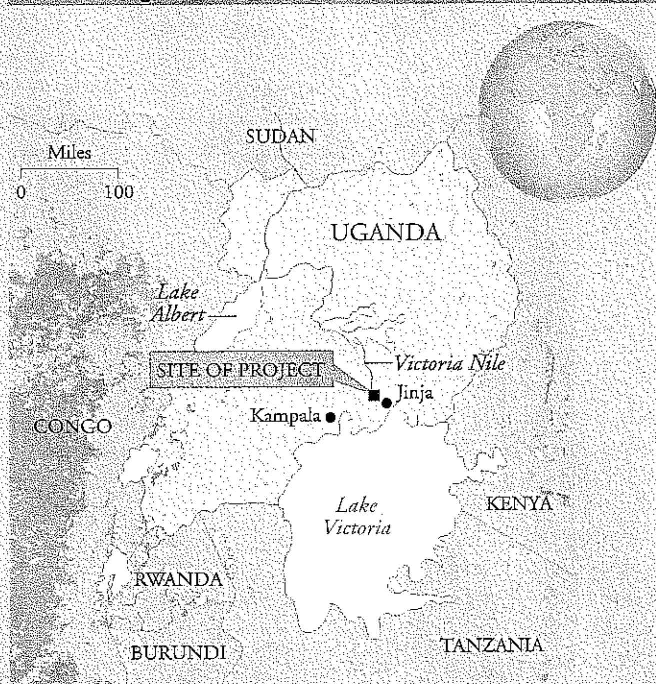
Charles Martin in Uganda[91]

CASE

James Green, vice president of U.S.-based Hydro Generation (HG), pondered about whether to continue employing Charles Martin in Uganda for the construction phase of a large dam project after he completed his assignment in the project's preliminary stage. (Map 2.5 shows Uganda and the location of the dam project.) Although Green felt that Martin's results had been quite satisfactory (every task had been completed on time and within the total budget), he worried about the means Martin had used to gain his results. In essence, Green worried that Martin was too focused on current Ugandan ways of doing business and that these practices were counter both to HG's company culture and to HG's methods of operating elsewhere. Further, he was apprehensive that some of Martin's practices could have longer-term negative repercussions for HG, even within Uganda. At the same time, he knew that Martin wanted to remain in Uganda and that HG would be hard pressed to find anyone who had a combination of U.S. business training, experience with HG, and a depth of knowledge about Uganda. Further, although Martin was only 29, he had been effective at disarming some critics of the power plant because he was quite knowledgeable about development issues.

Martin's specific assignment was only for the preconstruction phase of the power plant project, having been transferred there a year and a half earlier as project liaison specialist. His duties were three-pronged: (1) working with Ugandan governmental authorities in the capital, Kampala, and with villagers in the area where the dam was to be built to gain support and necessary permissions for the construction; (2) establishing an office and hiring people for that office who would be responsible for local purchases (including hiring), clearance of incoming goods through customs, immigration permissions for foreigners coming in to work on the project, logistics of materials going from the airport in Kampala to the dam site, and keeping records of supplies and expenditures; and (3) helping foreign visitors (mainly engineers) become accommodated and oriented when visiting Uganda.

MAP 2.5 Uganda



Uganda is a land-locked country in central Africa. The site of the project is near one of the two sources of the Nile River.

HG was a specialist in power plants. It had built plants in 16 countries and maintained an ownership in about half of them. The Uganda project was its first anywhere in Africa. Because dam construction involves huge amounts of capital and because many groups oppose their construction on the grounds that they typically displace large groups of people, HG wanted to build as many local allies as possible for its Ugandan project in order to prevent adverse publicity that could lead to demonstrations and costly work stoppages. Having Martin take charge in setting up the operation before construction was a new routine for HG. The objective of having him assigned there was to get an operating structure and facility in place so that incoming operating managers would not have to contend with mundane startup activities, such as obtaining licenses, installing telephones and utilities, and securing the initial staff that would hire the full range of local personnel later.

The philosophy and values of HG's founder and current CEO, Lawrence Lovell, were very influential in shaping the company's management culture. He was a devout Christian and regular attendee of the National Prayer Breakfast. He believed strongly that business activities, although secular, should embody strong Christian values. He also believed that subordinates should be given full responsibility in making and implementing decisions, but that they should be held accountable for their results.

Charles Martin, although still young by business standards, had a background that seemed well suited to the Ugandan project. After high school, he entered the University of Wisconsin–Madison where he became fascinated with Africa while taking a course about its precolonial history. After graduating with a major in African studies, he joined the Peace Corps and served in Kenya. His duties involved working with the startup of small businesses. While in the Peace Corps, he travelled as well to Ethiopia and Tanzania. Although he loved working in Kenya, he had disdain for many of the Westerners he encountered there. He felt that they thrived in expatriate ghettos by congregating mainly in Nairobi's first-class hotels and socializing almost entirely with each other. In fact, he developed a creed of "Don't draw attention to yourself, and above all, learn and respect the culture." When he finished his Peace Corps stint, he knew he wanted to return to work somewhere in Africa. Because he wanted to use his knowledge of Africa as a means rather than an end in itself, he earned an MBA at the University of Maryland. Afterward, he took a job with HG, where he worked for two years on project bidding and budgeting. He made it known both at the time of hiring and when HG became involved in negotiating for the Ugandan power plant that he wanted to be assigned to Africa.

HG saw the wisdom of having someone with both a home-country corporate perspective and a knowledge of Uganda because of Uganda's economic, political, and cultural complexity. Uganda, a country of about 25 million people, has English as its official language, but many people speak only another language, mainly Bantu or Nilotic languages of the Bugandas, Langos, Acholi, Teso, and Karamojong tribes. There has been a strong separatist movement among the Bugandas. Although about two-thirds of Ugandans are Christians (about evenly split between Roman Catholics and Anglicans), there are large numbers of Muslims and people following animistic religions. Uganda gained independence from British colonial rule in 1962 and has since had a series of misfortunes. The dictatorship of Idi Amin was ruthless and included mass murder. Uganda has had to absorb huge numbers of refugees from Rwanda, Zaire, and the Sudan. Nepotism is a norm, and the country is considered one of the most corrupt in the world. On the positive side, the entry of foreign companies is not heavily regulated, and the Ugandan government strongly favored the HG power plant because less than 5 percent of its population had access to electricity.

Now that Martin was completing his liaison tasks for the preconstuction phase of the project, Green was reviewing Martin's performance over the past year and a half. He was specifically concerned about Martin's lifestyle, some of his business practices, and his participation in tribal rituals.

Although HG had no formal guidelines on how their expatriate managers should live while abroad, the company culture was one in which these managers' lifestyles usually reflected a prosperous international company. HG paid Martin enough so that he could certainly afford to live in one of the up-scale neighborhoods where most managers of international companies resided. However, Martin preferred to live in a middle-class Ugandan neighborhood. Further, he did not frequent the places, such as churches and clubs, where expatriates typically gathered. Not only did this lifestyle not reflect the image Green thought the company should have, Martin's distance from the expatriate community might create problems for future HG expatriates; that is, Martin could not easily help them enter a social circle of their liking.

Business in Uganda typically moves slowly. For instance, one may wait months to get a phone installed, supplies delivered, or operating licenses issued. Martin quickly learned that by paying tips in advance to the responsible people, he could speed completion of HG's requirements. These were not exorbitant payments. In a country where incomes were extremely low (per capita gross domestic product of about $1,300 per year), recipients welcomed any extra income they could get. Given that Ugandan unemployment was high and that hiring was generally done through word-of-mouth rather than through formal searches, Martin mentioned to people he met that he would need to hire staff. They usually recommended relatives, whom he interviewed and hired. He reasoned that in a country like Uganda, these family connections would be useful. For instance, he hired the niece of a high-ranking custom's officer to handle import clearances.

Green felt that these practices, although legal and within the normal context of doing business in Uganda, bordered on being unethical. Further, he worried about the long-term consequences. For instance, if word got out in Uganda that HG was paying extra for its services, which would inevitably occur, might everyone come to expect extra payments for their services? In fact, if word reached high echelons of the Ugandan government, officials in these echelons might ask for large payments in lieu of finding excuses to delay the project. These payments would not only be costly, but they might also be illegal under U.S. law. Further, adverse international publicity could negatively affect HG's operations in other countries. Finally, Green disagreed with Martin's hiring practices. Although he did not doubt the employees' competence, he felt that their employment bordered on nepotism, which created two additional risks. First, their close connection with government officials might encourage participation in corruption, such as the import clearance person working with her uncle to charge extra for import approval. Second, given Uganda's history of political instability, the current "friends" in the government might be removed from their positions in the future.

Green was also concerned about tribal rituals. The dam's location would displace about 700 villagers. During early negotiations with the Ugandan government and before Martin's transfer to Uganda, HG offered a resettlement package to displaced people, and it renovated schools and health centers in their new location. HG's executives understood that its package, which cost millions of dollars, was acceptable. However, after Martin's arrival, two tribes living close to the Bujagali Falls' site of the proposed dam claimed that the river was sacred with spirits residing therein. One of the tribe's leaders said that this site was as sacred to them as Mecca is to Muslims. Their claims were publicized in the international press, and there was much international support for the tribes' claim. Martin, with permission from HG's headquarters, hired a specialist in African religions, who advised HG that it should work with the religious caretakers of the falls to find a solution. They contacted the official caretaker, who stated that spirits cannot be moved, but can be appeased. For a fee of about $7,500, he sacrificed a sheep, two cows, four goats, and many chickens by holding them down on hot coals while 40 spiritual diviners prayed and danced. Afterward, these diviners sprinkled blood on sacred trees. However, the official caretaker announced afterward that the spirits had not been appeased because Martin had not participated in the ceremony. Martin then paid another fee of about $10,000 to repeat the ceremony, in which he participated. This evidently appeased the spirits.

Green's concern was that Martin participated in the second ceremony, which he considered to be pagan and probably a sham. Although Martin's participation allowed work to progress on the project, Green felt that this participation hurt HG's image and was an affront to Uganda's majority Christian population and the many Christian missionaries there. Further, his participation might be construed in the future as a mockery of tribal customs, thereby creating a hostile environment for HG.

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Having reviewed his thoughts about Martin, Green needed to make decisions about staffing the Uganda operation for its next phase. He needed to transfer a number of technical personnel to Uganda. He had already begun interviewing several senior HG people for the position of project director. But he pondered whether the new director would benefit by having on his staff an American, such as Martin, who could advise him about Ugandan norms. If so, he wondered if Martin would be the right choice for the post.

QUESTIONS

1. Describe Ugandan cultural attributes that might affect operations of a foreign company operating there.
2. Would you describe Green's and Martin's attitudes as being ethnocentric, polycentric, or geocentric? What factors do you think have influenced their attitudes?
3. Who was right, Green or Martin, about the controversial actions Martin took in the Ugandan operations? What might have been the results if he had not taken those actions?
4. In HG's next phase, the dam construction, should it employ someone whose main function is to be a liaison between HG's corporate culture and the culture of Uganda? If so, should Martin be the person for the job?

CHAPTER NOTES

1 We appreciate the help that one of Java Lounge's owners, Omar Aljindi, gave us in providing information about the company's operations. Other data were taken from Rachel Miller, "How to Exploit Pop Around the Globe," *Marketing* (August 8, 2002): point-of-purchase section, 27; Neil MacFarquhar, "Leisure Class to Working Class in Saudi Arabia," *New York Times* (August 26, 2001): A1+; Roula Khalaf, "Saudi Women Carve a Place in the Future of Their Country," *Financial Times* (January 25, 2002): 3; Steve Jarvis, "Western-Style Research in the Middle East," *Marketing News* (April 29, 2002): International section, 37; Nadim Kawach, "Job Nationalisation to Gain Peace," *Financial Times Global News Wire* (July 12, 2002); John A. Quelch, "Does Globalization Have Staying Power?" *Marketing Management* 11, no. 2 (March–April 2002): 18–27; Andy Fry, "Pushing into Pan Arabia," *Haymarket Publishing Services* (June 8, 2001): worldwide advertising section, 21; Ali Kanso, Abdul Karim Sinno, and William Adams, "Cross-Cultural Public Relations," *Competitiveness Review* 11, no. 1 (2001): 65; "Culture Shock," *Design Week* (August 25, 2000): 17; "Saudi Consumers Face Changing Environment," *Financial Times Global News Wire* (March 1, 2000): n.p.; Edward Pilkington, "Like Dallas Policed by the Taliban," *The Guardian* [London] (July 2, 2002): sec. G2, 2; James Sherwood, "Fashion: Your Highness, Is That Gucci or Diro Under Your Veil?" *The Independent* [London], (May 17, 2000): Features section, 9; Barbara Slavin, "U.S. Firms' Saudi Offices Face Manpower Issues," *USA Today* (May 13, 2002): 5A; Susan Taylor Martin, "Inside Saudi Arabia," *St. Petersburg Times* (July 21, 2002): 1A; Susan Taylor Martin, "Hanging Out at the Mall, Saudi Style," *St. Petersburg Times* (July 24, 2002): 8A; Colbert I. King, "When in Saudi Arabia . . . Do as Americans Do," *Washington Post* (February 2, 2002): A25; Donna Abu-Nasr, "Saudis Begin to Show Wear and Tear of Life Under Feared Religious Police," *AP Worldstream* (April 28, 2002): n.p.; Cecile Rohwedder, "The Chic of Arabia," *Wall Street Journal* (January 23, 2004): A11+; Roula Khalaf, "Saudi's Grand Mufti Condemns Mixed Sexes at Economic Forum," *Financial Times* (January 22, 2004): 6; Joseph A. Kéchichian, "Jeddah Forum: A Step Towards Reforms," *Gulf News* (January 22, 2004): n.p., and Parris-Rogers International (PRI) case in John D. Daniels and Lee H. Radebaugh, *International Business: Environments and Operations*, 9th ed. (Upper Saddle River, NJ: Prentice-Hall, 2001), 45–46.

2 Tomasz Lenartowicz and Kendall Roth, "Cultural Assessment Revisited: The Selection of Key Informants in IB Cross-Cultural Studies," paper presented at the annual meeting of the Academy of International Business, Sydney, Australia (November 2001).

3 Three of the most significant are Geert Hofstede, *Cultures and Organizations: Software of the Mind* (New York: McGraw-Hill, 1997), which covered 50 countries on attitudes primarily toward relationships among people in the work environment; Ronald Inglehart, Miguel Basañez, and Alejandro Moreno, *Human Values and Beliefs: A Cross-Cultural Sourcebook* (Ann Arbor: The University of Michigan Press, 1998) included political, religious, sexual, and economic norms on 43 countries; Robert J. House, Paul J. Hanges, Mansour Javidan, Peter W. Dorfman, and Vipin Gupta, eds., *Culture, Leadership, and Organizations* (Thousand Oaks, CA: Sage Publications, 2004) examined leadership preferences in 59 countries.

4 Michael Skapinker, "The Myth of National Stereotypes," *Financial Times* (March 8–9, 2003): 6.