

Doing Business in Thailand | Thai Social and Business Culture

A Thai Culture Overview

Fact file

- **Official name** – Kingdom of Thailand
- **Population** – 65,905,410 *
- **Official Language** – Thai
- **Currency** – Baht
- **Capital city** – Bangkok
- **GDP** – purchasing power parity \$553.4 billion (2006 est.)*
- **GDP Per Capita** – purchasing power parity \$8,500 (2006 est.)*



A Thai Overview

Known as the Land of smiles, Thailand is a country of natural beauty, tropical climate and hospitable people. Thailand, previously called Siam, is the only Southeast Asian country never to have been taken over by a European power. Thai people are very proud of this and it is reflected in their culture. However, foreign colonial power in the countries surrounding Thailand has resulted in a large external influence, especially in Bangkok, offering a good balance between foreign and Thai culture. With a sense of humour and a welcoming attitude, Thais are pleasant people who value the Buddhist tradition. Doing business successfully with Thai people requires understanding the values and beliefs of Thai society.

Thai Culture – Key Concepts and Values

Family – As the cornerstone of Thai society, family is given great value and importance. Thai families are close and several generations may live in the same house, with the oldest male being the head of the household. The power structure of the family is mirrored in the organisational environment. Advice from elders is expected to be followed without question although this is becoming less true with time and modernisation.

Indirect Communication – Being subtle and indirect is a valued characteristic in Thai culture. In communication, a considerable part of the information lies in the underlying messages or in the non-verbal cues. Not to lose face, Thai people avoid direct confrontations and criticism, if given at all, is delivered indirectly.

Hospitality – The essence of Thai people's nature, hospitality is visible in both social and professional contexts. Thai people will welcome guests into their houses and show their generosity by offering anything they might have. Service is highly valued and given with a sense of modesty.

Doing Business in Thailand

Thailand, a monarchy after a bloodless revolution in 1932, is divided into four distinct geographical regions and borders Burma, Laos, Cambodia, and Malaysia. With a population of over 10 million, the capital city of Bangkok is the most important city economically and politically. Often portrayed as a culturally homogenous country, while original Thai people make up the majority of the population there are about 75 other ethno-linguistic groups.

Heavily dependent on export, Thai economy is currently growing. While Thailand's traditional major markets have been North America, Japan, and Europe, economic recovery among Thailand's regional trading partners is becoming more important. In order to conduct business successfully in Thailand, there are a number of important issues to take into consideration.

Thailand Business Part 1 - Working in the Thailand (Pre-departure)

- **Working practices in Thailand**
 - Normal office hours are 8 a.m. to 5p.m. or 9 a.m. to 6a.m. with lunch between 12 p.m. and 1 p.m.
 - It is acceptable to be a little late for meetings, as it is often unavoidable in Bangkok due to traffic jams, but calling to say that you are running late is appreciated.
 - April and early May are the main holiday periods and business trips to Bangkok should be avoided during this time as many staff will be on leave.
 - English is commonly used in business, especially in large companies in Bangkok, and presentations, proposals and contracts are acceptable in English. However, make sure to use fairly simple and non-idiomatic language and if language is a problem, interpreters should be offered.
- **Structure and hierarchy in Thai companies**
 - Thai business reflects a society in which hierarchy and respect for seniors are very important. Understanding social status of people and the vertical structure of a company is essential for doing business with the Thais.
 - Traditionally, women were underrepresented in the business world and especially in managerial positions. However, this has changed and now women have equal rights and protection as men, although some inequalities remain in the law. An increasing number of women hold professional positions and women's access to higher education has grown, with more than half of university graduates being women.
- **Working relationships in Thailand**
 - Building good relationships is an important part of business and the negotiation process. Thais place great importance in "liking" their business partners
 - Invitations to social activities from your Thai counterparts should always be accepted as these are used as a means of getting to know each other before doing business together.
 - Informal conversations before of after a meeting are common and should not be neglected. Thais may ask you personal questions about your age, marital status and educational background, to help them understand your place in the social hierarchy and how to build familiarity with you.

Thailand Business Part 2 - Doing Business in Thailand

○ Business practices

- Thais are generally not confident decision makers and often need to consult with several people before making a decision, leading to a lengthy process. However, impatience should be avoided as it will be seen as a sign of weakness.
- The traditional common form of greeting is the “wai” when hands are raised with palms together, fingers pointing upwards and with a bowed head. Younger and lower-ranking people are supposed to offer the wai first to their senior counterparts. The higher one’s hands are placed, the more respect is shown.
- In Thai business, first names are generally used, preceded by the honorific title “Khun”, used both for men and women. Note that Thais will tend to use first name as opposed to last names even when using Mr and Miss.
- A high quality business card is an important asset in Thailand and should be exchanged when initiated by the host. Cards should be offered to the most senior person first and it is imperative that cards are given and received with the right hand.

○ Business Etiquette (Do’s and Don’ts)

- ✓ DO wear business suites for meetings with trousers, a long-sleeved shirt and tie. Women should normally wear skirt and blouses, covering the shoulders and upper legs.
- ✓ DO give general praise to your Thai colleagues but avoid giving too specific praise in regards to a Thai’s possessions as he or she may feel obligated to give you the item in question.
- ✓ DO take off your shoes when invited into your Thai business colleague’s home.
- ✗ DON’T plan any meetings at the beginning and end of the day, these should be avoided due to difficulties with transport to the work place.
- ✗ DON’T joke about or criticise the Thai King or Queen as these are to be treated with respect and it is illegal to say or write anything offensive to royalty.
- ✗ DON’T touch your Thai colleague’s head as it is considered sacred according to Buddhist tradition.

Thai Culture Quiz – True or False

1. When receiving a gift from your Thai counterpart, make sure you open it in their presence.
2. When meeting your Thai business partner for the first time, you may be asked direct questions about your age and salary.
3. Putting your feet on the table touching anything with them is considered rude in Thailand.
4. In Thailand, showing emotions and losing one’s temper in public is acceptable.
5. You do not usually do the traditional Thai “wai” greeting with children or service staff.

Culture Quiz - Answers

1. False. It is considered rude to open a gift in front of the giver. Gifts should be put aside and opened later.
2. True. This is done to establish the social ranks between strangers and is not considered rude.
3. True. Feet are seen as unclean.
4. False. This is considered improper.
5. True.

* Source: CIA World Factbook 2007

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