

# The Lives of Thai Expatriates in Indonesia

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## Abstract

This case study illustrates circumstances when a group of Thai expatriates were sent to work in Indonesia. The case study indicates a number of cultural misunderstandings between the Thai expatriates and the local workforce that led to job-related difficulties and possibly, tarnished relationship between the shareholders. This case study also displays how the unplanned human resource management (HRM) system and unprepared HR professionals for an international assignment could result in the failed expatriation.

**Keywords:** Expatriates, Thai Multinational Company, Adjustment, Culture, Indonesia

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\* This case study was written by Dr. Oranuch Pruetipibultham of the School of Human Resource Development at the National Institute of Development Administration (Thailand) and is based on her dissertation research. NIDA cases are developed solely as the basis for class discussion, and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective administration or managerial practices. Copyright @ 2012 National Institute of Development Administration and Dr. Oranuch Pruetipibultham.

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# ชีวิตพนักงานข้ามชาติชาวไทยในประเทศไทยในโคนีเชีย

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## บทคัดย่อ

กรณีศึกษานี้กล่าวถึงเหตุการณ์ต่าง ๆ ที่เกิดขึ้นกับพนักงานชาวไทยซึ่งถูกบริษัทส่งไปทำงานที่บริษัทลูกในประเทศไทยในโคนีเชีย กรณีศึกษาซึ่งให้เห็นถึงความไม่เข้าใจในวัฒนธรรมข้ามชาติที่พนักงานชาวไทยมีต่อพนักงานท้องถิ่นผ่านเหตุการณ์ต่าง ๆ อันเป็นอุปสรรคในการทำงานร่วมกันและการสร้างความเข้าใจยังดีระหว่างบริษัทผู้ถือหุ้น กรณีศึกษานี้ยังซึ่งให้เห็นถึงความไว้ทิศทางของระบบการบริหารทรัพยากรมนุษย์ของบริษัทข้ามชาติสัญชาติไทยที่มีได้มีการเตรียมความพร้อมให้แก่พนักงานข้ามชาติก่อนและหลังการไปปฏิบัติงานและการขาดความเข้าใจของผู้บริหารระดับสูงของฝ่ายบริหารทรัพยากรมนุษย์ ในการบริหารผ่านวัฒนธรรมข้ามชาติ

**คำสำคัญ:** พนักงานข้ามชาติ บริษัทข้ามชาติสัญชาติไทย การปรับตัว วัฒนธรรม อินโคนีเชีย

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ในการสั่งซื้อหรือจัดพิมพ์ช้า กรุณาติดต่อ (02)727-3192 หรือ <http://www.nida.ac.th> กรณีศึกษานี้มีได้รับอนุญาตให้มีการพิมพ์ช้า จัดเก็บในระบบข้อมูล ใน spreadsheet หรือส่งผ่านทางระบบอิเล็กทรอนิกส์ เครื่องจักรกล เครื่องถ่ายเอกสาร เครื่องถ่ายเอกสาร หรืออื่น ๆ โดยที่ได้รับอนุญาตจากสถาบันบัณฑิตพัฒนบริหารศาสตร์

## **Opening Session**

The temperature was very hot and humid this afternoon. Theeradej was in his air-conditioned office but he was about to sweat from the inside heat. The degree of the temperature was not par with his emotional anxiety. He could not fathom what really went wrong or how he could address the problem at hand. Theeradej was a human resource manager of a firm that sold building materials and construction equipment. His company was a subsidiary of a Thai conglomerate that operates 7 different businesses in various countries. Three years ago, the director of his company decided to go ahead on a business joint-venture with one of the Indonesian manufacturers. They agreed to co-invest in a plant building in a small town about 30 kilometers from Jakarta, the capital city. Since then, Theeradej had been assigned to work on a manpower preparation and human resource strategy. This plant-building project, nonetheless, would take about 4 years to complete and settle. His immediate duty was to select a group of managers and send them to Indonesia to supervise the plant construction and the installation of technology needed on site. So far, he had managed to recruit a team of engineers and sent them off to work in Indonesia. They had been located in Indonesia for fourteen months already.

What really ticked him off today was the conversation he had over a long distance phone call from Manus, one of the engineers at the Bekasi worksite in West Java. He called to complain about the problem he had with his translator, Arwan Asegaff. Manus had also a big argument with a group of his Indonesian subordinates. Manus did not speak Bahasa Indonesia, the local language, so he needed Arwan to deliver messages back and forth to his subordinates. There seemed to be so many misunderstandings these days between the two sides through the middle person. Manus told him that several mistakes had occurred at the last minute and no one cared to report to him beforehand. Absenteeism and turnover rates had been shooting up for the past several months. The local workers, in addition, did not seem to take his orders very seriously any more. He did not really know what had been going on or what was the cause of the problem he was facing. Similar problems happened to other members of the team as well. They all seemed to be at a loss about translation and were culturally blind. They needed their human resource manager to do something or they would possibly take a “long vacation” somewhere away from the worksites.

Theeradej did not know what the real problem was or how he could address the problem in a timely manner. He had planned, however, to book a flight to Jakarta to meet and talk with his expatriates and see to the problems all by himself.

## **Background**

### **Two Months before Leaving for Indonesia: HR's Side of the Story**

Theeradej had thought about the telephone conversation he had with Somchart, the project manager, before he left his workplace late in the evening. He asked if Somchart could help him select any engineers he trusted to be able to supervise the plant buildings in Bekasi, Indonesia. Their clocks had started ticking, as the construction project would begin in two months. He did not have any expatriate candidates in the pool added, nor had he prepared for the cultural training session. He thought it would not be such a hard job finding someone suitable for the job since there was an abundance of engineers that could handle the plant construction. Somchart had confirmed that himself and promised to help him locate some good engineers. A part of him also believed that he and his HR team did not need to go through all the hassles setting up many training sessions. Thailand and Indonesia are pretty similar in terms of culture, he supposed.

Moreover, most of the engineers could communicate in English; it was a part of their promotion requirements to pass the English proficiency test. So, he was not worried about that. He and his team should focus more on other human resource tasks, such as the Indonesian labor laws, legal procedures to get their work permits, as well as to find them suitable accommodations and means of transportation. The expats should be able to get settled without having any problem. Most of the engineers recruited to work at his company were the cream of the crop from top-ranked universities in Thailand. He had no doubt that any of them would excel at their assignments in Indonesia.

### **Two Months before Leaving for Indonesia: Expats' Side of the Story**

Manus knew that he did not need to sleep over the boss's sudden offer. It was simply an order for him. Nevertheless, Manus realized how

lucky he was to be the one chosen for this new project assignment. Somchart was a decisive superior; he was precise, and quite “bossy” when he made decisions. His boss had quite intimidating characteristics and he hardly took “no” as an answer from any of his subordinates. This time, however, Manus’s exuberant feeling arose when he hung up the phone. He tried to comprehend the next step he should take.

Somchart had just assigned him and two other colleagues to go to Bekasi Province, Indonesia, for a plant-building project, which would possibly take years to complete. The completion included the time to settle all managerial procedures and the transition of job to the new expat managers. This plant building would be a pioneer project, leading to other future collaborations between his company and its Indonesian business partner. It was a critical project. It would substantially shape his future career within this company. He would need to leave Thailand for Bekasi within 2 months.

This international assignment would be a new episode in his career as an engineer and as a junior management executive of a Thai conglomerate. Manus believed that he was chosen because he had been one of those “*rising stars*” whose career was placed on the “*fast track*.” In addition, he knew that his civil-engineering degree from one of the best universities in Thailand and his twelve years of experience in project management, had secured him this overseas position. He also knew that taking this offer would accelerate him on a career ladder when he returned to the headquarters after completing the project. Manus was certain that two months would be enough to prepare him before departing to Indonesia. He really needed this two-month time to finish the project he was doing in Thailand and had not time for other distractions. He dreaded going on lengthy training courses the company might have provided him. It was very time consuming to attend these courses. Moreover, Manus thought that they usually rendered fruitless results. He was certain of his ability to survive wherever he went. He was quite tough and had a down-to-earth personality. The only thing that slightly disturbed him was that he was not certain about his wife; how would she take the news, and would she leave her job and follow him to Indonesia for the years to come?

## **Problem Investigation**

Theeradej had decided to go all the way to Indonesia to visit the expatriates and to investigate the problems they were facing. In fact, Manus and the two other expatriates, Prachaya and Vitis, complained about various matters, ranging from a water-leak problem at home to several conflicts with the local staff. They all sounded stressful and intolerable. Manus seemed to be the worst case—he and his wife had thought about asking for premature return to Thailand. Theeradej had never thought that these “rising stars” would end up in such a messy situation. Obviously, he had neglected to consider the impact of national culture on the psychological well being of his staff. Theeradej decided to go to Indonesia, talk to the expats, and see to the problems himself. But first of all, he needed to take a look at the information about Indonesia.

### **Indonesia**

Theeradej learned from the documents gathered by his HR staff that Indonesia (or officially, The Republic of Indonesia) is composed of over 13,000 islands and land areas of about two million square kilometers. The major language of the 207 million people is Bahasa Indonesia, although 250 other regional languages and dialects are also spoken. While approximately 70% of the population lives in rural areas, cities such as Jakarta, Surabaya, and Medan continue to grow, as rural residents seek work in the urban areas. At least 200 ethnic groups are present, with only four considered significant numerically: Javanese (45%), Sundanese (14%), Madurese (7.5%), and Coastal Malays (7.5%). The ethnic Chinese represent less than 5% of the population, yet are reported to control 60-80% of Indonesia’s economic activities, 160 of the 200 largest enterprises in the country (Yeung, 2000). Muslims constitute 87% of Indonesians; Protestants represent 6%, Roman Catholics 3%, Hindus 2%, and Buddhists 1%<sup>1</sup>. As an HR manager, Theeradej wondered how developed the country was in terms of human development and what it was like when compared to Thailand. He found out that according to the Human Development index report from the United Nations Development Program<sup>2</sup>, Thailand ranked 103<sup>rd</sup>, and Indonesia ranked 124<sup>th</sup>, out of 187 countries included in the survey.

The HR manager also explored the history of Indonesia. He found that Indonesia has been an independent republic for more than fifty years; before that it was a Dutch colony (from 1602 to 1949) and a zone of Islamic monarchies.

The document his assistant handed to him stated that the Dutch originally operated through a private trading company, the Dutch East India Company (VOC) and later on the Dutch East Indies as a nationalized colony<sup>3</sup>. Three centuries of Dutch colonization shaped the modern state of Indonesia as well as the behavior and mindset of most Indonesians. The legacy of Dutch rule affects the way Indonesians form relationships with others and will be discussed again in later sections.

The idea of an independent Indonesia stirred uprisings and wars. In 1926 and 1927, branches of the Indonesian Communist Party attempted to overthrow Dutch rule; they were finally successful after Japan invaded and occupied the country during World War II. In 1945, the influential nationalist leader Sukarno attempted to prevent Holland from re-imposing colonial rule, declared independence, and was appointed president<sup>4</sup>. Sukarno moved from democracy towards authoritarianism and was replaced by Suharto in 1965 in order to save Indonesia from communism. Suharto assumed the presidency in 1968 and ruled the country with his New Order Administration, which was a major factor in the subsequent three decades of economic growth. However, the authoritarian New Order was widely accused of corruption and suppression of political opposition<sup>5</sup>. Until now, Theeradej realized how little he knew about this neighbor country of Thailand.

Like Thailand, the Asian financial crisis in 1997 and 1998 affected Indonesia harshly, resulting in the collapse of banks and businesses; more than half of all Indonesians were considered impoverished according to the government's definition. Theeradej read that the Chinese ethnics are usually the wealthy and they have highly influenced the country's economy, even though they comprise approximately 5% of the entire population<sup>6</sup>. The hatred of the Chinese ethnic people by the rest of the nation has been apparent. He was incredulous to learn about the racial chaos of the Chinese-ethnic targeted killings and rapes, popular protests, and failure to control the army that led to Suharto's dissolved presidency. As a Thai citizen, whose grandparents had emigrated from China and settled peacefully

in Thailand, he could never imagine that a person with a Chinese appearance would suffer such a catastrophic life in Indonesia.

*Well, let's have a look at politics after the Suharto period for a bit,* he thought. It was no surprise to learn that the first direct presidential election was held in 2004. The former cabinet member and retired General Susilo Bambang Yudhoyono eventually defeated Megawati Sukarnoputri and was inaugurated as the sixth President of Indonesia on 20 October 2004. The number of appointed members in the legislative branch of the government, including reserved seats for the military, was gradually reduced to zero in 2004 after a series of constitutional and legal reforms. A dramatic change happened again in 2004-05; the President, Governors, and Mayors were elected by popular vote. Term limits were also imposed on the President. The political and social shifts in the post-Suharto era introduced new institutions of democratic decentralization that profoundly changed the political landscape of Indonesia's 33 provinces, some 440 districts, and 70,000 villages. Theeradej studied from an article written by Takeshi Ito<sup>7</sup>, in 2007, that decentralization as an essential part of democratization was officially executed in January 2001. Certain key changes of decentralization were the transfer of power from the central government to district governments, and a series of district-level governance reforms as a result of democratic decentralization. Raising his eyes from the document, he wondered how much influence the district government of West Java has on foreign businesses and their expatriates. Theeradej flipped to the paper that he asked his assistant to gather about West Java and started to read.

### **West Java**

The script was just factual and short, Theeradej thought. It simply said that West Java, with a population of over 43 million, is the most populous and most densely-populated province of Indonesia. Its capital city is Bandung. West Java borders Jakarta and Banten Province to the west, and Central Java to the east. To the north is the Java Sea. To the south is the Indian Ocean. Unlike most other provinces in Indonesia, which have their capitals in coastal areas, the provincial capital, Bandung, is located in the mountainous area in the center of the province. After Indonesian independence in 1945, West Java became a supporting region of Jakarta, the Indonesian capital. Jakarta remained as the business and

political center of Indonesia. Several regencies and cities in West Java, such as Bogor, Bekasi and Depok, were developed as supporting areas for Jakarta and came to form the Greater Jakarta area or *Jabodetabek* (Jakarta, Bogor, Depok, and Bekasi). West Java is the native homeland of the Sundanese people, which forms the largest ethnic group in West Java, followed by the Javanese, who migrated into the province centuries ago. West Java urban areas are also known to have a significant population of Chinese Indonesians<sup>8</sup>.

The city where the company's plant had been under construction is called Bekasi. It is located on the eastern border of Jakarta. Bekasi is the fourth largest city in Indonesia, with a population of 2,378,211<sup>9</sup>. There is a significant amount of urban areas surrounding the city, and it is a primary trade and industrial area.

The HR manager pondered the new information he had just read. He thought about his long experience in the field of human resources in Thailand and the master degree in Human Resource Development he received from a university in U.S.A. He was then feeling uncertain about the situation he was about to handle. He did not know much about Indonesia, let alone a province called Bekasi. He wondered how this upcoming trip was going to turn out and he could not wait to set foot in Indonesia.

### **Investigating Expats' Lives in Indonesia**

Theeradej arrived at the Jakarta International Airport and was picked up by Manus, who was driving him to the office in Bekasi. Because of Bekasi's location as a satellite city of Jakarta, Theeradej observed heavy rush-hour traffic congestion all the way to the office. He was glad he had arranged for the expats to stay at a service apartment near the construction site so that they did not have to travel back and forth a long distance every day. Otherwise, traffic conditions may have been added to their long list of complaints. Theeradej thought that it was time to start investigating into the expats' problems; see how valid the complaints were and what solution he could possibly offer.

As a matter of fact, he could have allowed for a premature return to Bangkok had the expats insisted on it. He had quite an argument with Somchart, the expats' immediate boss, about whether they should shorten

the term of their assignment and find suitable replacement for any problematic cases. In the end, the HR manager felt that it would not be a good decision and instead he should opt for the alternative—probe the root cause of the problems and fix them. He pondered that if he chose the replacement strategy, he may have ended up recruiting and replacing expats to Indonesia all the time. The number of complaints, and the premature return rate, might shoot up, while the employees' morale as a whole would plummet. It seemed that something in the HR system had gone wrong, and he had to figure out how to fix it.

Theeradej then made a decision. Part of his decision was to observe the living and working environment both in Jakarta and Bekasi. He wanted to see how people reacted to one another, and how the national culture affected their work. He planned to get as much information from his expatriates and the wife as possible while he was there. He wanted to hear the stories and points of view from the people that had encountered the cultural problems. He needed to think straight about how to help them to better adjust to their living and working environment. He also needed to develop a future strategy if the company planned to send more expat successors to this problematic worksite. The more he thought about the matter, the more he realized the significance of cultural problems for the future strategies of his company. The bottom line was that they could not afford to risk their employees' morale and eventually lose the rising stars to competitors. Theeradej had thought for a while. Then the HR manager asked Manus to tell his story while he listened attentively to the expat.

### ***Story from the Expat***

Manus and his wife, Vichitra, arrived in Jakarta two months after he had accepted the assignment. The other two engineer colleagues would come the following week. They were, however, bachelors without any familial commitment. They planned to spend a few days in Jakarta before departing to Manus's worksite in West Java. The couple went on a city tour and briefly met with the sales representatives of his company. His colleagues presented an overview of the trade and lifestyle of the people in the capital city of Indonesia. They generously took him and his wife out for meals, shopping, and on sightseeing trips.

To his dismay, Jakarta was filthy, and simply an unhygienic city. People dropped trash all over the place, leaving food to rot, paper to disintegrate, and plastic to stay here and there. The scenery was quite beautiful, but was contaminated by trash. He hated walking on Bangkok streets because of the pollution, yet it seemed he would hardly ever see the sun in Jakarta because of the extreme level of pollution here. The tap water as unclean for drinking and couldn't even be used for brushing your teeth or washing vegetables without potential infection risks. All of the water had to be bought from a distilling company. They were told to be very careful eating out, as only certain restaurants prepared their food hygienically. The local vegetables have such a high lead content that the government recently issued a statement advising people to limit their vegetable consumption.

In addition, people in Jakarta did not seem to believe in queuing—they would simply barge their way in a queue and this was true for traffic lines as well. People here ignored the red and green and tried to force their way across intersections. Manus noticed that when his colleague tried to change lanes, other cars invariably sped up to effectively prevent him changing. Manus was told it would be a loss of face to them if they let another car in. This was the first time he learned about the concept of 'losing face' in Indonesia. How chaotic this city is!, he thought. He was relieved that he and his wife would be moving out of Jakarta to West Java soon.

During the city tour, Manus learned from his colleague that their conglomerate company had nine subsidiaries, operating five different businesses, located in Indonesia. The oil refinery was its main business there because of the great supply in Indonesia and the high demand in Thailand. He realized that his construction company, however, was in its infancy, as the company had just joined hands with a local company. His company had recently entered into a Conditional Shares Purchase Agreement ("CSPA") with a local firm, which was a listed company on the Indonesia Stock Exchange (IDX). The Thai company held 90 percent of the acquired firm, and the local company the rest. As this was the case, Manus and his team had been considered "VIPs" by the staff that worked for the local partnering firm.

Manus and his wife had set off from Jakarta to Bekasi Province the fourth day they arrived in Indonesia. There are several important industrial areas in Bekasi. These include the Jababeka and MM 2100 districts. Many large companies, such as Honda, Converse, and Samsung, have factories in Bekasi. Approximately 500,000 laborers live in Cikarang, the capital city of the Bekasi regency. Manus and Vichitra found that their accommodations provided by their company were located in a well-planned community, which was favored by many expats who work in the commercial/industrial estates.

### **Working in Indonesia**

Manus started to tell Theeradej his working story. He had a vivid memory of his first day at work. He received warm welcomes from the top and mid-level managers of the local firm that came to greet him. They presented him with flowers and even appointed an assistant, who was also his personal translator. Everyone called his translator "Arwan." They showed him around the company's premises and the construction site where he would mainly work.

He started his planning and supervising work over at the main site not long after he moved to Bekasi Province. At first, he was quite impressed with the working atmosphere; it seemed like a much easier task managing employees in Indonesia. They seemed to comply with all his commands and never seemed to have any argument with his advice. However, he was told to report to an Indonesian Bapak. The word "Bapak" means father or higher authority. He learned that an Indonesian Bapak is not expected to serve or follow orders except those given by a distinct supervisor.

Theeradej hardly received any information about Indonesia from his company in Thailand that was useful for his "settling-in" period. As time went by, he truly wished his company had designated someone, in addition to a translator, to help him sort out all the mess both at home and at work. Domestic problems seemed to accumulate every day; the television was out of order, electricity went out, plumbing was leaking, and the housemaid was always late for work. As an engineer himself, fixing the mechanical disorders at home was not the problem. He could not, however, be available during the daytime to sort out the problems for his wife. Vichitra was getting more and more annoyed, as she stayed mainly at home.

The annoyance had developed into stress, as she had no friends to turn to. She called her husband at work when something had gone wrong and found that he too was having a handful of job-related problems himself. He usually asked her to be patient and promised to send someone to help. Vichitra could not speak Bahasa Indonesian, nor could she understand much of the Indonesian culture. She could hardly communicate to the housemaid, who came in to clean their apartment every other day (her hygiene standard). She found Indonesian food too oily and foreign and so lost her appetite for most of the meals. She encountered endless boredom and frustration and often times ended up having rows with her husband. She looked forward to her husband's end of assignment so they could fly back home to Thailand.

The wife's accumulating stress had apparently spilled over to the husband's state of mind. Manus started to feel a little off balance trying to solve the problems, his work and family. To address the domestic problems, Manus tried to seek help from the Bapak he was dealing with. His named was Dian Panggabean. Dian Panggabean seemed helpful at first. Nevertheless, as the list of problems became longer the Bapak suddenly became unavailable. He was eventually not responding to the work-related issues. This avoidance had caused a great deal of problems for Manus as he lost access to the person who could make decisions.

This extreme loyalty to hierarchy or, "Bapakism," had caused him a lot of problems too. Initially, Manus thought it was great that his subordinates always obeyed his orders; they never said no or argued against his will. In fact, he discovered later that the employees would do whatever to make him happy even though they did not understand what he really wanted. They would keep "the bad news" from him until he later discovered it and upset himself. He, often times, wondered what the true information was. Manus needed people to tell them if he was making the right decision, especially decisions regarding business protocols and contact procedures that were different from those in Thailand. But his decision must always be right, in the eyes of his subordinates.

The results of "Bapakism" led to many occasions in which Manus lost his temper. He began to feel that his peers and subordinates were untrustworthy and incapable. They seemed to put a lot of effort into hiding their mistakes and avoiding criticism in public. To make the situation

worse, there was a *culture of time* in Indonesia that he could hardly comprehend. In Thailand, people may not always be punctual and when that was the case, he would be greatly annoyed. It turned out, however, that he had encountered, to his extreme surprise, much more annoyance regarding the Indonesian's perception of time.

He found that planning time, deadlines, and schedules meant little to his Indonesian subordinates. They simply believed that time was the manifestation of nature and the universe and that it is beyond human control. They could be late for work, for project submissions, and same thing kept going on and on without any improvement. Manus was also getting so furious about the future perception among his local workers, who clearly disregarded the next day's duty as nonetheless irrelevant to what they were doing the current day. His subordinates could, for example, install a broken air ventilation in the factory building as long as it could function on the day it was installed. Despite the great possibility it would break down in a few days, they would simply ignore it. Fixing the ventilation would be someone else's job in the future. Apparently, consideration about safety and maintenance issues was weakly perceived by most of his workers.

Manus gradually felt his bias growing against his local subordinates, and sometimes, even against the people in the company headquarters. There seemed to be an increasing number of negative surprises every day since he started working there.

The matter of religion was another issue Manus totally ignored to study prior to his departure to Indonesia. He knew about the basic rules of Islam from his formal education in Thailand. He had very little knowledge, however, about the practices of those rules when it came to the workplace setting. First of all, he learned that Muslims are required to pray five times a day; first in the morning when they awake, before lunch, mid-afternoon, after sunset, and before going to bed. At work, his employees had to pray before lunch and then at mid afternoon. Some prayed from noon and continued into the afternoon. Second, he also came to realize the fact that the holiest day of the week for Muslims was Friday and that the company was required to permit workers to attend noon prayers and collective recitals of the Koran on that day.

Manus noticed that fewer than 15 factory and office workers returned to work on Friday. The monthly salary for factory workers

was adjusted (in 2011) to US \$130. The day began at 7:00 a.m. and ended at 3:30 p.m., including an hour and a half for lunch. Third, he knew almost nothing about the holy month of fasting, or Ramadan. He came to experience the holy time of Ramadan in Indonesia, and made mistakes that upset his coworkers and subordinates. Without food consumption during the day, he noticed the workers were grumpy and likely to lose their temper easily. The productivity during Ramadan had noticeably gone down by 20%. Essentially, the problem was how he could meet the religious requirements without compromising production output and keeping costs down. He had wished he understood the national culture and the working culture in Indonesia enough before starting to deal with staffing issues.

Manus told Theeradej that his Thai colleagues had also experienced more or less similar frustration. They ended up exploding in anger several times both in the meeting room and at the construction site. Manus said that he never cared if his yelling at someone in public would cause embarrassment to the person. He just wanted to vent his anger. He did not even know if Arwan, the translator, had accurately translated his words to the local employees. People started to avoid him and he could sense that they hated him but never showed it to his face. Manus and his wife had been in Indonesia for a year and already started to count down the end of assignment. He had three more years to go. He could have asked for a premature return to Bangkok, but that would lead to a career disaster, he supposed. Manus did not know how to get out of this nightmare. He did not want to wake up in the morning and go to work. He and his wife desperately needed help.

### ***Ending Session***

Theeradej was planning to interview the rest of the expatriates to verify the information he received from Manus. Intuitively, he believed he would obtain similar information and opinions from them. He felt sorry for the expatriates and the wife and felt guilty himself for not taking the matter more seriously since the early phase. He started to think he should have set up systematic training and development programs to prepare the expats and their family members prior to their departure to Indonesia. It was too late for this, apparently. At least, he had to do something to help the incumbent expatriates out of the cultural chaos. He also had to figure out certain tools or programs to prepare their successors. Theeradej dreaded the

failure to do so, as it meant the company might have lost their rising stars for good. A failed expatriation program would definitely affect the morale of potential candidates, as they would perceive it as a punishment and not a career reward.

Very importantly, the expatriates that were cultural insensitive would also risk jeopardizing the relationships they had tried to form with their Indonesia counterparts. It was clear that these relationships were a vital part of business development in Indonesia. Theeradej started to panic. He seemed to have a great deal of work ahead of him. The Human Resource Manager could not even think straight about what he should do from there on.

### **Questions from the Case**

1. What are the main causes of cultural misunderstanding between the Thai expatriates and the local employees?
2. How can the company intervene to help the expatriates and the wife? Identify the intervention strategies.
3. How can the company prevent these problems from occurring in the first place?
4. What is the Javanese business culture like? What are the predominant values in the culture that Thai expatriates should learn about?
5. Describe conceptual framework(s) that may be used to enhance understanding about cross-cultural management for Thai expatriates in Indonesia.

## Appendix

**Table 1: Human Development Index of Thailand and Indonesia 2009**

Country	Human Development Index (ranked out of 187 countries)
Thailand	103 <sup>th</sup>
Indonesia	124 <sup>th</sup>

Source: United Nations Development Programme (UNDP), (2009). Human development reports 2009.

**Table 2: Comparative Information between Thailand and Indonesia**

Fact	Thailand	Indonesia
<b>Historical Background in brief</b>	A unified Thai kingdom was established in the mid-14 <sup>th</sup> century. Known as Siam until 1939, Thailand is the only Southeast Asian country never to have been taken over by a European power. A bloodless revolution in 1932 led to a constitutional monarchy. In alliance with Japan during World War II, Thailand became a US treaty ally following the conflict.	The Dutch began to colonize Indonesia in the early 17 <sup>th</sup> century; Japan occupied the islands from 1942 to 1945. Indonesia declared its independence after Japan's surrender, but it required four years of intermittent negotiations, recurring hostilities, and UN mediation before the Netherlands agreed to transfer sovereignty in 1949. Indonesia is now the world's third-largest democracy, the world's largest archipelagic state, and home to the world's largest Muslim population.
<b>Area</b>	513,120 sq km (50 <sup>th</sup> world ranking)	1,904,569 sq km (16 <sup>th</sup> world ranking)
<b>Population (July 2009 estimation)</b>	65,905,410 (20 <sup>th</sup> world ranking)	240,271,522 (4 <sup>th</sup> world ranking)
<b>Nationality</b>	noun: Thai (singular and plural) adjective: Thai	noun: Indonesian(s) adjective: Indonesian

**Table 2 (continued): Comparative Information between Thailand and Indonesia**

Fact	Thailand	Indonesia
<b>Ethnic Groups</b>	Thai 75%, Chinese 14%, other 11%	Javanese 40.6%, Sundanese 15%, Madurese 3.3%, Minangkabau 2.7%, Betawi 2.4%, Bugis 2.4%, Banten 2%, Banjar 1.7%, other or unspecified 29.9% (2000 census)
<b>Religions</b>	Buddhist 94.6%, Muslim 4.6%, Christian 0.7%, other 0.1% (2000 census)	Muslim 86.1%, Protestant 5.7%, Roman Catholic 3%, Hindu 1.8%, other or unspecified 3.4% (2000 census)
<b>Languages</b>	Thai, English (secondary language of the elite), ethnic and regional dialects	Bahasa Indonesia (official, modified form of Malay), English, Dutch, local dialects (the most widely spoken of which is Javanese)
<b>Literacy</b>	<i>definition:</i> age 15 and over can read and write <i>total population:</i> 92.6% <i>male:</i> 94.9% <i>female:</i> 90.5% (2000 census)	<i>definition:</i> age 15 and over can read and write <i>total population:</i> 90.4% <i>male:</i> 94% <i>female:</i> 86.8% (2004 est.)

**Table 2 (continued): Comparative Information between Thailand and Indonesia**

Fact	Thailand	Indonesia
<b>Economic Overview</b>	With a well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand was one of East Asia's best performers from 2002-04, averaging more than 6% annual real GDP growth. However, overall economic growth has fallen sharply - averaging 4.9% from 2005 to 2007. The growth rate fell to 2.6% in 2008	Indonesia has made significant economic advances under the administration of President YUDHOYONO (.). Indonesia's debt-to-GDP ratio in recent years has declined steadily because of increasingly robust GDP growth and sound fiscal stewardship. Despite efforts to broaden and deepen capital markets, they remain underdeveloped. Economic difficulties in early 2008 centered on inflationary pressures, increased risk aversion resulted in large losses in the stock market, and significant depreciation of the rupiah.

Source: CIA Factbook, 2009

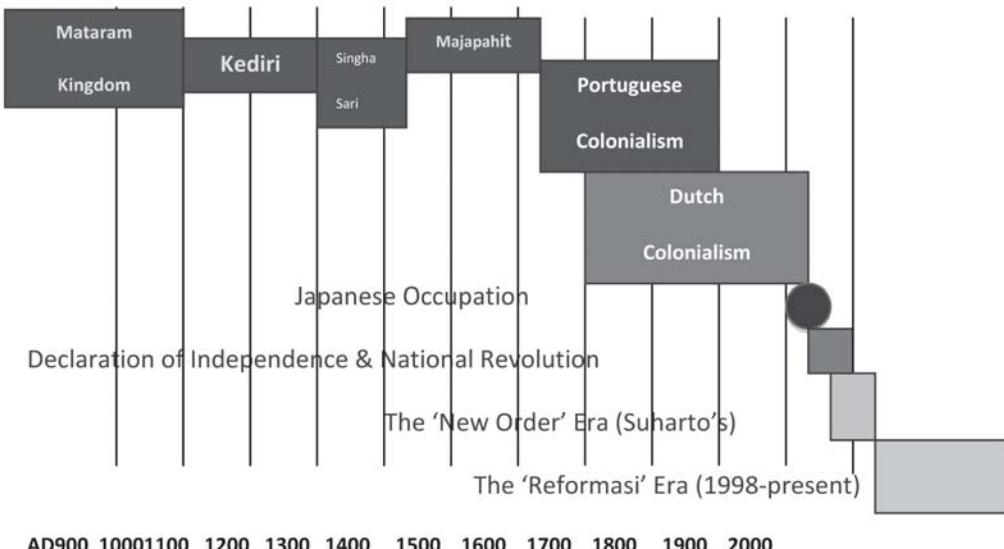


Figure 1: Indonesian History Line

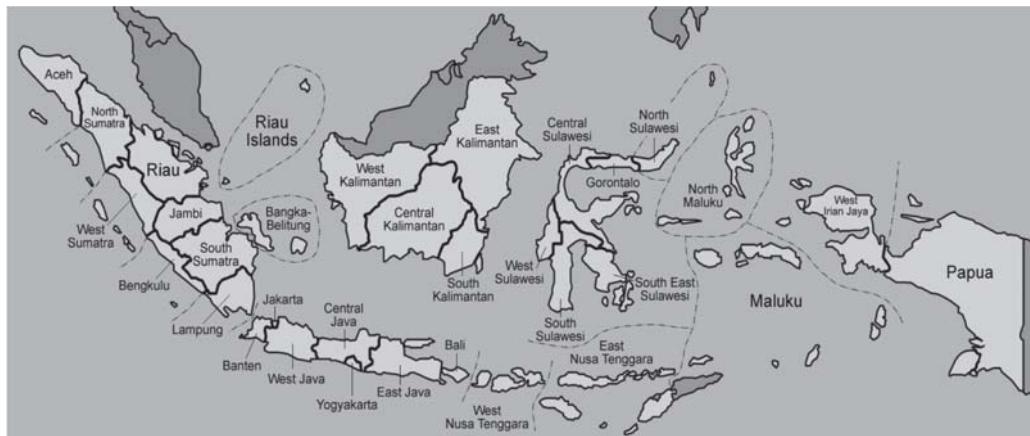


Figure 2: Map of West Java

Source:

Figure 2: from

Google. (2012). Map of west Java. Retrieved January 23, 2013 from [https://www.google.co.th/#hl=th&sclient=psyab&q=Map+of+West+Java&oq=Map+of+West+Ja&fp=1&bav=on.2,or.r\\_gc.r\\_pw.r\\_cp.r\\_qf.&cad=b](https://www.google.co.th/#hl=th&sclient=psyab&q=Map+of+West+Java&oq=Map+of+West+Ja&fp=1&bav=on.2,or.r_gc.r_pw.r_cp.r_qf.&cad=b)



**Figure 3: Map of Indonesia**

*Source:*

Figure 3: from

Wikipedia. (n.d.). Indonesia. Retrieved January 23, 2013 from <https://en.wikipedia.org/wiki/Indonesia>

## Endnotes

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