., and the financial and stock-market panic that followed. China's economy had its weakest growth in 2008 since the epidemic of Severe Acute Respiratory Syndrome, or SARS, shook Asia five years ago. The recession, starting in December 2007, will be fairly deep and the recovery is expected to be slow.
- The current economic crisis has been global in nature, resulting in a global recession that has been on-going for more than one year, causing severe downturns in North America, Europe, Japan and China. G-20 financial chiefs met in London in March, 2009 to deal with the global financial crisis in preparation for their Leaders' Summit in London in early April, 2009 resulting in a G20's \$1.1-trillion injection into the world economy to stimulate growth and global trade in order to battle against the global recession and pursuit global economic recovery. The G-20 represents more than 80 percent of the global economy. This was unprecedented and historic.
- World politicians put massive spending programs in the works with emphasis on infrastructure and energy construction projects. Billion-dollar stimulus programs initiated and are being implemented worldwide to spur economic growth, e.g., \$ 787 billion U.S. spending package (The American Recovery and Reinvestment Act, the largest new investment in America's infrastructure since the U.S. Interstate Highway system was built) in the U.S. and \$ 586 billion one in China.

The European Union has pledged \$ 260 billion of stimulus measures.

- The Association of South East Asian Nations (ASEAN); a single economic community of 570 million people with a combined Gross Domestic Product (GDP) of \$2 trillion; recently holding a summit in Thailand, endorsed fiscal stimulus, monetary easing, access to credit and trade financing as well as measures to stimulate domestic demand. An agreement establishing the ASEAN-Australia and New Zealand Free Trade Area (AANZFTA) was signed by these countries' ministers on 27 February 2009 at the ASEAN Summit in Hua Hin, Thailand.
- Faced with a progressively grimmer economic outlook, corporations have been cancelling or postponing already approved projects, or significantly curtailing their investment intentions until they see where the economic crisis is going, e.g., Plunging oil prices crushed Canada's boom in Oil and Gas sector. On 20 March 2009, Kuwait cancelled an oil refinery project worth \$ 14 billion U.S., which is the second cancellation of a major oil project in three months. In December 2008, it scrapped a \$ 7.5 billion U.S. joint venture with U.S. Dow Chemical.
- The development of ISO (International Organization for Standardization) project management standard, known as ISO/PC 236, has been started with participants from sixteen countries worldwide (Australia, Austria, Canada, Finland, France, Germany, Ghana, India, Israel, Japan, Norway, South Africa, Sweden, the U.K. and the USA.).
- To advance PMI global drive, on 31 December 2008, A Guide to the Project Management Body of Knowledge (PMBOK Guide)-Fourth Edition was released. It is the global standard for the practice of the project management profession reflecting the evolving knowledge within the profession of project management and will be available in 10 additional languages during 2009.
- On 1 November 2008, organizations around the world celebrated International Project Management (IPM) Day, which is held each year to increase the awareness of the value of project management within the large business, small business, government and social communities. Organizations of PMI components used the day to demonstrate appreciation for the effort of individuals and groups who have made effective use of project management methodologies in all sectors of the economy.
- Each year, PMI holds a series of Global Congresses in four host cities that represent the regions of Asia Pacific; Europe, Middle East and Africa; North America and Latin America. The Congresses provide educational seminars, work sessions, access to professional tools, and resources and opportunities for professional networking in a given region and serve as a catalyst for introducing project management profession to business and industry leaders in the host cities and countries.
- Shanghai's Jiao Tong University, the lead school of the Eastern district, became the first school in China and

Asia to offer a project management degree program accredited by PMI's Global Accreditation Center (GAC) for project management and the PMI Singapore Chapter had more than 1,000 members and is one of the fastest-growing PMI chapters in the world.

#### **Trends Impacting Global Project Management:**

- Global stimulus packages address technical challenges associated with projects, particularly those associated with clean energy (low-carbon), infrastructures and climate change. Many of these projects, among others, will actually see the light of day in 2009 and the potential will be vast when the recovery is expected to start early in 2010. The shortage of skilled project managers worldwide to effectively run these projects/portfolios is still severe as project resources must be allocated carefully, judiciously and prudently to reflect today's increasing demands for greater corporate accountability, higher productivity, shorter schedule and lower costs.
- Economists at the World Bank have recently predicted the global economy and the volume of global trade would both sink in 2009 for the first time since the Second World War and in late January 2009, the International Monetary Fund (IMF) forecasted global growth will be negative in 2009, the first annual global contraction for more than 60 years.
- A large chunk of any global stimulus package will go toward employee training so that unemployed workers will be equipped with new skills to get new jobs. Internationally recognized training of global project management standards will be required in countries worldwide.
- Emerging economies, e.g. Brazil, Russia, China and India will demand more of a voice in the management of global finance that has long been the preserve of the G7 group of rich countries. Effective management of a portfolio of projects across country boundaries is required as commerce knows few borders. Global project problems demand global solutions by global project management.
- Potential nationalization of banks to rescue the sickly U.S. banking industry, a practice which had been done before, in Sweden and Finland with great success during their bank crises in the 1990s, and currently, in Britain, where two banks have been nationalized. Global project financing will be more complex.
- With hard economic times, more global disputes are cropping up between contracting parties leading to litigation which could be avoided by effectively managing global project procurement relationships.
- With more global industry layoffs to come, it is predicted that a bumper crop of project/program management professionals will be going back to universities for graduate schools, to be ready when the economy improves. This will help advance research and innovation in project management.
- The global financial crisis demonstrates the inevitable need for closer global integration and cooperation in the implementation of projects worldwide. Economic power is shifting inevitably toward Asia where China

had emerged as a leading economic power and India will be in a position to achieve similar spectacular growth, e.g., China is now building more power plants than have been created in Europe since the Second World War and is planning to open no fewer than 70 new international airports. Training in the project management principles and methodologies will urgently be required in this part of the world to support projects implementation.

- Environmental challenges in developing technology to reduce global carbon dioxide emission level resulting in a significant number of projects as well as the stabilization of the prices of U.S. homes, sparking a recovery in home construction will increase the need for project managers and their supporting staff worldwide.
- Global projects will need global project management standards, certifications issued by respectable professional organizations such as PMI, IPMA whose cooperation could eventually result in a single, unified global project management organization. These shall be promoted by PMI Congresses, Chapters and universities worldwide.

### **Implication of the Globalization of Project Management**

The current, global economic crisis has had the following major implications in terms of the globalization of project management profession to world regions, countries, industries and organizations:

- Project management professionals from developing countries are fast joining the world's developed nations to practice their profession and those from developed countries pursue opportunities for advancement and growth in the developing countries at an even faster pace, taking advantage of the shift of a significant number of projects to countries of emerging economies where the impact of the current global economic crisis is less severe.
- Project management leaders must be adaptable, flexible, and able to successfully commit and implement their organization's resources in a global risky economic environment by having an organization model that is flexible, adaptable, committable and easy to implement globally to meet the challenges of the current economic crisis, e.g., repercussions for project financing as banks and investors are focusing on the current financial risks.
- Globally increased demand for project management training, education and certification will be needed to improve the effectiveness, efficiency and competitiveness of companies and practitioners worldwide.
- Globally recognized project management standards, certifications and accreditation will be quickly promoted as the establishment of partnerships among global project management organizations to advance the project management profession through research, knowledge delivery and promotion will be significantly increased.

- International laws and regulations applied to global projects must be well understood in order to effectively manage the relationship of the professional practices to governments and political conditions as well as build key relationship to global government decision-makers. Global procurement knowledge and skills are needed.
- Global events organized for project management professionals to exchange global project management best practices and workshops to raise the awareness of global leaders to the socio-political, business and academic issues facing their countries will be significantly increased.
- The management of virtual project team, with its global cultural differences and issues, will be a challenge to project managers worldwide particularly in terms of adapting new strategies to improve trans-cultural communication in the project team, as globalization of the profession increases.
- With International Project Management Day becoming a global event celebrating the profession of project management, worldwide organizations will embrace, value and utilize project management to better their operations, resulting in the closer relationship of the project management profession to global educational, social, health-care, community and other organizations.
- By continuing to forge new global relationships and expand the global dialogue on project management, considered to be indispensable for business results particularly during difficult economic time, PMI will emerge as the universally recognized voice for the globalization of the project management profession.
- Project management profession is the key to enterprise-wide organizational transformation for the achievement of successful execution of global organizational strategies helping companies to weather economic downturns.

### **Conclusion**

The globalization of the project management profession in recent years, with the resulting positive impact on world's economies, industries and societies, has been phenomenal with significant increase in the number of organizations and their memberships worldwide. Notwithstanding the current economic slowdown, global demand was outstripping supply for qualified professionals as this is the time this profession must deliver. In addition, international global cooperation in the areas of project management standards and research development had been continuing at a faster pace. However, the associated economic, political, industrial, and technological events and trends must be well understood as countries have been more globally connected than ever before. The real challenge is the recognition of good project management practices in organizations that conduct global projects in order to find and promote solutions to standard project management methods and values that emerge in the global context facing complexity of change as well as ensure global project management is truly indispensable for the results of global organizations.