



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 23 (Part 2) • 2017

The Competency for the Successful Project Manager of Residential Real Estate Business in the Lao PDR

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ABSTRACT

This article aims to present a framework of competency for the successful project manager of a residential real estate business in the Lao PDR. The researcher studied concepts through literature review and used qualitative research methodology to answer research questions as well as collect and analyze data to build Grounded Theory. It aims at data accessibility, interpretation and analysis that would lead to creating a new appropriate theory. The study will use in-depth interviews with business owners and project managers in the residential real estate business, who are knowledgeable executives and have expertise in the construction business. Moreover, the study also conducted discussions with business owners, project managers in construction business and engineers by using purposive sampling to select credible participants, who can contribute to the competency for project manager of residential real estate business. The results obtained from this research can be applied as a guideline or model and manual for competency development of project managers in residential real estate business as well as in human resources development for a project manager in real estate business, such as training and executive discussions. In doing so, they will become more effective and professional in their project management in the future.

Keywords: Competency/project manager/residential real estate project/The Lao PDR.

1. INTRODUCTION

The Lao People's Democratic Republic is currently developing in many aspects in governmental projects such as the dam to produce electricity constructions around the country that hope to become the 'battery of Asia'. Its focus is also the construction of industrial estates and investment promoting areas which bring a great amount of construction projects, as well as utility system developments around the country.

This is due to the needs of much development in the more regional areas in Laos, and at present all of the development only exists in the capital city. However, these policies will all bring about the developments and more investments to Laos, and therefore they provide construction business great potential to grow. (E-SAAN Center for Business and Economic Research, 2012)

Moreover, what the Laos government has done to increase foreign investment is to allow foreigners to live permanently in Laos (Nackhavong & Kaewma, 2016; Phommachith, & Thanitbenjsith, 2016). Foreigners can also purchase land and build houses or business buildings according to the laws. However, this requires them to invest 500,000 USD in the country and operate their business for at least 5 consecutive years as well as pay all of taxes and fees required by law. (Songrit, 2013) Therefore, this is a great opportunity for the housing or condominium construction business to respond to these policies, and be ready for foreign entrepreneurs and workers who are coming to take advantage of the free flow of labor in ASEAN.

Managing a project requires a combination of technical knowledge to control the budget, time and quality of the project as determined. At present, construction projects are continually encountering many problems such as time, finance, quality and so on. (BORIS, 2016)

A project manager with the most responsibilities is then the key factor to the success of a project. Managers are in charge of a number of tasks from planning the operation, managing risks, controlling the cost, and selecting appropriate technology. They also have authority to control and assign jobs, and to monitor staff so that the team can perform and accomplish tasks, Further they need to corroborate with many people who related to the job whether customers, government officers in charge of community in the project area, and finally, to represent the company. (Pakorn, 2012)

Therefore, the competency of project managers is considered one of the essential factors which indicates the success or failure of the operation (Saowakon, 2010). In this constantly changing and highly competitive environment, its effects are both an opportunity and an obstacle to business operations (Thaummasak, 2009). And this depends on the competency and potentiality of every staff member in producing the most satisfactory work for their customers (Xaypanyasith & Sribenjachot, 2016). As for being accepted in society, they need to adjust their work processes to be effective and well-prepared for risks such as quality, time duration, budget and so on (Aprichai Srimuang, 2009).

The data, work condition problems, and advance technologies in the construction industry altogether have made the competency and special expertise as a requirement for project managers in the residential real estate business. The researcher has selected the topic of the Competency for the Successful Project Manager of Residential Real Estate Business in the Lao PDR for this study as it is an important issue, and therefore studied concepts, theories and related researches related to the competency for successful project manager of residential real estate business. This topic has not been studied before in Laos, and therefore it is hoped to be useful for housing and residential real estate development industry as well as other related businesses.

2. RESEARCH OBJECTIVES

1. To study the competency for the successful project manager of residential real estate business in the Lao PDR.

2. To develop the competency for the successful project manager of residential real estate business guideline for the competency development for project managers in construction projects in the Lao PDR.

3. RESEARCH QUESTION

What are the competencies required for the successful project manager of residential real estate business in the Lao PDR?

4. LITERATURE REVIEW

The ASEAN Economic Community or AEC is an important factor which has stimulated different countries in ASEAN to develop their own economic systems to be ready for the AEC. The Lao PDR also pays attention to the country development. This can be seen from the 7th National Economic and Social Development Plan (2011 - 2015) which focuses on the importance of the investment for developing the industry within the country including the important primary utility systems for the economic system such as transportations, communication, and electricity systems. This contributes to a great number of construction projects in the Lao PDR. With these supportive factors, the construction businesses in Laos are expanding quickly and attracting more investors. (Royal Thai Embassy, Vientiane, Lao PDR) Increasing competitive conditions may affect small construction businesses that may have done little marketing, and are not yet well-known. Constructors in large construction projects often have high capability which requires knowledge, experience, highly professional expertise as well as modern technologies and machinery for the operation. (Thailand Trade Machinery & Electronic, 2011)

4.1. The Situation of Residential Area Construction Projects in the Lao PDR

Many large real estate projects in the Lao PDR are growing rapidly, especially in Vientiane and Luang Prabang due to the government promoting investment supports, such as 7-10 years of corporate tax exemption. In addition to this, any foreign investor can rent out land for business purpose for 35-70 years depending on the project type. And if they invest 500,000 USD, they will be able to buy 800 sq.m. of land for housing. The higher the investment, the more land they can purchase up to 6.25 rai or 1 hectare. As for Vientiane, the land price is increasing at a higher rate than before.

There are housing developments, but not condominiums, in the Lao PDR. Housing estates are for the wealthy, while the 3-4 storey commercial buildings are for the middle to upper middle class. The price of commercial buildings in Vientiane are around 78-80 sq.m. If they are located in a busy area, the selling price for each building will be around 2-3 million baht. As for real estate investment in Vientiane, any government-owned land will be available only for rent, and the investor must apply to obtain the concession. This is due to the laws that do not grant any rights to foreigner to own any land; however they can rent the land up to 60 years. As for privately-owned land, a foreigner can do a joint venture project without any concession. To be able to do so, they will have to propose some development plans and then submit them to the Ministry of Information and Culture of the Lao PDR for permission. Consequently, there are many investors in the real estate business and so they are hiring people to be in charge of project managements. This position can be considered as a key to the project success.

4.2. The Management of Residential Real Estate Project

Construction projects are involved with the use of technology. Therefore, to be able to develop the construction industry sustainably, both personnel and agencies involved in different stages of the construction, such as designer, construction material manufacturer, and the caretaker for the structure should be able to adjust and understand the importance of each step in the job. This is to ensure that the structure is strong, durable for its useable life, and causes the least effect on the environment, as well as, to build a construction for heavy duty, or any activity of creating a strong structure and for public use. Common produces of the construction industry are seen as in the water transportation facilities, such as docks, as in air transportation, such as the airport expansion project, and as in the land transportations, such as subway construction project, water delivery tunnel, houses, condominiums, bridges, and so on. Large utility projects like these are continually developed in developing countries. (Saendee, 2010)

4.2.1. Definitions of Management/Administration and Project

“Management” is commonly used in business meaning to manage according to the organization policies. While “Administration” is often used in governmental administration focusing on managing a government agency’s policies. However, both terms generally mean the same thing. (Sermsak, 1993)

Siriwan, *et. al.*, (2011) said, “Management or administration is a process that uses administrative resources in order to achieve management goal including planning, organizing, persuading and controlling.”

Cook & Hunsaker (2001) said, “Management is the practice or operation that is involved in commanding, organizing and human resource development, technology and fund, to be used in operative systems to provide services and products to others.”

Jones & George (2007) said, “Management is planning, re-organizing structure, leading, and controlling human resources as well as others in order to accomplish goals effectively and efficiently. Organization resources include machines, raw materials, funds, and technologies such as computer, I.T., and personnel such as skills, knowledge, and so on.

To summarize the definition of management or administration, it is an artful operation or collaboration of people in an organization, as well as utilization of resources in order to achieve goals effectively and efficiently. Management is involved in determining the organization’s competitive position, and organizing works according to clear missions, policies, objectives and strategies. As it is a guideline to help supervising the use of resources in work plans, it aims to lead the organization to an advantageous position and long-term steady growth.

4.2.2. The Definitions of Project as Follows

Prachum(1996) said, “A project is a work plan being set up systematically. It consists of small activities that require resources in their operations, and is expected to produce valuable outcomes. This work plan must have the operational beginning and ending time, clear objectives or goals, location to provide services that respond to the needs of the local people, and people or organizations in charge of such operations.”

Supada (2000) said, “A project is a group of activities with a definite beginning and ending. Or a group of activities and works with specific objectives, and must be done under specific conditions. As well, there

must be the beginning and ending time period, financial scope, and determined resources being used such as funds, personnel, and materials.”

Spinner (1997) said, “A project is an operation carried with an effort. As well, a special character which makes a difference under the time and objective frame. The project’s objectives often are a combination of operative quality, cost, and resources. To accomplish these 3 goals, the operation needs to involve all of the workers in each and every section of the organization. It is also a management across the organization, therefore the project operation is different from general routine management jobs.

To summarize this, A “Project” is a complicated operation or activity unlike routine work. The operation is carried either during some time or at defined time period, with definite budget and management resources. It has a specific way in operation to meet the needs of their customers or consumers as the first priority. In general, organizations would set the objective that their projects aim to meet customer’s satisfaction.

According to above definitions, the researcher has summarized that, “Project Management” is a process of operation or activity that is unique and not duplicated with any current operation or activity. Its strategy or method is different from general or routine management, in order to achieve the objectives that have been set under the budget, personnel and time frame and so on.

4.3. The Role of Construction Project Manager

Generally, project managers are people whose job it is to submit the project to customer within a time frame and budget, and in a way that the project quality would meet the standards set by the customer. (Burke, 2006) The Chartered Institute of Building (CIOB) pointed out that the project managers would need to manage personnel who come from different backgrounds, so the manager must possess related and necessary skills and abilities to be able to control the project. (CIOB, 2002) It is also important that the project managers not only manage the team, but also lead the team in the way to gain trust and respect. That is to motivate, collaborate, encourage and use other skills while leading their teams to achieve the goal of delivering a complete project.

Griffith and Watson (2004) explained that someone who is a project manager in construction project would have many duties, such as operating, controlling, and managing.

The roles for project manager are as follows: (TELECOMTH.COM, 2016)

1. Preparing project schedule including details of work, monitoring the technical features, and controlling project costs,
2. Directing the technical implementation and day-to-day operational duties,
3. Organizing the organizational structure and controlling the design of the system,
4. Attending technical meetings with officials responsible for the project or work with the client to ensure that the information is transmitted properly,
5. Contacting and coordinating with manufacturers and suppliers to ensure that they are able to supply and ship the materials correctly,
6. Controlling Internal Management, planning allocation of manpower, determining how practice, prepared to handle problems and solutions, and cost control program and so on,

7. Arranging meetings to report on the progress of the project in terms of administration and the technical nature of the project, a discussion of the performance, technical activities analysis and testing in the field, and
8. Supervising service in the maintenance systems to work seamlessly.

In conclusion, the project manager is someone who works the part of project management, responsible for the planning, implementation and project management, and to meet customer demand, manages the cost and quality of work to reach the goals. This is in addition to the risk management, team or employees.

4.4. Concept of Competency

Competency model is an important tool in human resource management that executives in all level can apply in their personnel recruitment, care and development. This is so that the employed would have desirable knowledge, skills, abilities, and personalities for their positions, and able to perform as expected of them.

4.4.1. The Definitions of Competency

Competency is a work factor that can increase an organization's competitive capability, especially in human resource management. It is the factor that helps develop the personnel abilities which affect overall organization development. Therefore, different organizations apply the competency as a tool in their management, such as human resource management, curriculum development, service or executive leadership development and so on.

The following are examples of the definition of competency.

Boyatzis (1982 referred in Danai Tienput, 2003), "Competency" is a group of abilities in an individual. It indicates behaviors in achieving goals under organization environment and leads him to produce desired outcome.

David (1993 as referred in Sukanya Rajsameethammachot, 2005) said, "Competency" is a hidden personality that can drive someone to perform well or to the standard.

David & William (2004) said, "Competency" is the attributes that people have and use properly to perform and achieve goals. This includes knowledge, skill, personality, social motivation, character, as well as thinking pattern, idea, feelings and creativity.

Arnon (2003) summarizes that 'competency' includes attributes of a person including knowledge, skills, ability, and other qualities such as value, ethics, personality, physical attributes which are necessary and relevant to the needs of the organization. It should be able to identify important and outstanding characteristics of a successful performer. On the other hand, they are the qualities that people who do not succeed at work need to have.

Office of the Civil Service (2005) gave the definition for competency, "A group of work behaviors that derived from someone having knowledge, skill, ability, or other attributes which are necessary for a success or outstanding performance.

To summarize this, "Competency" is a set of knowledge, skills, and attributes which leads to the success and produces the work according to standard or higher.

4.4.2. Determining Competency for the Executives

Sukanya (2005) said that in order to determine the competency, it needs to first consider, “What are the works” that a “Manager” need to do. According to the Management Theory, the “manager” should have at least 4 of the basic managerial functions: Planning, Organizing, Leading, Controlling.

These roles and responsibilities may have different details and practices depend on the “Managerial Level” in the organization.

Hellriegel, Jackson and Slocum (2007) found that the person in the “Manager” role with responsibilities according to the above definition should also possess the Six Key Managerial Competencies as follows.

1. Communication Competency: Both formal and informal communications including negotiation,
2. Planning and Administration Competency: collecting and analyzing data including planning and managing project, time, finance and budget managements,
3. Teamwork Competency: Creating an atmosphere for collaborative teamwork and managing all the changes in the team,
4. Strategic Competency: The understanding in business, organization and strategic operations,
5. Global Awareness Competency: Knowledge and comprehension of diverse cultures, open-minded and sensitivity in different cultures, and
6. Self-Management Competency: Honesty and ethics, personal motivation and focus, balance between work and personal life, self-perception and development.

Competency is, as demonstrated, consisting of many supporting competencies that altogether strengthen each of the core competencies and lead to well-rounded, effective and efficient management for the executives.

5. RESEARCH METHODOLOGY

This study used qualitative research methodology in collecting and analyzing data. The following are the operative processes coherent with the research objectives:

1. In-depth Interviews will carry with business owners, project managers in residential real estate business, and engineers in housing and residential construction. The study used the purposive sampling to select at least 15 individuals who have knowledge and expertise in construction business, and after that the “Snow Balls” technique was used or until there was information saturation. The researcher would know the exact number of sampling after in the interviews were complete.
2. Focus Group Discussion: It will organize as the group members having specific knowledge and similar attributes and backgrounds, also had potentials to answer questions. The focus group discussion was consisted of 7-8 residential real estate business entrepreneurs. The group had the best interactive and debate (Kasemsit, 2008).

The Research Methodology is illustrated in Figure 1.

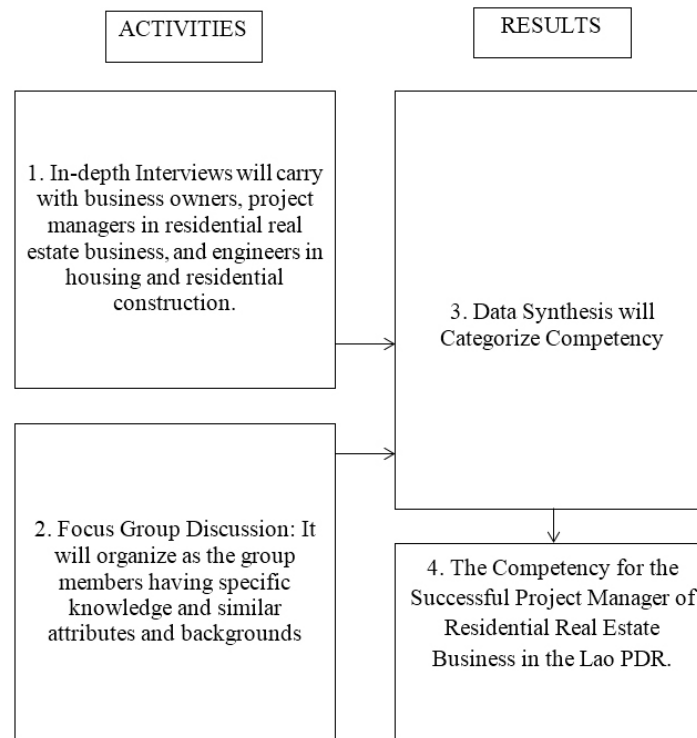


Figure 1: Diagram of the research methodology

6. CONCLUSION

Housing and residential construction projects are involved with the use of technologies, and also personnel and agencies who are involve in different stages of construction such as project managers, designers, construction material manufacturer, foreman, the caretaker of the structure. They need to have a good understanding of and pay attention to every working step to ensure that the structures will be strong and durable for its useful life, and have the least effect to the environment. Therefore, it is the responsibility of executives in all level to manage the project most efficiently. Generally, the success of a project management depends on an ability to manage and determine different factors, such as time, funds, techniques, and quality. These are the things that a project manager needs to manage and make decision for the best work performance. The housing and residential construction business, that gains credibility from the market as a quality business, must have its constructive quality control by high experienced project engineers, and professionalism to ensure that the construction are carried according to its defined model and standard. The environment and social responsibilities should also be considered as homes are the most important foundation of life.

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