

# “Project Management in Thailand - an Australian PM’s View”

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## *Introduction*

Living and working in Thailand brings a whole new perspective on life. PM’s are used to new and challenging projects, but for many the cultural load on an already hectic lifestyle can be too much. Being thrust into such an environment brings a whole new meaning to the “Vision to Reality”, certainly I think, not the connotations envisaged by the planners of this the 1995 AIPM Biennial Conference of that name.

Over the past few years the Thai economy has been growing at a rate of 8 or more percent and is predicted to continue so over the next few years. Such growth implies a heavy development in private industry and public infrastructure which is clearly evident wherever one looks in Thailand’s bustling growth centres, particularly Bangkok and the Eastern Seaboard. Foreign financial and technological participation is fuelling much of this work. Project Management is a key element in the success of these development projects.

This paper attempts to share with you some of my experiences working as a Project Management Advisor in Thailand for the last three or so years. The object being to overview the role of western (farang) PM’s within major

Thai projects and to describe a variety of aspects where the foreigner and the Thai differ in management / operating style and action. Such differences can and do lead to severe stresses within project organisations which in turn can and do lead to problem solving by unusual and extreme methods through sheer frustration due to cultural differences.

First a word on a term that I will frequently use in this paper. “Farang” in Thai means foreigner from the west rather than those of oriental decent. The use of the term is very rarely intended to imply an insult in the derogatory way that we Australians frequently imply with the term “foreigner”. It is simply a statement of fact that the person referred to is not Thai or Asian.

## *Projects in Thailand*

Projects in Thailand involving farangs can be characterised as big, huge and enormous in size and cost. Some typical infrastructure development projects are listed in the accompanying Table I with their nominal project costs and construction periods. Projects can have very long gestation periods with many becoming bogged down in a fairly arduous political process such that even highly meritorious projects can be delayed for long periods, particularly if the political sponsor is not part of the government of the day. Changes

**Table I -Typical Thai Infrastructure Projects**

| <b>Project</b>                                     | <b>Capital Cost,<br/>US\$ million (approx)</b> | <b>Construction<br/>Duration, months</b> |
|--|--|--|
| Lat Krabang Inland Container Depot                 | 65   | 15                                       |
| Star Refinery Project, Rayong                      | 750  | 30                                       |
| Bangkok Transport System, elevated railway project | 1,700  | 50                                       |
| Phutamonton Waste Water System                     | 200  | 36                                       |
| Hopewell Elevated Rail and Roadway Project         | 3,200  | 60                                       |
| EGAT 4,100 MW IPP Programme                        | 2,000  | 48                                       |
| Patumtani Water Distribution System                | 160  | 24                                       |

of government, whilst becoming less frequent can also impact the fortunes of projects that have seemingly been given approval.

### *Cultural Aspects*

One of the hardest things for a farang PM to successfully come to grips with is the Thai culture. The Thais are renowned for their smiling faces but behind those smiles there are all manner of thoughts that can only be guessed at, they're human and deep down are very like us in many ways after all. It is not until a close personal relationship has developed that you get to see what really lies behind the smiles. The smile is definitely a means of maintaining social harmony, between themselves and with foreigners. This is one of the most confusing aspects of working with the Thais.

To add to the confusion of the smile there is the ubiquitous "yes" response. Always the "yes" response must be checked because it can mean:

- "I hear you and I understand and I agree and I will do"
- "I hear you and I understand you viewpoint but I'm not going to do anything about it"
- "I hear you but I don't understand"

or some other variant that you certainly didn't consider.

Until you learn to read their eyes and ask questions in such a way that the response is unequivocal you will find that communicating where the language barrier exists, and while they are assessing your capabilities, can be the most frustrating aspect of trying to get things done. You think you have surely got the message across only to find later that total confusion reigns.

The obvious view to any farang arriving in Thailand is that the economy is booming and that there is a decidedly western way about things. Don't be misled, the western veneer is just that and a very thin one too. The material signs are certainly western but underneath the Thai culture prevails.

Two basic cultural values that farangs must learn and apply are those of "kreng jai" (showing consideration for others) and "jai yen" (keeping calm or cool). The straight forward and open approach, clearly and often too loudly expressing our views often directly cuts across both kreng jai and jai yen. These are probably the most frequently transgressed values by farangs who don't expect such niceties to be a major issue in the workplace. The display of anger and aggression and criticising and showing disapproval in front of others causes Thais to feel both embarrassment and shame on behalf of the person scolded as this threatens ones dignity.

Another aspect of Thai culture that makes understanding the workings of an organisation difficult is the impact that the social status an individual has within society, regardless of his or her position on the organisation charts.

The farang PM must understand that within the Thai organisation there is a sub-set of tribal-based social status relationships based on "belonging to or being under the patronage of a Powerful Family". These relationships are a fundamental element in Thai culture and must be appreciated and respected. The Thais understand and deal with this type of relationship in their everyday management of personnel. This represents difficulties for the Thai PM which must be appreciated by the farang. For instance, what might seem to the farang to be an open and shut case for dismissal may be an impossible action for the Thai PM.

Educational achievement confers some measure of social / organisational status. Overseas education and university graduation, along with being good at one's profession or trade also augments status. Unfortunately the status of this professional variable, which is very important in a project management sense, is quite low in the pecking order in most organisations in determining who gets the prestigious jobs - it is almost invariably the person with the highest social standing and connections regardless of their professional merit.

All this comes down to a cultural clash where farangs fail to understand that authority is based on long standing relationships between individuals rather than allegiance to corporate or organisational rules and procedures. Loyalty is to the individual rather than the company. Also past relationships stand for more than the uncertainty of the future, thus using money and possible promotion are often ineffective motivators for Thai staff.

The farang PM thus needs to be aware and have a tolerance for some of the constraints upon his Thai counterpart, even though he may not agree with them.

Farangs also fail to understand the basic reluctance of the Thais when it comes to "standing up and saying something" at meetings or when they have problems. In Thai society young people are taught to respect their elders and teachers and to follow advice given without questioning. Open questioning effectively means the elder, teacher or superior has failed to effectively get the message across and therefore "losses face in front of the younger person". Open questioning therefore has until recently been discouraged and considered "not polite".

Thus in relationships between leaders / managers and staff there is a strong bias towards very directive or delegative styles of management rather than the supportive and coaching styles often found in more progressive Western management situations. Thus staff may be found waiting for orders when work is complete rather than initiating further work in discussion with their leader.

Additionally, the subordinate person may often not wish to lose face with the leader by asking for assistance to overcome new problems with which he/she has little or no experience. Problems are thus often hidden from view, often in the "bottom drawer". This can lead to situations where the Thai PM and the foreign Advisor discover very late that part of the work is off-the-rails due to inexperience and a reluctance to reveal it. It is up to the supervisor to diplomatically and in a non threatening way identify problems and lead to their solution. Always, one must remember to apply *kreng jai* and *jai yen*. If this is done successfully then

"baramee" (loosely "charisma" in Thai terms) will flow to the supervisor.

### *Organisational Approaches*

Deriving from the cultural characteristics outlined above comes an appreciation of how organisations work, which is far less transparent than in western cultures, which is itself murky enough at the best of times. Communication within an organisation is based very largely on who you know rather than following a clearly structured organisation chart. Project organograms prepared on many of the projects I've worked on are, I'm sure, prepared only to satisfy the demands of the farang Project Manager or Engineer appointed by the client to manage the project, rarely in my experience has the organisation actually worked as shown on paper. The individual personal networks based on status, contacts and personal relationships (the "hidden" organisation) have an overriding impact on the operation of all Thai organisations. For the farang PM, this makes life difficult and very often extremely frustrating, worse of course because of the language chasm.

Aside from the "hidden" organisation, the other dominant characteristic is the top down style of management with only a very limited contribution to methodology or process development from below upwards. Most activities are undertaken to quite rigid procedures dictated from above or by the education system with, it would seem, little thought by most individuals being given to why things are done the way they are, or even whether the approach is really relevant to the current circumstances. It appears that with too few exceptions, the only time this rigid rote learned approach is questioned is when the individuals concerned have either had extensive education or work experience abroad.

On the broader scheme of things, major projects, and here I mean those of US\$ 50 million and greater, are only successful if the leaders of the Thai companies involved have a good relationship with all levels of the government and the public administration, be it

national, provincial or local. This can be crucial and many a major infrastructure project has become stalled or even foundered after commencement because the government has changed or even the Minister or senior public official over-seeing the project has been "promoted" or transferred to another position.

I've mentioned a couple of times above the loyalty of individuals to each other rather than the organisation. Staff and workers frequently remain loyal to and stay with their leaders for long periods, for life in some cases. This has the effect that when a Thai PM moves from one project to another he brings his full crew with him. This can be quite small or quite large, over a thousand people in some cases because of the ripple effect - the PM takes his engineers and administrator, they take their foremen and clerks, who in turn bring along their workers. PMs thus frequently carry a significantly larger load than just the project, they also carry the responsibility for the livelihood of their team. If they don't look after their teams' whole livelihood they can be quickly doomed to obscurity - they'll have no resources to undertake their new project. This has both upsides and downsides, the upside being a built in manpower resource used to working together, the downside is that the team often does not have the required skills mix, resulting in "passengers" as the skills are imported to augment rather than replace. The use of structured staff and worker training and retraining programmes is still very much in its infancy.

### ***Project Structures***

Getting away from the direct cultural impacts on projects for a few moments to look at how the "mega projects" are structured.

Many of the "mega projects" are infrastructural in nature and these have traditionally been undertaken by government public authorities. The increasingly heavy financial burden this was causing to the

government has led to a strong movement to privatisation of projects and project developments: BOT and BOOT expressways and public transport systems, BOO electricity generating stations. Private industry has jumped at these opportunities. Combined with direct private industry developments like refineries, steel mills, petroleum derived chemical and plastics industries, and on down the scale to microchip manufacturing plants, car and truck assembly, consumer white goods, consumer electronics and so on, major project developments abound and take on almost every conceivable project structure.

The scale of many of these project rules out their development by individual Thai companies. Thai-Thai and Thai-foreign alliances are formed. The Thai-foreign generally as joint venture companies having, in most cases, a greater than fifty percent Thai participation. Except under some very restricted conditions this ownership balance is imposed by Thai law. The foreign partners in these ventures are generally selected for their technological know how and are expected to actively pursue a policy of technology transfer. Any foreign partner expecting to involve a high proportion of farangs in their projects or to extract disproportionate returns from their project participation are in for a rude awakening.

Financing of the huge projects doesn't seem to be a serious problem, provided always that they are in fact financially viable. Because of the large sums of money involved, foreign financing through all forms of financial organisations is common. Some very large projects have financing syndicates with upwards of twenty participants. For the PM, coordinating the finance acquisition and meeting the demands of the local and international lenders is often the most difficult part of the project - the physical construction after the financial close can almost seem anticlimactic.

The involvement of foreign investment results in demands from the foreign participants for supervision by their (foreign) representatives. This frequently leads to projects at a senior and middle management level being conducted in English to accommodate those foreign representatives. A flow on from this is the need for Thai contractors and suppliers to have farangs working for them as well to handle the liaison with the project owner's representatives. Thus a typical project structure involving imported technology and expertise may have expatriates in all levels of the project organisation as shown in Table II.

The farang's role in Thai-foreign projects then is basically twofold:

- hands-on advisor / educator across a variety of functions and technologies as the Thai PM seems to need; and
- active operator in dealing with the foreigners in other organisations associated with the project.

### *Project Schedules*

Project schedules vary enormously, particularly during the gestation period prior to approval being given for a project to proceed with construction. There is at least one major Bangkok transport infrastructure project, the concept of which I believe is substantially unchanged, which is finally nearing government approval after almost twenty years. It has been close before, this time it

looks set to make it. It was really needed fifteen years ago but politics has bedevilled the project and still does.

Once project approval is granted the pressure is always on to have the project physically complete and operational in the shortest possible time. A quick look at the Table I and the construction durations therein reflects this. The "spending rate" is enormous and reflects extremely intense activity. Large workforces, long working days and weeks, frequently multi-shift construction operations, lots of plant and equipment. Fast track detailed design and construction schedules are the norm.

### *Planning Tools*

Dear to most PMs' hearts are their planning tools, which in developed western countries have been becoming more and more exotic and complex, requiring highly skilled planning engineers and support teams. Farang organisations attempt to use the same tools in Thailand with limited success. Most Thai PM's know what a CPM programme is but are just not up with the current technology and its application. Their preferred planning tool is that old favourite - the Bar Chart.

CPM software tools are available, either as pirate software (which is gradually disappearing) with absolutely no local support, or it is imported directly by those wishing to use it who also bring their expert planning engineers with them. Again, the lack of local support for the major "serious" planning and

**Table II - Foreign Project Staff in Thai Projects**

|                            | <b>Thai</b>   | <b>Foreign</b>  |
|----------------------------|---|---|
| <b>Client</b>              | Project Manager<br>Engineering Manager<br>Construction Manager<br>QA/QC Manager | PM/Contract Management Advisor<br>Engineering Design Consultants<br>Construction Technology Inspectors<br>QA/QC Advisor |
| <b>Contractor</b>          | Project Manager<br>Engineering Manager<br>Construction Manager<br>QA/QC Manager | PM/Contract Management Advisor<br>Engineering Design Consultants<br>Construction Technology Inspectors<br>QA/QC Advisor |
| <b>Statutory Authority</b> | Overseeing Officers   | Specialist Advisors   |

cost control packages leads to frustration on the part of PMs and planners alike.

As to local contractors, they'll promise the use of CPM planning packages but in reality that generally falls to the likes of a poorly implemented Microsoft Project or Symantec's Timeline, none of which are really suited to mega projects so it ends up back with pencil, paper and a Bar Chart.

### **Resources**

A conversation related to me shortly after my arrival in Thailand clearly demonstrated the difference in perception of what constitutes appropriate resources. It seems a newly arrived farang construction manager was discussing resource requirements with the Thai PM with whom he was working. On asking for a couple of excavators to dig a 100 metre trench that just had to be completed that day he was advised there would be no mechanical excavators available for at least a week but there were fifty yellow hatted shovel swingers outside waiting for something to do. Much to the farang's amazement they set to and had that trench dug in half a day.

The point of this little anecdote is that whilst we always think in terms of machinery for our heavy works, labour in Thailand is still relatively cheap and abundant and is thus often the best solution to a problem. That's not to say there is no high tech equipment available, there is and they know how to use it.

Also don't get the impression that the Thai's are unskilled or at best semi-skilled. There are many highly skilled engineers, project managers, technicians and tradesmen. The major problem is that there is also an extremely high demand for those skilled individuals. This frequently results in trained personnel being heavily overloaded and forced to undertake tasks for which their training and experience is inadequate. Take this into account in your planning and allow for special skills training from the outset so you won't be caught short when the schedule is being hard pressed.

Language skills are another factor for farang PMs to consider. Virtually all university graduates can at least read English, many can speak it with varying levels of competence and a few are comfortable writing it. Those Thai's that have had the opportunity to study abroad, typically in USA, Australia, Canada and some to the European countries generally have a good grasp of English, even at a colloquial level. English is taught throughout the Thai school system from primary level on but the competence of those not strenuously encouraged to study in English, as occurs in university because the greatest diversity of texts are in English, is very limited.

Herein lies the problem. Most farangs to be useful must work in English, workers on project work in Thai and the middle strata of the project teams must do the translations. These are often barely adequate and miscommunication of complex ideas abounds if particular care is not taken to ensure the message is unequivocally clear. That means it must be clearly, simply and unambiguously presented in English in the first instance, something a lot of farangs have difficulty doing because of our reliance on the assumption of a common knowledge base for our target audience. The Thai knowledge base is very different from the farang one. Add to that that most of the communication between middle and lower levels on construction sites is verbal only, giving another prevalent cause for misinterpretation and misunderstanding. Constant monitoring of what is being undertaken is essential to prevent serious problems.

In terms of special technological tools and equipment, these are mostly imported as required to meet project needs, there being little held in stock by "agents" for the developing technologies. When it comes to the traditional technologies such as major civil and earthmoving equipment, this is readily available. For example, the drive into downtown Bangkok from the international airport passes numerous excavator hire firms all with an extensive lineup of large excavators suited to working in or on the Bangkok clays.

With major construction projects it is normal for the contractor to provide worker

accommodation. This in itself can be a logistic nightmare. For example, on one project the construction workforce peaked for about 4 months at over 4,500. These workers were imported from all over Thailand, often accompanied by their immediate families, a wife and one or two young children. Women, in fact, make up quite a high proportion of the workforce, on site in the construction team as well as in the offices. Most Thai PM's allow accommodation on the basis of 2 beds per worker to accommodate the families. Temporary worker camps, no more than shanties to a farang, are constructed which provide about 15 square metres per family unit or 4 single status workers. A far cry from what Australian workers demand and get.

### ***Pitfalls for Foreign Consultants and Contractors***

Commonly encountered pitfalls for companies wishing to do business in Thailand, and probably most other countries, fall into two categories: those applying to the individuals posted to Thailand and those concerning the environment for doing business in Thailand.

For companies planning on sending staff to Thailand on extended postings, say six months or more, serious thought needs to be given to the assignee's selection. Simply selecting the individual on their technical ability is not enough. Most people are excited at the idea of working in a different country, particularly at the high salaries that generally go with such assignments, and will jump at the opportunity. However the most technically competent individual may not be the right person in the long run. If they tend to be arrogant, non-compromising, have an inflated sense of superiority or any racial bias, a rigid and unbending approach to what they do, are impatient, easily angered or frustrated then seriously reconsider their assignment. Such people tend in the medium to long run to become ineffective, damaging fragile relationships and are thus counterproductive. People exhibiting any of these traits once in place need to be counselled and if that is not successful repatriated early before they become totally ineffective and destroy your

company's chances of successfully achieving its objectives.

Familiarisation and orientation training are a worthwhile investment for both employee and any accompanying family members, although many small to medium companies consider it an unnecessary expense - certainly it is an upfront expense with a somewhat intangible benefit, but the consequences of not doing it can be totally devastating. This training should be completed before the assignee departs and must provide information relating to Thai culture and attitudes, living and working conditions, medical issues, education facilities, immigration and Work Permit rules, and very importantly "culture shock" - how to recognise it and mitigate it. Done properly with post training assessment, it may even result in reconsideration of the assignment by the assignee or the company.

Employers must also realise and accept that there will be a need for a considerable amount of time required attending to domestic issues, particularly given the traffic situation in Bangkok, during the early weeks of an assignment. A simple task, like going to the Australian Embassy for half an hour, can easily take the whole day!

Turning to the business and technology pitfalls for companies operating in Thailand for the first time, (and the second and subsequent times for some companies never seem to learn this) it is essential that proper and adequate research be undertaken into what is and is not available in Thailand.

Too many foreign consultants prepare designs to inappropriate standards, using say British, European or Australian standards when there are already appropriate Thai Industrial Standards in place or US or Japanese standards that are more commonly applied. The use of unfamiliar standards when it is not necessary only results in significantly increased project costs.

Similarly, cognisance should be taken of what materials and construction techniques are available from local sources and to use these as far as possible. Modifying designs to local standards and materials also often results in a

lower need for specialist training or techniques that must be imported at high cost.

It is also essential to become conversant with the local environment (including the weather), transport regulations (no large trucks in Bangkok between 0500 and 2200), labour laws and to respect local holidays, many of which have a religious or cultural basis and are very important to the Thais.

There is a lot to learn when first moving into Thailand, both for individuals and companies, and much of this may conflict with ideas and practices normally applying in Australia or other western countries. The prospect of frustration is high, the need for compromise pre-eminent.

### *The “Farang” in the Thai Work Place*

So what is the place of the farang in the Thai work place?

For those who are reasonable and not possessing of the negative qualities outlined above, the farang is generally well respected and in many ways can cross inherent Thai cultural and status boundaries and so facilitate the success of projects more readily than some Thai project managers.

Farangs automatically, rightly or wrongly are assumed by all Thais to be wealthy. Most farangs do in fact earn considerably more than their Thai counterparts, live in much better accommodation and generally drive better cars. Farangs thus enjoy an elevated status in the community. That is not to say that real respect necessarily follows. There is considerable respect according to status, but the earned respect of your colleagues will do much more for you in doing your job effectively. Garnering that respect and baramee takes time, kreng jai, jai yen, a cooperative and compromising approach and, as with everything in Thailand, patience.

Farangs that display anger, frustration, arrogance and disrespect will quickly find they become frustrated at every turn, unable to get things done and if they are done, done at the slowest possible pace, to the lowest standard

and with every little bureaucratic wrinkle applied. For those who do speak Thai, they'll get an inkling of what is being done to them and can maybe adjust their ways. Those that don't can't take any form of counter measure and consequently get more frustrated and angry, only making matters worse. In the end they give up in frustration, go home and complain about that “lousy” place called Thailand - made lousy by their own attitudes and actions.

To work in Thailand a Work Permit is required. These are available to those with special skills and experience, or for those developing new businesses. There are many categories of work precluded to farangs. Spouses of farangs are not automatically entitled to Work Permits. They too must meet the “special skills” requirements. This causes a lot of angst among many of the wives that accompany their husbands as they end up having very little to do. Unless they have those special skills the only recourse is voluntary work or the tennis, squash and bridge circuit. Many do not fit into that scene and this, along with the cultural stress of being in a strange country, causes enormous marital stress.

### *Epilogue*

Many Australians have the urge to travel and work abroad when they are young and return with a travel bag of experiences that helps them advance in the Australian workplace. That for many becomes their only overseas work experience. A few of us take the plunge to work overseas in a more senior capacity later in our careers. For PMs who have only done their “thing” in Australia it opens a whole new vista of challenge and experience.

In this paper I have addressed some of the issues that PM's working in Thailand, and probably most other foreign countries to some degree, will face. The paper is based on my experiences and those related to me by my colleagues currently working in Thailand. I've alluded to the problems and noted some means of mitigating them.

To those with patience,

frustrations will surely test it,  
for those who compromise and accept,  
enjoyment will undoubtedly follow,  
for after all is said and done:  
“This is Thailand”

### *Acknowledgments*

I take this opportunity to the acknowledge the encouragement and support in the preparation of this paper of my close friend and colleague Chris G Polhill with whom I've spent and enjoyed many hours discussing the topics summarised above.

To my other friends and colleagues working in Thailand a special thank you also, your experiences have contributed to my knowledge and understanding in large measure and so have facilitated the production of this paper.

I must also acknowledge the kindness and consideration shown to me by all the Thais with whom I have had the pleasure of working. Their acceptance of my intrusion into their workplace has made my contribution to their projects both interesting and enjoyable. In particular, their patience and tolerance of an outsider knowing little of their ways and culture has been an inspiration to reflect that same consideration and tolerance with an equal measure of patience of their different approach to life and work.

#### *About the Author*

Trevor R Bird had extensive experience as a Project Manager in Australia, primarily in the oil and gas transmission pipeline industry before being seconded to Thailand three years ago to provide advice and support on project, contract, quality and technical management for the detailed design and construction of terminal and storage facilities for the Thapline Multi-Petroleum Products Pipeline System. That experience prompted him to stay on in Thailand to provide project management advice and support to the executive management of Italian-Thai Development Public Company Limited, Thailand's largest wholly Thai owned civil construction and infrastructure development company, on major development projects including the Bangkok Transit System elevated railway project, the Star Refinery project, the Lat Krabang Inland Container Terminal, the Independent Power Producers projects and various international development projects.

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