



# The challenges of managing cross-cultural virtual project teams

Managing cross-cultural virtual project teams

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## Abstract

**Purpose** – This paper seeks to present the challenges reported by project leaders of cross-cultural geographically distributed, or virtual project teams operating within the matrix organisation of ABC, a multinational company based in Switzerland.

**Design/methodology/approach** – The research is qualitative and exploratory, taking the form of inductive thematic analysis.

**Findings** – The key themes reported to be of significance were the challenge of leadership, managing virtual aspects of communication and developing trust. Sub-themes consisted of managing the task, managing people, managing language and cultural issues and, lastly, managing the matrix.

**Practical implications** – These include attention to the selection of leaders, continued facilitation of face-to-face communication in a virtual age and investment in language and intercultural training.

**Originality/value** – Future research might investigate the complementary perspective of line management and take up the theme of high fluctuation of team members and leaders.

**Keywords** Trust, Team management, Cross-cultural management, Teambuilding, Virtual organizations  
**Paper type** Research paper

## Introduction

Globalisation has led to many changes in the nature of project team work. Many international companies have projects spanning a variety of nationalities, involving great geographical distance and a range of time zones. Academic scholarship has reported on the increasing number of geographically distributed project teams working within matrix organisations, and it is assumed that their work is very difficult. Scholars report that matrix forms are hard to manage and diversity has been known to lead to poor performing teams (Iles and Kaur Hayers, 1997). Virtual teamwork is more complex than working face-to-face (Heimer and Vince, 1998) and site specific cultures and lack of familiarity are reported to be sources of conflict (Hinds and Bailey, 2003). Vakola and Wilson (2004) warn that the importance of the human element and the way that people co-operate with each other should not be taken for granted.

This study aims to investigate the perceptions of project leaders at the cutting edge of this virtual trend. This paper presents an empirically-based study of the perspectives of project leaders in ABC, a multinational company with headquarters in Switzerland, on the greatest challenges they have to manage when leading

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cross-cultural virtual project teams. In ABC, working in geographically distributed project teams within a matrix organisation is the norm. The project leader and the project manager[1] usually lead the team from either the USA or Switzerland and may not be based in the same location. Team members are mainly based in the USA, Switzerland and Japan. The team may work together virtually for a period of three to five years, meeting face to face on average once a year. A core team consists of the project leader, project manager and a further five to eight project team representatives (PTRs) from various functional areas, e.g. technical development or marketing. The project teams deliver the products under time pressure. The line functions provide the staff and budget and have the authority. In addition to the core team, other representatives from various line functions can join the team permanently or temporarily at various stages to advise on specific issues. Many of the project team representatives also lead a sub-team in their own field or function, and these sub-teams also work virtually.

### **Study aims and methodology**

The study had two aims. The first was to discover what project leaders perceived as the main challenges arising from managing international teams working in geographically distributed locations, and second, how they managed these challenges. This paper outlines the main themes which emerged from a thematic analysis of interview data, summarising areas of difficulty and how the project leadership deal with these. The research is qualitative and exploratory, taking the form of inductive thematic analysis. The themes emerged from the qualitative data collected.

Interviews were conducted at two sites, in Switzerland and the USA, with six project leaders, six project managers and two ex-project leaders, who are now product area heads. Background interviews were also conducted with three members of senior management responsible for strategic planning, innovation management and executive information systems. Ten interviewees were based in Switzerland and seven in the USA. The nationalities of the interviewees were as follows: three Americans, four British, four Swiss, three German, one French, one French- Canadian and one Japanese. Nine interviewees were male and eight were female.

### **Interpretation of results**

Interviews were coded for key themes and three major themes emerged as most significant, affecting all aspects of the project management task: the leadership challenge, virtual aspects of communication and developing trust. A further four sub-themes were identified, of specific issues to be managed, namely, managing the task, managing people, managing language and cultural issues and managing the matrix. This paper outlines the main points raised in each of these areas, to give a fuller picture of why these themes were significant.

### **The leadership challenge**

This theme emerged as central to the task. Interviewees clearly demonstrated their expertise again and again as they described the problems they faced on a variety of levels and how they dealt with these, confirming the assertion by Dalton *et al.* (2002) that the defining feature of the work of a global manager can be considered to be its complexity. A product area head described the hallmark of the leader as "leadership

without authority". He commented that in order to influence people over whom they have no real authority, Project Leaders had to "develop trust and respect, to enable them to successfully interact with each other and provide each other with what they need to develop the product".

### Virtual aspects of communication

The second major theme, virtual aspects of communication also had an impact on all aspects of the project management task. The greatest impact reported was two-fold, comprising the time difference and the lack of face-to-face contact. Different time zones meant that teams could use more of the day, for example, working on a document round the clock. In order to be able to talk to each other team members started work very early and worked very late, e.g. phoning up to 10 p.m., or organising a three-way teleconference for 1 a.m., Swiss time.

Lack of face to face contact was more problematic and many missed what they called the "office atmosphere" and the opportunities presented by striking up a conversation in the cafeteria or hallway. Phoning was "not the same" and the monthly video conferences were somewhat controversial. Some reported appreciating seeing people's faces and body language while others reported that video conferencing facilities were poor quality and less convenient than dial-in teleconferences held from the office.

Having the project leader and project manager in two different geographical locations was viewed by some as "ideal", in particular when there were an equal number of team members in each country. They talked daily on the phone, or even two or three times a day, sometimes for an hour. One Swiss-based project manager, who hated the phone, reported that it was a disadvantage that his American-based project leader was "almost alone" in the USA, and that an effort had to be made to "keep him in the loop" with daily phone calls.

All interviewees without exception emphasised the importance of meeting face to face, preferably when the team was first put together. Some managers reported that their team members all took every opportunity to see fellow team members while travelling for other reasons, e.g. for conferences or to meet other colleagues from their line function. Even if the whole team could not get together, the project leadership would travel more frequently.

### Developing trust

Trust, then, is efficient. You save yourself a lot of time and trouble by being able to rely on someone's word (Arrow, 1974).

The third topic area, "Developing trust" was also considered a key issue by all interviewees. Face-to-face contact, mentioned above, was a key to developing trust and this was initiated by a formal team building sessions with a facilitator to "agree to the relationship" and define the rules as to how the team was going to work. Informal contact was also mentioned, e.g. sitting down over lunch to break barriers. Another benefit of spending at least two days together included going through the "forming, storming, norming, performing" dynamic more quickly. It was generally assumed that members only really knew each other if they could put a face to a name. Knowing each

other was reported to lead to higher efficiency. Problems were easier to solve if they knew that person on the other side of the line.

It was reported that trust was built over time, based on long-term consistent performance and behaviour that created confidence. Interviewees estimated a range between three and nine months as the time needed to develop a comfort level and trust level with new members. Once trust was there, people would report problems to the project leader before they became official, so the leader could still do something about them. They were also more likely to communicate if they were unhappy or upset about something. Some reported that it was also advantageous to trust building if the project leader and project manager had worked together at the same site for a long time, even if they were later on different continents.

It took time for newcomers to the company to gain the trust of their colleagues. They linked being able to trust people's expertise primarily with their developing knowledge of the company as well as knowledge of the task. One Project Manager commented that newcomers to the company would attend meetings, take notes, take questions and say "I'll get back to you", with the result that the team was at least one week behind on certain issues.

A main reason that developing trust and a comfort level was "a major challenge" was the high turnover of project leaders, project managers and members. Many interviewees were matter-of-fact about this as an unavoidable phenomenon, part of "career building", which also occurred in other companies in the same sector, but they would nevertheless much prefer it to be lower. It was considered more difficult to integrate people who joined the team after it had first gelled. The main way of dealing with the high turnover was to keep doing team building, as one Project Leader said, ". . .to bring everyone back to the same level, and up to speed".

### **Managing the task**

The first sub-theme refers to the steps the project leadership described to manage the task effectively. Team operating guidelines were defined, e.g. an agreement as to how a significant new piece of team data would be communicated to the line function in the virtual setting. One project manager reported the need to "set up a process that is simple and workable and then communicate that within the line". It was important to be transparent about the invisible timetable, "giving a bit of detail behind the scenes as to why you're asking for information at a certain time". It was crucial to check that people were in agreement with written communication sent out, by doing follow-up, making phone calls or personal contact, as the geographical setting allowed. In general, keeping everyone on the same level of information was something that had to be worked at, in particular if things were moving fast in one particular "corner", e.g. within a line function or at an upper management level at a particular stage.

### **Managing people**

There were many comments on this, the second sub-theme, regarding how to manage people in general, as well as more specific comments on people who were "challenging". General comments included the importance of the team leader having one-to-one contact with "key players", for relationship building and maintenance, "bringing in" people over whom the leader had no authority, and then "making them stay". One leader pointed out that they could not "try to impose things" on people.

They had to adopt different leadership styles and apply them as needed. Another described the importance of creating a pleasant environment with a positive atmosphere, and talking about good results to make people feel appreciated. Accepting people's weaknesses was mentioned as was empathy, e.g. showing understanding of the other pressures and influences affecting them, e.g. from their line function. Work overload was generally assumed.

Most interviewees gave an example of challenging people they had worked with. Personality descriptions ranged from neutral expressions such as "introverted" or "extroverted" to more colourful descriptions such as "difficult", "disruptive", "egomaniac", "prima donna", "aggressive", "always right", and "can't sit quietly". Overall, the two greatest challenges seemed to be the two extreme behaviours of extroverts who dominated team meetings and did not have "that empathy component" and the introverts who did not share their knowledge. Many leaders reported similar ways of dealing with these contrasts. The introverts might not tell them if the process was working, and would have to be "pulled out of their shells". If someone always thought they had the right answer, the team leader could deal with it one-to-one, as one leader put it, saying in a nice way that they were "over-communicating". In a meeting the leader could be directive, interject and specifically ask the quieter, possibly more knowledgeable member to contribute, encouraging others to do the same.

In relation to people's job functions, many reported that marketing people had the tendency to be dominant while technical people had to be prompted to speak. A product area head commented that the project leader had a key role in narrowing the gap of understanding between functions, explaining the needs of each function to the other.

### Managing language and cultural issues

It helps to distinguish front- from back-stage behaviour and get to the heart of social relations (Moeran, 2005).

Language and cultural issues were closely connected as a third sub-theme, summed up by a project leader with the comment that she started to be cautious regarding cultural differences if people's English was not good. Another leader reported that it was a selection criterion within the line functions that people promoted from the line to be project team representatives were those who could bridge the language and culture gap between the project team and the line functions.

Use of English was an issue in particular when dealing with sub-teams used to working in German, as well as Japanese colleagues on all levels. Interviewees reported paying attention to the pace of speech, slang, and different accents. An example of overlapping language and cultural attitudes that were difficult to separate was the "direct, pointed Germanic tone" described by an American leader, who saw it as a cultural style. A British leader put this directness down to the person's command of English, saying that "particularly in writing, it comes over a little too strongly sometimes". An American project leader saw the benefit of this directness in terms of efficiency, as he did not have to figure out the "nugget" of information he needed to move on the next step in a process.

Cultural differences were reported in two main area dynamics, between the USA and Europe and between the USA/Europe and Japan. Differences in cultural attitudes

between Europe and the USA were reported in connection with trust. An example given by an American product area head was the natural distrust he sensed from inexperienced managers in the Germanic culture to the American culture, of the “good hearty openness and ‘I’m your friend’ kind of thing”, as well as their “moving ahead with spirit”. A Swiss informant thought the Swiss-based staff were quite often perceived as not being enthusiastic, as not really buying in, and that the lack of enthusiasm was “puzzling for US people”. These perceptions were modified as people got used to each other over time.

Another key issue was the recognition and interpretation of different communication patterns, e.g. learning to read between the lines in meetings. A Swiss manager found it important that when Americans talked in meetings about everything being “easy, perfect, under control”, that he followed up their comments in a meeting with a personal talk with people individually, to find out how things really were. This involved getting their trust and achieving good communication as well.

In general, cultural differences between the USA and Europe were considered minimal in comparison to the contrasts experienced by those who had worked with Japan. An American product area head described how understanding how to interact with the Japanese was something that took a lot of work and specialised attention. This was mostly connected with communication patterns. A key challenge was that Japanese colleagues would say “yes” in a meeting regarding things which turned out to be impossible. It was often mentioned that the decision-making power of a Japanese senior manager was greater, “much, much higher” than in Europe, so that in some situations, no matter how many discussions took place in the team meetings, the final answer would still have to be “no”. One leader managed this challenge by sending a mail about an issue in advance, to give the Japanese side time to discuss it among themselves before addressing it with their colleagues from other sites in a video conference. A project manager went further and commented that there would never be a new agreement at a meeting with Japanese colleagues. The decision had to be worked on in advance by both sides and the meeting would be just to confirm it. The product area head mentioned above reported that after meetings he asked the Japanese side to summarise in English what was agreed to. This provided a written clarification of their position which had not been communicated verbally.

Interviewees also reported finding it helpful to spend time one-to-one or over meals, getting to know their Japanese colleagues in order to understand their position better. One project manager estimated that it could take one to two years to develop a good relationship. A product area head considered the way Americans and Europeans reacted if they did not achieve what they wanted to be a problem in the virtual setting. “We use our own cultural norms to try to influence behaviour, and these are offensive to the Japanese. We have no idea how offensive we are”. A French interviewee commented on how important it was to show respect for the person and never to attack the person, or show aggression, as harmony was “extremely, extremely important”. It was also reported that not jumping to conclusions quickly but spending time asking open questions and finding out what was the exact problem was helpful to improve information exchange with Japanese colleagues. A project leader commented “They have reasons which are not very logical to us and it takes a very long time to understand them”. Interviewees reported attending three-day intercultural training courses prior to working with Japan. However, training and assimilation of

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understanding were thought by a product area head to be miles apart and a lot of work still had to be done to understand the cultural influences and levers in Japan.

### **Managing the matrix**

The matrix structure was the fourth sub-theme, described by interviewees as the relationship between the project teams and the line functions. In the matrix setting, there was a tendency for project team representatives to listen more to their line function management than to the project team leader. It was important that the project leadership managed the influence of line functions by networking with higher level line managers and lobbying as necessary. As an example, a project leader reported going to the line function head to ask for someone to be allowed to attend a face-to-face meeting abroad. Keeping in contact was reported as more difficult if the team leader and line leaders were not co-located.

The project team was also seen as a way of improving understanding from one line function to another, to give an insight into the “unbelievable amount of work” other functions were actually doing. It was pointed out that the different line functions did not report “across” to each other, but rather to the project team and “up their line”. Temporary multidisciplinary sub-teams were sometimes formed to keep other line functions informed by a more direct route.

### **Conclusion**

This paper has outlined the main challenges reported by the project leadership of ABC in managing cross-cultural virtual project teams within in a matrix organisation. Many lessons can be learned from their perspectives, of relevance to current and future project leaders working in similar settings. Factors to which particular attention should be given include the following:

- The importance of selecting creative leaders with a collaborative leadership style and excellent communication skills. Leaders in a matrix organisation must be able to lead by influence rather than authority, managing personality issues as well as the functional and cultural mindsets of team members. At the same time they need to keep finding new ways to communicate across time zones and work round geographical barriers.
- The need for top management to continue to facilitate face-to-face communication and relationship building. The trend towards ever-increasing use of technology can be efficient and clearly saves costs, but has its price. This study shows the importance of continuing to meet face to face in the technological age to help promote the development of swift trust (Meyerson *et al.*, 1996) among team members.
- The value of ongoing investment in language and intercultural communication training. Training is particularly important for new members of project teams working on different continents, to help reduce potential distrust, and allow teams to gel more quickly and work together efficiently.
- The issue of high turnover in project teams, which project leaders report to be a common feature of project teams in many multinational companies. This has been reported in this study to have a significant negative impact on the building of trust and developing efficiency. Future work is required to investigate reasons

for turnover, and whether steps could be taken to promote continuity in project teams. The viewpoint of line function management would also be valuable in providing a complementary perspective.

**Note**

1. The project leader and manager have complementary roles, at least in theory. The project leader is responsible for the overall project strategy, while the project manager is responsible for operational management of the project.

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**Further reading**

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