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The Labor Market of Japanese-Affiliated Enterprises in Thailand

— A Case Analysis of the Bangkok Metropolitan Area —

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One of my research subjects is to cross-nationally compare the labor markets at the forefront of development in Asia. This paper examines the structure of the domestic labor market in Thailand based on the survey data of Japanese-affiliated enterprises in the Bangkok Metropolitan Area. The formations of the diversified labor markets in this region have shown unique evolutions with interactive regulation between the peculiar socio-institutional factors and the market principles that pervade with an impact mainly from foreign direct investments.

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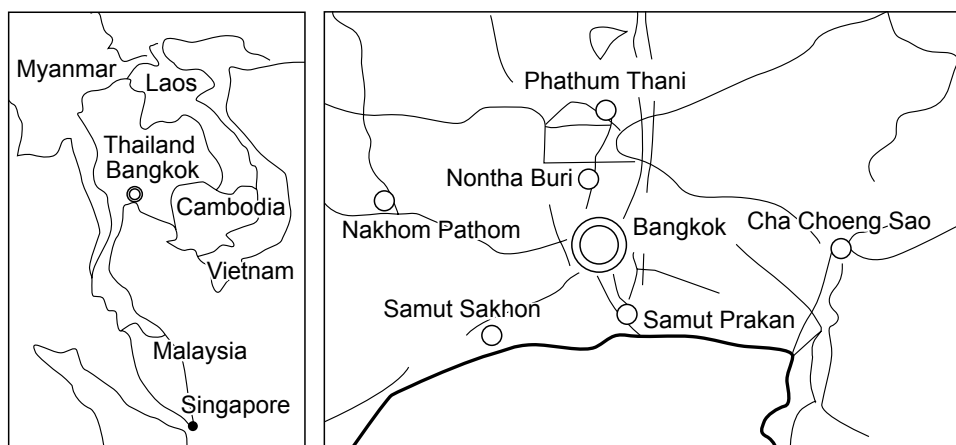
Preface

Previous research study on the labor markets in the seven areas of six Asian nations (Miyamoto: 2002) dealt with China, Taiwan, Vietnam, Malaysia, Singapore and Indonesia, but one of the major Southeast Asian countries, Thailand, could not be included in the analysis due to the author's investigation schedule (2000~2001). Because the survey in Thailand (Bangkok) was finally conducted in March 2005, this paper will supplement the previous research by examining a part of the labor market in Thailand based on the survey data of Japanese-affiliated enterprises in the Bangkok metropolitan area; therefore, this paper will grasp the characteristics of the Thai labor market from the perspective of a cross-national comparison with the labor markets of other major Asian nations, especially Southeast Asian nations. With regard to a variety of statistical materials and the author's survey data, attention should be paid to the comparison with Malaysia, Indonesia, the Philippines and Singapore, for which the obtainable data are as accurate as that of Thailand.

In the meanwhile, socio-economic researches on contemporary Thailand have accumulated abundant research compared to similar researches on other Southeast Asian nations; however, the field of researches on labor issues is one of the most underdeveloped research areas as in other Southeast Asian countries. In the earlier studies on the labor market, accumulation of research findings has been made to some extent through studies on the rural labor market, off-farm employment and labor practice of reflux migrant labor by the rural labor force that are explained on the basis of the subsequent transformation of the rural society since the so-called green revolution that went into full scale in the 1970s. Regarding the urban labor market, accumulation was made mainly through analyses focusing on the actual employ-

ment situation of the informal sector (urban unofficial sector). Despite the advancement of development and industrialization since the late 1980s and rapidly growing urbanization mainly in the Bangkok metropolitan area, full-fledged studies on contemporary features of the urban labor market remain scarce. To the best of my knowledge, the few pioneer accomplishments are as follows: Tasaka [1989], which looked at the internal labor market of Japanese-affiliated companies, Suehiro [1997], which overviewed the labor market of the manufacturing industry, Ohno [1992, 1993], which focused on the labor management at Japanese-affiliated companies and Ueki [2002], which looked at the transfer of Japanese-style managerial skills and human resource development. These foregoing studies are of value in a sense that each of them attained results in empirical researches based on the local survey of enterprises. The analytic level of each study, however, remained microscopic and each study has not reached the research stage that enabled the authors to totally grasp the unique demand-supply relations of labor forces in the Thai manufacturing industry, composition of the internal labor market, and contemporary characteristics of labor and human resource management. This paper aims at playing a partial role in accumulation of future empirical researches, which is of significance, and makes an attempt at a case analysis with the aforementioned viewpoint of comparison with neighboring nations (refer to Figure 1).

Figure 1. Brief Map of Bangkok, Thailand



1. Fundamental Features of the Labor Market in Thailand

1. Direct Investments and Japanese-Affiliated Enterprises

Let us first confirm the situation of overseas direct investments into Thailand and the advancement of Japanese-affiliated enterprises with the latest data. According to the Board of Investment of Thailand (BOI), the accumulated amount of registered capital on an approval basis between 1985 and 2003 shows 205.1 billion baht of domestic capital investments, in contrast to 367.9 billion baht of overseas investments (direct investments with the overseas capital ratio exceeding 10%); that is, approximately 1.8 times the domestic investments. The composition ratios of overseas investments by country indicates outstanding 44.8% marked by Japan, followed by 9.4% for the U.S., 7.8% for Taiwan, 4.2% for Singapore and 4.1% for the

Netherlands, which highlights the significant presence of Japan (Japan External Trade Organization [JETRO] Bangkok, Statistical Handbook of Thailand). Other Southeast Asian countries have severe competition for direct investments as a common feature due to the intense boost by Western countries and Asian NIEs after the collapse of the one-time monopoly situation of Japan's investments since late 1980s, while Thailand enables Japan to distinctively remain a dominant presence.

Table 1 indicates the situation of advancement of Japanese-affiliated enterprises by industry, classifying 1,207 corporations that had advanced by the end of 2004 that were shown in the data compiled by the Japanese Chamber of Commerce in Bangkok. These enterprises are mainly those in the automobile (including the automobile-related businesses) and electricity/machinery industries; however, since the data sources are primarily major trading and manufacturing firms, the number of Japanese-affiliated enterprises including small- and medium-sized corporations is estimated to be approximately 7,000 (JETRO Bangkok). With regard to Japan's direct investments into Thailand, the automobile industry demonstrates an overwhelming presence. In recent years, further prominent development in Asia with the two production hubs in Thailand and China by Toyota and other Japanese leading automobile industries is perceived, and Thailand is a core base in South-east Asia for Japanese-affiliated automobile manufacturers. Almost all Japanese-affiliated automobile manufacturers have started their operations in Thailand, involving an estimated approximately 600 Japanese manufacturers for both assembly and components production, and they are occupying more than 90% of the domestic

Table 1 Situation of Advancement of Japanese Enterprises by Industry (End of 2004)

	No. of Enterprises	Composition Ratio (%)
Commerce/Trading	186	15.4
Manufacturing	629	52.1
Metals	85	7.0
Automobiles and Automobile-Related	114	9.4
Electricity/Machinery	168	13.9
Textiles	48	4.0
Chemistry/Ceramics	92	7.6
Food	36	3.0
Others	86	7.1
Civil Engineering/Construction	70	5.8
Finance/Insurance/Securities	42	3.5
Air Services/Transport	73	6.0
Tourism/Services	16	1.3
Hotels/Restaurants	43	3.6
Advertising/Publishing	25	2.1
Distribution/Retailing/Department Stores	21	1.7
Government-Related Organizations	10	0.8
Others	92	7.6
TOTAL	1,207	100.0

(Source) Japan External Trade Organization (JETRO) Bangkok Center, Japanese Chamber of Commerce in Bangkok.

market of Thailand. The clear strategy of original development of automobiles centered on pickup trucks in Thailand and export to the third nations has been drawn (the actual production was 920,000 in 2004, 330,000 of which were exported.).

The electric/electronics industry is following the automobile industry in terms of the highest number of entries of Japanese-affiliated companies. It is commonly found across nations that the electric/electronic industry is becoming a leading player among the multinational enterprises of developed countries and Asian NIEs expanding their businesses into Asia. Concerning the IT/electronics component industry in Thailand, Japanese manufacturers established a system of division of labor with China, while they are strongly aware of coexistence with the automobile industry and aim to advance into automobile-related fields. On the other hand, labor-intensive industries such as fabrics and sundries that used to be the leading industries are forced to retreat from the intensive competition with China, and it is becoming notable that they are migrating to China or Vietnam for lower wages and land prices.

2. Fundamental Features of the Labor Market in Thailand

This chapter overviews the fundamental characteristics of the Thai labor market through the composition of laborers and corporations by scale, based on the macro data compiled by the Ministry of Labor of Thailand in 2002, and pays attention to cross-national comparison with other Southeast Asian countries as mentioned earlier.

Table 2 depicts the composition of the employed in Thailand by industry and their international comparison with four Southeast Asian countries. Firstly, concerning the composition ratios for workers in Thailand, those for the agriculture/forestry/fisheries and the commerce/catering industries are found to be strikingly high. Regarding the features of Thailand, which was once said to be developing under NAIC-style economic growth, although it has changed to a certain extent since the 1980s, primary industries (almost synonymous with agriculture, because the composition ratios for forestry and fisheries are low) still remain predominant in the industrial structure. Compared with the statistical data of major Southeast Asian countries during approximately the same period, the composition ratio of the primary industry (agriculture) is equivalent to that in Indonesia and the Philippines. In comparison with Malaysia, which is occasionally classified as one of the Asian quasi-NIEs along with Thailand, the composition ratio of the Thai manufacturing sector is about 10 points lower, and that of the advanced service industries, in which the finance industry is one of the indicators, also marks lower. A simple comparison with the city state of Singapore should be avoided because Singapore has no agricultural sector, but the sharp disparity between Thailand and Singapore can be seen in the sense of sophistication of the industrial structure.

In examining the industrial and employment structures of Thailand, particular attention must be paid to regional characteristics. While the rural labor market and off-farm workers are increasing in the broad rural zones centered on the Northeast Region, the prominent radial expansion of the metropolitan industrial zone from the Bangkok metropolitan area has resulted in widening of the urban labor market and absorbing the labor force in the rural areas. As a result, the urban labor market

Table 2 Compositions of the Employed in Thailand by Industry and Their Cross-National Comparisons

	Thailand (Year 2002)		Remarks			
	Number of Laborers (1,000 persons)	Composition Ratio (%)	Malaysia (Year 1995, %)	Indonesia (Year 2003, %)	Singapore (Year 2000, %)	Philippines (Year 2000, %)
Agriculture/Forestry/Fishery	14,041.9	42.5	18.0	46.3	–	37.4
Mining	44.8	0.1	0.5	0.8	–	0.4
Manufacturing	5,052.4	15.3	25.9	12.0	20.8	10.1
Electricity/Gas/Water Supply	88.5	0.3	0.8	0.2	–	0.4
Construction	1,786.6	5.4	8.3	4.5	13.1	5.1
Commerce/Restaurant Business	6,988.8	21.1	16.8	18.6	19.2	16.5
Transport/Communication	1,008.9	3.1	5.0	5.5	9.4	7.3
Finance/Insurance/Real Estate	772.5	2.3	4.8	1.4	15.4	2.4
Other Service Industries	3,028.5	9.2	11.0	10.7	21.6	20.3
Others	248.3	0.8	8.7	–	0.6	–
TOTAL	33,061.2	100.0	100.0	100.0	100.0	100.0

(Source) Thailand: Ministry of Labour [2002].

Malaysia: Percetakan Nasional Malaysia Berhad [1996].

Indonesia: Buro Pusat Statistik [2003].

Singapore: Ministry of Manpower [2001].

Philippines: National Statistical Coordination Board [2001].

and the regional rural labor force, both of which are multilayered, are conjoined through the concurrently stratified flow channels of the labor force. In this respect, when the preceding researches are amplified somewhat, it can be stated that the urban labor market becomes multilayered from the upper labor market that absorbs the “new middle class” (white-collar such as professional, technical and clerical laborers) generated by a certain extent of popularization of higher academic qualifications in the labor market for urban miscellaneous services, and in the micro-, small- and medium-sized enterprises into which unskilled migrant workers with lower education from rural areas enter. From rural districts that are major resources of labor force, the upper farmers who are educated flow into the metropolitan area for higher incomes and the urban lifestyle, alongside the main urban migration flow of household constituent members from the lower and the poor farming classes; as a result, all the strata of rural districts are pluralistically conjugated with the multilayered urban labor market (refer to Tasaka: 1991, Suehiro: 1997).

Let us now consider the composition of laborers in Thailand by profession and their cross-national comparisons shown in Table 3. The total of the composition ratios for managerial, professional and technical laborers has reached a certain level that is nearly equal to that of Malaysia from a perspective of international comparison, and this evokes the growing compositional ratio of the “new middle class” as a social class; on the other hand, the high ratio of the work force engaged in agriculture, forestry and fisheries, as mentioned earlier, reflects the distinctive Thai industrial structure, and is similar to those of Indonesia and the Philippines. The total of the labor force engaged in agriculture, forestry and fisheries and production, transport and unskilled labor amounts to about 70% of total labor, which high-

Table 3 Compositions of the Employed in Thailand by Profession and Their Cross-National Comparisons

	Thailand (Year 2002)		Remarks			
	Number of Laborers (1,000 persons)	Composition Ratio (%)	Malaysia (Year 1995, %)	Indonesia (Year 2003, %)	Singapore (Year 2001, %)	Philippines (Year 2000, %)
Administrative/Management	2,380.6	7.2	2.7	0.2	13.5	5.8
Professional/Technical	2,375.8	7.2	10.3	3.0	28.4	2.3
Clerical	1,126.2	3.4	10.1	4.8	13.4	4.6
Sales/Service	4,347.0	13.1	23.7	21.7	11.3	26.3
Agriculture/Forestry/Fishery	12,429.7	37.6	21.0	46.1	–	37.0
Production/Transport/Manual Workers	10,388.6	31.4	32.2	23.6	29.7	23.7
Others	13.3	–	–	0.5	3.7	0.1
TOTAL	33,061.2	100.0	100.0	100.0	100.0	100.0

(Source) Thailand: Ministry of Labour [2002].
 Malaysia: Percetakan Nasional Malaysia Berhad [1996].
 Indonesia: Buro Pusat Statistik [2003].
 Singapore: Ministry of Manpower [2001].
 Philippines: National Statistical Coordination Board [2001].

lights the hierarchical disparity with managerial, professional and technical strata. At this point, it should be noted that in these sort of official statistics, the workforce involved in urban miscellaneous services (so-called “urban informal sector”) is not counted; in addition, as is well known a large number of foreign workers entered into farming labor in regional rural areas centered on the Northeast Region (the illegal labor, mainly consisting of Myanmarese and Laotians, exceeded 700,000 at the time of 1996; Suehiro:1997), which leads to the problem of the extent to which the statistics reflect this fact; therefore, the complete picture of the lower labor stratum cannot be grasped only with statistic materials. Close attention must be paid to the inconsistencies between reference materials and the actual situation.

With Table 4 describing the composition of the employed in Thailand by educational attainment, let us compare the progress of popularization of higher education to those of Indonesia and Singapore. The outstanding disparities in terms of educational backgrounds can be recognized in that while the highly educated with qualifications from technical colleges/professional schools or higher amount to more than 10%, the total number of workers with no school qualifications/elementary school dropouts exceeds 40%. Compared with Indonesia, the composition ratios of junior high and high school graduates are lower, and the trend in bipolarization of the low-educated class with elementary graduation or lower and the highly-educated class with educational attainments of technical colleges/professional schools can be recognized. This academic hierarchy based on educational backgrounds is considered to correspond to the aforementioned agro-industrial regional structures by industry and the gapped structures in the compositions by profession. In other words, the development of the multilayered labor market in the metropolitan area is connected with the various strata in rural areas, and highly-educated individuals enter into the upper labor market, while the group of lower educated/unskilled workforce enters into the labor market of urban miscellaneous services and micro-

Table 4 Compositions of the Employed by Educational Attainment in Thailand and Their Cross-National Comparisons

	Thailand (Year 2002)		Remarks	
	Number of Laborers (1,000 persons)	Composition Ratio (%)	Indonesia (Year 2003, %)	Singapore (Year 2000, %)
No Educational Attainment	1,177.0	3.6	5.2	–
Elementary School Dropout	12,893.6	39.1	13.1	–
Elementary School	7,473.9	22.7	38.3	25.1
Lower Secondary	4,302.4	13.1	20.1	13.0
Upper Secondary	3,299.9	10.0	18.6	25.3
Technical College/Professional School	1,948.8	5.9	1.9	21.6
University/Postgraduate School	1,862.9	5.7	2.7	15.0
TOTAL	32,958.5	100.0	100.0	100.0

(Source) Thailand: Ministry of Labour [2002].
Indonesia: Buro Pusat Statistik [2003].
Singapore: Ministry of Manpower [2001].

small- and medium-sized enterprises. Furthermore, the inflow of the major part of the additional labor force from the remote and rural areas still can be seen. This demonstrates the laborer sourcing structure.

Examining Table 5 that shows us the compositions of businesses by scale; what is noticeable are the overwhelming ratios of micro-, small- and medium-sized corporations in the number of business establishments in Thailand, and the increased share of large enterprises in terms of the composition of the labor force. According to the table, we can point out the following: First, from a nation-wide viewpoint, micro-, small- and medium-scale establishments have the absolute majority; establishments with less than 100 workers account for 96.5% of the total number of business establishments, while those with more than 500 workers represent 0.5% and those with more than 1,000 comprise 0.2%. Second, as for the number of laborers, establishments with less than 100 workers account for 42.1%, in contrast to 30.7% and 20.1% for those with more than 500 and those with 1,000 workers, respectively, which demonstrates the employment absorption capacity of large-scale establishments is relatively increasing. Third, when we consider the concentration of large-scale firms in the Bangkok metropolitan area, it can be found that the number of establishments in the Bangkok metropolitan area having more than 500 workers accounts for 64.0% of the whole nation, and the number of business establishments with more than 1,000 workers comprises 63.6%; in this way, the formation topped with large-sized corporations that have relatively high employment absorption capacity around the Bangkok metropolitan area can be confirmed. We can easily infer that these large-scale enterprises are mainly foreign-affiliated firms and local Chinese conglomerate-type corporations, and many of the aforementioned highly-educated laborers or those with secondary and higher education in charge of professional/technical work have joined these enterprises.

Speaking of cross-national comparisons of the compositions by scale of enterprises, because to my best knowledge there are few countries that officially release

Table 5 Compositions of Business Establishments by Scale in Thailand (Classification by the Numbers of Laborers, as of 2002)

All of Thailand	1 - 4 Persons		5 - 9 Persons		10 - 19 Persons		20 - 49 Persons		50 - 99 Persons	
	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers
Actual Number	177,729	386,664	73,501	487,152	48,856	658,969	35,921	1,090,653	10,089	703,689
Composition Ratio (%)	49.6	4.9	20.5	6.2	13.6	8.3	10.0	13.8	2.8	8.9
All of Thailand	100 - 299 Persons		300 - 499 Persons		500 - 999 Persons		1,000 Persons or More		TOTAL	
	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers
Actual Number	8,565	1,431,569	1,899	717,250	1,244	842,125	744	1,590,910	358,548	7,908,981
Composition Ratio (%)	2.4	18.1	0.5	9.1	0.3	10.6	0.2	20.1	100.0	100.0
Bangkok Metropolitan Area	1 - 4 Persons		5 - 9 Persons		10 - 19 Persons		20 - 49 Persons		50 - 99 Persons	
	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers
Actual Number	81,039	184,029	41,460	276,670	28,894	390,626	21,975	670,439	6,130	426,881
Composition Ratio (%)	43.3	3.8	22.2	5.7	15.4	8.1	11.7	13.9	3.3	8.9
Bangkok Metropolitan Area	100 - 299 Persons		300 - 499 Persons		500 - 999 Persons		1,000 Persons or More		TOTAL	
	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers	Establishments	Laborers
Actual Number	5,213	873,655	1,172	444,437	810	544,671	461	1,011,351	187,154	4,822,759
Composition Ratio (%)	2.8	18.1	0.6	9.2	0.4	11.3	0.2	21.0	100.0	100.0

(Source) Ministry of Labour [2002].

(Note) Excluding the Agricultural Sector, International Organizations, Religious Organizations, and Other Migrant Businesses.

these data, and the classifications of corporation scale differ across nations, it is difficult to make international comparisons. For instance, although the composition by enterprise scale of Indonesia can be obtained from the data compiled by the Central Bureau of Statistics, the classification of the workforce have only four classes, i.e., firms with less than 4 laborers, those hiring from 5 to 19, those with 20 to 99, and those having more than 100. Furthermore, with this four-category classification only the compositions of establishments in number can be identified (there exist other classifications concerning solely medium- and large-scale establishments with 20 laborers). In Indonesia, the composition ratio for the business establishments hiring more than 100 workers is no more than 0.1% (1996), and the nation is characterized by an overwhelming number of micro-sized business establishments. On the other hand, looking at the classification by the Ministry of Manpower of Singapore, we can obtain only the composition of three classes of establishments with more than 25 workers: those with 25 to 99, those having 100 to 249 and those employing more than 250 laborers. These data show that the number of establishments with more than 100 workers comprises 23.7%, while those with more than 250 account for 7.8%, which demonstrates the higher concentration into large-sized firms. Despite the difficulty of making comparison of the same accuracy because of the different classification criteria, we can point out the rather denser accumulation of large corporations in Thailand compared with Indonesia, while the extensive presence of micro-, small- and medium-sized enterprises is a distinguishing feature as seen in the comparison with Singapore.

II. The Labor Market of Japanese-Affiliated Enterprises in the Bangkok Metropolitan Area

1. Outline of the Surveyed Enterprises (Survey was conducted in March 2005)

To begin, let us present the outlines of the three investigated enterprises. Company TA is a locally-incorporated enterprise of a leading Japanese food manufacturer in Thailand. In 1988, it advanced into the Bangpoo Industrial Estate located in Samut Prakan Province in the southern vicinity of Bangkok (there are about 150 enterprises settled in the Bangpoo Industrial Estate, of which approximately 50 are Japanese-affiliated corporations), and was capitalized by 100% Japanese investments (90% covered by the parent firm of the locally-incorporated company and 10% by a local Japanese enterprise). Since its foundation, 99% of the products are reverse exported to Japan (Japan is the only destination for export). The economic crises that took place in 1997 increased raw material costs, but exerted no significant influences, and it is one of a few industries which made a strong showing during the economic crises, making use of the advantages from procuring raw materials locally and being a totally exporting enterprise.

Company TB entered into the Welgrow Industrial Estate in Chachoengsao in 2002. It is a manufacturer of automobile components with capital 100% covered by the Japanese parent firm, and all of its products are supplied to a leading Japanese-affiliated automobile manufacturer in Thailand (about 90% of the automobile production in Thailand is performed by Japanese-affiliated makers). This corporation is a supplier of primary parts for the largest Japanese automobile manufacturer, and

45% of its raw materials and components are imported from Japan. There are 22 local parts suppliers; most of them are Japanese-affiliated makers of secondary components and only a few are purely local firms (this fluctuates somewhat depending on the production period).

Company TC is a manufacturer of home electric products that advanced into an industrial complex located in Samut Prakan in 1964 and a trailblazer in the early phase of industrialization. It still retains a joint venture form, which was generally introduced in cases of foreign investment during that era. Its joint management partner is a local Chinese conglomerate-type enterprise; the investment percentages are 58.9% from the Thai side and 41.1% from the Japanese side. The majority of the executives are Japanese, and plant management and operation are carried out by Japanese representatives. For logistics and product sales channels, however, the networks of the partner Chinese conglomerate are applied. Components are procured from Japanese-affiliated makers that have advanced into local areas, and 34% of the products are domestically shipped while 66% are exported, out of which 80% are reverse exported to Japan (figures are based on the performance in 2004). This company extensively downsized its domestic production in Japan, and introduced the system of labor division by product with two major hubs of overseas development in China (Shanghai) and Thailand.

2. Labor Force Demand Structure

The following examination begins from the demand structure in the labor market of enterprises under investigation.

Table 6 depicts the compositions by position at the three surveyed corporations. From the viewpoint of cross-national comparison, in-house posts are categorized into seven classes as in my former paper; needless to say, the detailed actual compositions by position vary at each company. Let us now start with the characteristics of each company obtained from interview surveys.

Company TA. There is no precedent of promotion of foremen or task leaders in the production departments into positions in the indirect departments, or from clerical/technical positions in the indirect departments into management. General production positions are filled with graduates from lower and upper secondary schools, especially workers who are lower secondary graduates who are mainly from the Northeast Region, and homegrown workers can be hired under the condition of being high school graduates. General plant workers are paid on a daily basis, and upon promotion to group leaders (the average length of service is two years) their pay system is changed to a monthly basis. Graduates from colleges, professional schools and universities are in principle hired as supervisors.

Company TB. Of the regular factory workers, those who achieve high work performance are promoted to task leaders (the average service years is six years), but no group leader or foreman is selected into the indirect departments. Workers engaged in clerical/technical work can be promoted to managerial posts, requiring at least 10 years of continuous service. When the company was founded, lower secondary graduates were hired as workers, but currently in principle, upper secondary graduates are employed. Temporary workers who are external workers mainly take charge of in-plant cleaning and cargo handling on a one-year contract, and are

Table 6 Compositions by Position in Three Japanese-Affiliated Companies in the Bangkok Metropolitan Area

	Company TA			Company TB			Company TC		
	Japanese	Thais		Japanese	Thais		Japanese	Thais	
		Males	Females		Males	Females		Males	Females
Directors	2	2	–	2	3	–	7	15	–
Managers	2	1	2	3	20	3	5	40	6
Technical	–	3	5	–	11	–	–	98	64
Clerical	–	2	7	–	25	13	–		
Foremen/ Task Leaders	–	5	7	–	64	–	–	76	9
Regular Factory Workers	–	127	269	–	220	49	–	385	289
Temporary Workers	–	–	–	–	(23)	(10)	–	(844)	
TOTAL	4	140	290	5	343	65	12	614	368

(Source) Author's Survey (As of February, 2005).

differentiated from the regular factory workers in terms of job content. Since these temporary workers are commissioned through employment agencies, they are provided with minimum wages and overtime charges, but because of their status as non-internal workers they are excluded from the provision of allowances and benefits.

Company TC. The number of dispatched workers in the production field reached 823, in contrast to 999 regular workers, which shows an extremely high ratio of external workers. Concerning the proportion of laborers in the direct departments to those in the indirect departments, there are 1,394 workers in the direct sectors compared to 440 in the indirect sectors. In principle, high school graduates are hired as proper workers and promoted up to chiefs. University graduates are employed as staffs (clerical /technical /managerial). The highest position of the local laborers at the time of survey was a vice president, but this individual was hired through mid-career headhunting. Since dispatched temporary workers are positioned on the plant lines like the proper operators, there is little distinction in the job contents with the general regular factory workers. The working conditions of the dispatched workers are determined totally by the employment agencies, not by Company TC; the conditions were as follows: the required educational attainment was high school graduate level, the employment was on a multi-month contract basis, the pay at the time of survey was the minimum wage of only 175 baht at the local rate (the same amount in Bangkok), which was revised in January 2005.

In compiling the common features among the above-mentioned three companies for their in-house labor force structures, the following can be pointed out. First, there exist separate hiring and promotion/pay-raise rules for the regular workers and for the temporary/external (dispatched) workers within the direct sector as well as in the indirect sector, which forms divided internal labor force markets. Second, because the prerequisite for application for employment in specific positions is a designated educational attainment (interpreted in a broad sense,

including not only basic academic abilities such as four-function calculation, elementary language ability and common-sense concerning economic circumstances at home and abroad; the level of acquired skills are also subject to evaluation for college/professional school graduates), applicants are selected among persons with the same level of academic background for each position. Consequently, the premise of employment among positions in indirect and direct sectors is the academic hierarchy at the time of employment, which means the enterprises evaluate the level of pre-employment academic attainment; when it comes to post-employment promotions/pay raises through personnel appraisals, however, capabilities and performance are heavily taken into account, as is described below. Even though people are hired into the same position, posts to which they can accede could be greatly different in line with the personnel appraisals. The third common feature is that the companies' internal labor markets are not exclusive because in the indirect sectors, the systems that constantly replenish external skilled workers who have expertise/skills demanded by the enterprises are functioning along with the internal promotion systems. As also described below, job leaving and job hopping contribute to the high fluidity of laborers, and the links to the external labor markets are always maintained. The aforementioned features can be summarized as follows: With the principle of the segmented internal labor markets by sector, the companies have a "limited merit system" in which workers vie for promotion/wage hikes within their sectors through the personnel appraisals. Moreover, the internal labor markets are not necessarily exclusive, and the system by which highly professional manpower can be refilled from outside if necessary also is functioning in a complementary manner.

Meanwhile, the massively hired temporary workers at Company TC with a guarantee of only the minimum wage during their contract periods are short-term service laborers excluded by the scope of skill formation from long-term employment and promotion/pay hikes. The external workers at this company are hired all at once through contracts with employment agencies, which is not a case of "dispatch" from subcontractors or affiliated companies. Needless to say, the enterprises adjust the fluctuation of labor force demand through the system of temporary/external workers. This demand control has a sense of labor cost reduction through the minimum wage, but because even the regular workers come under a low wage standard, it has a strong sense of efficiency of the plant lines.

Let us next examine Table 7, which was compiled with the available data for Company TA and Company TB and shows the labor compositions of the surveyed enterprises by educational attainment. It can be read from the data on these two companies that they hired many lower and upper secondary graduates as production workers. As mentioned earlier, while Company TA still continues to hire lower secondary graduates from the Northeast Region, Company TB has changed its target recruits from lower secondary graduates at the time of its foundation to upper secondary graduates. Because Company TC (for which data was not collectable) also has a principle of upper-secondary-graduate employment into production labor, when the surveyed companies are viewed as a whole it can be inferred that employment of upper secondary graduates demonstrates an upward trend. On the other hand, the highly educated graduates from college/professional school or

Table 7 Labor Compositions by Educational Attainment in Two Japanese-Affiliated Companies in the Bangkok Metropolitan Area

Highest Educational Attainment	Company TA	Company TB	TOTAL	Composition Ratio (%)
Elementary School	37	3	40	4.8
Lower Secondary	256	79	335	40.0
Upper Secondary (General Department)	75	212	287	34.2
Upper Secondary (Vocational Department)	28	14	42	5.0
Junior College/Professional School	15	47	62	7.4
University	19	53	72	8.6
TOTAL	430	408	838	100.0

(Source) Author's Survey (As of February, 2005).

higher comprise 16% of workers, which nearly corresponds to the composition ratio of 17.6% of the homegrown laborers in the indirect sectors shown in the previous Table 6 of compositions by position.

Table 8 shows average wages by position. In a comparison of Company TB and Company TC for which the data were available, TB has a higher wage level than TC with regard to the position of the foreman/task leader bracket in both indirect and direct sectors. Above all, the management class in the indirect sector and the foreman class in the direct sector are well treated at TB, which widens the gap with the wage of the general production labor. At TC, the regular factory workers' wage is also on a daily basis, starting from the basic pay at the minimum rate (175 baht at the survey period) at the time of new employment, with all sorts of allowances (perfect attendance, shift, commuting, etc) and overtime added, and wage hikes can be approved in accordance with a personnel appraisal. Dispatched workers, however, are paid only a minimum wage of 175 baht on a daily basis. Under the condition of being engaged in the production lines, there is no difference in the job content of the regular and temporary workers at the production field, but there is a remarkable wage gap between the two categories of workers. Moreover, as men-

Table 8 Average Wages (Monthly) by Position in Two Japanese-Affiliated Companies in the Bangkok Metropolitan Area

(unit: baht)

	Company TB			Company TC		
	Basic Pay	Allowances/ Overtime	TOTAL	Basic Pay	Allowances/ Overtime	TOTAL
Directors	155,000	50,000	205,000	250,000	-	250,000
Managers	46,750	3,000	49,750	25,000	12,000	37,000
Technical	15,500	4,280	19,780	14,000	2,500	16,500
Clerical	11,435	2,280	13,715	10,750	2,500	13,250
Foremen/Task Leaders	11,420	4,780	16,200	10,750	2,500	13,250
Regular Factory Workers	5,087	4,145	9,232	4,375	5,500	9,875
Temporary Workers	(4,560)	(2,380)	(6,940)	(4,375)	-	(4,375)

(Source) Author's Survey (As of February, 2005).

(Note) Exchange Rate at the Time of Survey: 1 baht = 2.7 yen.

tioned earlier, since the temporary workers in TB are engaged in in-plant cleaning and loading work, even their job contents are also differentiated from those of the regular workers.

As mentioned above, when the educational attainments, positions and wage standards in the in-house labor force structure are considered, we can see there exist disparity structures that have a common correlation among the positions.

3. Mechanism of Manpower Supply

In this section we examine the mechanism of manpower supply in comparison to those of Southeast Asian nations, based on the same survey items as in the previous research.

Table 9 exhibits the compositions by occupation of the workers' families of origin (sample survey) under the categorization of their parents' occupations. What is noticeable in the table is the high composition of workers from the households of farm managers. Compared to the two countries in the "Remarks" column, which shows the results of the same survey items of Japanese-affiliated companies in Malaysia and Indonesia as of 2000, Thai workers from farm managers' households account for an outstandingly high ratio. As cited earlier concerning Table 2 showing the compositions of employed workers by industry, the composition ratios of the employed workers from the agricultural industry (few from forestry or fishing) for Thailand and Indonesia were almost at the same level, but the comparison between two nations with the surveyed Japanese-affiliated enterprises indicates that the composition ratio of workers from farm households in Thailand is more than double that in Indonesia. In Thailand where development/industrialization – i.e., urbanization – is concentrated in the Bangkok metropolitan area, inflow into the capital area from rural areas, mainly from the Northeast Region, is still continuing. This kind of cross-industrial movement from agriculture to industry (manufacturing industry) is a major labor supply route even for the upper urban labor market, such as Japanese-affiliated companies, where the highly educated class joins firms. Like Thailand, Indonesia has widespread regional rural communities all over the nation from which manpower flows into the capital region of Jakarta, although such workers are chiefly from Java. Simultaneously with the progress of development, the metropolitan areas (Bandung, Surabaya, Medang) in other regions with a population scale of millions are absorbing manpower from the local and peripheral rural communities. A feature of the labor market in the capital region of Jakarta is that in upper labor markets such as that involving Japanese-affiliated enterprises, the composition ratio of the manpower supplied from households in the highly educated labor class within the capital region (the core is the households of civil servants) outnumbers the composition ratio for workers from rural farm households (Miyamoto: 2001). Thailand and Indonesia have a disparity in the nation-wide structures of the inter-regional migrant routes of manpower among their rural communities and cities.

The second aspect shown in Table 9 could be that, in view of composition by occupation, all three surveyed companies have many workers from farm households employed as production laborers. Accordingly, from a sectoral perspective approximately 60% of the field production laborers are from farm households, which means the main manpower of the production labor consists of people from rural ar-

Table 9 Compositions by Occupation of Worker's Family of Origin in Three Japanese-Affiliated Companies in the Bangkok Metropolitan Area (Sample Survey)

	Company TA		Company TB		Company TC		TOTAL	Composition Ratio (%)	Remarks	
	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management			Three Japanese-Affiliated Companies in Malaysia, Surveyed in 2000 (%)	Three Japanese-Affiliated Companies in Indonesia, Surveyed in 2000 (%)
Farm Management	30	3	27	3	19	2	84	52.8	25.2	20.1
Farm Laborer	-	-	2	1	2	-	5	3.1	6.6	2.9
Plant Laborer	2	-	5	2	3	1	13	8.2	8.8	2.1
Clerical	-	-	-	-	5	-	5	3.1	1.1	6.5
Artisan	-	-	-	-	1	-	1	0.6	1.1	0.3
Merchant	4	1	1	1	2	1	10	6.3	1.1	8.9
Self-Employed	1	2	5	-	3	3	14	8.8	25.2	9.4
Government Employee (Administrative)	2	-	-	3	2	2	9	5.7	2.2	22.1
Soldier	-	-	1	-	-	1	2	1.3	2.2	12.2
Teacher	-	-	1	1	1	-	3	1.9	1.1	3.6
Others	5	2	-	1	2	3	13	8.2	25.3	12.0
TOTAL	44	8	42	12	40	13	159	100.0	100.0	100.0

(Source) Author's Survey (As of February, 2005).

eas; as mentioned above, however, it should not be overlooked that because production work requires the academic level of a lower or upper secondary school graduate, those who are employed at the Japanese-affiliated companies are certified at a certain level of academic achievement. Although at this time intrusive researches such as surveys on the land ownership and management scale of the subject farm households, or on the household budgets, are not carried out, judging from the academic levels (i.e., the burden of educational investment imposed on their parents) we can assume such workers are from households at the relatively upper class among the farm households in rural areas, or from the part-time farm households of rural residence with a relatively high non-farm income (The fact that the major destinations of the outflow of the lower class/impoverished peasants group into the capital region are the labor markets of the urban miscellaneous industry and micro-, small-, and medium- enterprises, Tasaka: 1991, Matsusono: 1998 etc.). In the case of clerical/technical/management work under the categorization of occupations, on the other hand, only one-fourth is laborers from farm households. The workers in these occupations are usually from the families of plant laborers, self-employed individuals and government employees, and since the workers at this class are all highly educated without exception, it can be inferred that their origins are the households of urban laborers and of parents at a high academic level (or education-minded parents for their children and younger siblings). Thus, attention should also be given to the fact there is a difference in labor supply sources by occupation, and it is conceivable that the occupations that require a high academic attainment rather tend to recruit their labor supply through the regeneration of the households of urban laborers.

Table 10 shows the sources of job information at the time of employment (sample survey). What should be read from this table is the high dependence on relatives and acquaintances for obtaining job information for employment, which reaches 61.7% as a total composition ratio for the three companies; in other words, there exists a deep-rooted dependency on close associates among territorial connections/blood relatives – that is, a human network. This aspect is a common characteristic with the other surveyed enterprises of Malaysia and Indonesia shown in the “Remarks” column, and those countries including Thailand prominently lag behind in publicly systematizing their labor markets. In Malaysia and Indonesia, however, classified newspaper advertisements also are utilized, mainly for the highly educated in the indirect sector, and a certain level of the public nature of the system and a greater freedom of choice in employment in the labor markets for professional and technical work are perceived. In contrast, in Thailand no distinguished disparity can be perceived even among the positions as far as the surveyed companies are concerned, which implies that even highly educated workers in the indirect sector have a high dependency on close associates with the limited choice of employment.

The high dependency on territorial connections and blood relatives for job information might be related to the features of the workers’ home regions and families of origin as well. As mentioned above, the majority of the market is workers from regional rural communities, especially those in the Northeast Region, and workers from remote areas usually obtain job information in cities by relying on their relatives or acquaintances from the same home region who sought urban

**Table 10 Sources of Job Information for Entry into the Workforce of Three Japanese-Affiliated Companies
in the Bangkok Metropolitan Area (Sample Survey)**

	Company TA		Company TB		Company TC		TOTAL	Composition Ratio (%)	Remarks	
	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management			Three Japanese-Affiliated Companies in Malaysia, Surveyed in 2000 (%)	Three Japanese-Affiliated Companies in Indonesia, Surveyed in 2000 (%)
Relatives	24	1	4	—	13	2	44	28.6	22.1	32.0
Acquaintances	10	3	11	6	16	5	51	33.1	52.6	37.2
Newspapers	1	—	5	—	4	3	13	8.4	18.9	16.2
Employment Agencies	1	—	4	1	1	2	9	5.8	1.1	6.9
Schools	—	—	—	—	2	—	2	1.3	—	7.2
Others (Self-Advertising by Companies, etc)	6	4	17	5	2	1	35	22.7	5.3	0.5
TOTAL	42	8	41	12	38	13	154	100.0	100.0	100.0

(Source) Author's Survey (As of February, 2005).

employment before them. Consequently, there are some cases, in no small part, where workers from specific regions dominate the work places in number and workers from the same region live communally in company dormitories or apartment houses. For instance, the manpower from the Northeast Region working at Company TA is mainly from specific provinces such as Phetcha Bun, Buri Ram, Nakhon Ratchasima and Loei in the Northeast Region, while Company TB employ laborers mainly from Surin and Sakon Nakhon provinces in the Northeast Region. This regional bias can be explained by the above-mentioned conditions. As a reference, let us introduce some Japanese staffs' comments on the related survey items at each surveyed company; at TA: "Recruitment for production work is conducted mainly through posting job advertisements in front of the plants, while for the upper professions in the indirect sector newspaper classified advertisements also are used." At TB: "From production labor to management, posters hung on the bulletin boards within the industrial estate are mainly used for recruitment. In some cases newspaper classified advertisements are combined for recruitment of management. Last year (2004) we placed help-wanted advertisements for 200 workers during the plant expansion period, and more than 2,000 of applicants responded. But the lack of quality human resources for professional and technical work is a pain in the neck." At TC: "In hiring workers, only interviews are conducted to check their fundamental knowledge and experience. The competition rate is usually 10 times. For the staff of indirect workers a written examination with emphasis on skill acquisition and an interview are implemented, and the competition rate exceeds 15 times."

Now let us examine Table 11, which shows the number of job changes of workers (sample survey). The total job changers of all three enterprises account for 84.2% of all workers, which conjures up the high mobility of laborers. Although the high job-change rate is commonly perceived in Malaysia and Indonesia, each nation has distinctive characteristics. For example, in Indonesia with its excessive labor force, there is a relatively high fixation rate of production laborers, which raises the composition of the "Never Change" group, but in contrast this produces fierce mobility of the management/professional labor that is short in human resources. As far as we can see from this table of the sample survey, a clear gap between the occupations is not perceived, but let us add some comments from the staff members of the surveyed companies here in this section as well.

Company TA: "The job turnover rate of the staff is not so high with several persons a year, but what is remarkable is the high turnover of the quality manpower, such as a person who is capable of quality control. The turnover of general workers is significantly high, reaching 5% per month (about 20 persons on average). In the direct sector a third of laborers are settled, but hopping of the rest is fierce."

Company TC: "The annual turnover rate of the staff is between 5% and 10%, especially there are frequent job separations among quality workers in the management/technical classes by head hunting. The turnover of production laborers fluctuates somewhere between 3% to 5%."

To examine the career patterns of the job changers, their previous jobs were compiled (sample survey) in Table 12, which shows plant labor and clerical work account for almost 80 % of the total previous occupations. In this respect, the research survey results show a trend that is similar to Indonesia. Taking the afore-

Table 11 Number of Job Changes of Workers in Three Japanese-Affiliated Companies in the Bangkok Metropolitan Area (Sample Survey)

	Company TA		Company TB		Company TC		TOTAL	Composition Ratio (%)	Remarks	
	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management			Three Japanese-Affiliated Companies in Malaysia, Surveyed in 2000 (%)	Three Japanese-Affiliated Companies in Indonesia, Surveyed in 2000 (%)
Never	5	2	5	3	9	1	25	15.8	29.0	49.4
Once	19	1	16	3	16	5	60	38.0	29.0	20.9
Twice	10	4	9	3	7	2	35	22.2	24.0	13.3
Three Times	4	1	5	3	6	4	23	14.6	12.0	10.8
Four Times	2	-	5	-	2	-	9	5.7	5.0	4.4
Five Times and More	3	-	2	-	-	1	6	3.8	1.0	1.3
TOTAL	43	8	42	12	40	13	158	100.0	100.0	100.0

(Source) Author's Survey (As of February, 2005).

mentioned mobility of the work force and characteristics in the home regions into consideration, it can be inferred that the majority of workers from regional rural communities, to say nothing of the people raised in the capital region, repeat a career change once they flow into the industrial areas.

4. Japanese-Style Management/Production System

Finally, to understand preferences of Thai workers concerning the labor and personnel management at the Japanese enterprises, the employee attitude survey (sample survey) shown in Table 13 was implemented. This survey asks questions about the advantages of the Japanese companies in comparison with other foreign-affiliated companies.

The noteworthy point is that regardless of the occupational class, many workers highly evaluate ① the guarantee of long-term employment and ④ adequate welfare services, and the majority of the respondents support these. On the contrary, they gave low evaluations to ② basic pay and ③ allowances and ⑥ the emphasis on the seniority system. It can be said the survey respondents highly appreciate the policies aimed at attaining worker loyalty such as the long-term employment and welfare services, but in contrast they show strong dissatisfaction with the low wage and Japanese unique seniority-based treatment. From the viewpoint of positions, the clerical, technical, and management works earn relatively high evaluation on wage/allowances together with ① and ②, and the workers expect ⑤ acquisition of professional skills and ⑧ job rotations, which may reflect the job consciousness of the highly educated class. As a clue to understanding how well the Japanese-style management/production system is established, the features of each company are summarized additionally based on the interviews with managerial staffs of the surveyed enterprises.

Company TA. A Japanese staff said, “We want to have a QC circle, small group movement and so forth, but actually it is highly difficult. The basics of our personnel appraisals include evaluation items for attendance rate, work attitude, and task performance emphasized for the general workers (laborers in the daily wage system) and capability emphasized for the upper positions.” As measures to settle workers, the company provides fringe benefits such as a housing allowance, position allowance, perfect attendance allowance and meal aids, and as parts of other welfare services has always offered reimbursement of medical expenses with a ceiling of 5,000 baht annually and letting workers join the superannuation scheme and workers’ compensation insurance. Although skill training is conducted mainly through OJT, other training such as periodical outside training for the position of group leader or higher at production fields and training trips for management in the indirect sector to Japan are also provided.

Company TB. “Although it is changing from the seniority-based wage system into a merit system, because the workers have a strong sense of academic backgrounds we need to evaluate them with concern on their final academic attainments and job experiences. We do not have a permanent QC circle, but we are attempting improvement proposal activities in a group, and with regard to the production labor-

Table 12 Previous Jobs of Job Changers in Three Japanese-Affiliated Companies in the Bangkok Metropolitan Area (Sample Survey)

	Company TA		Company TB		Company TC		TOTAL	Composition Ratio (%)	Remarks
	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management			
Farm Management	3	-	1	-	6	-	10	7.5	-
Farm Laborer	2	-	-	-	2	-	4	3.0	0.5
Plant Laborer	30	2	33	2	12	3	82	61.7	53.4
Clerical	1	4	-	7	5	7	24	18.0	23.6
Artisan	-	-	-	-	-	-	-	-	2.6
Merchant	-	-	1	-	1	1	3	2.3	4.2
Self-Employed	1	-	1	-	2	-	4	3.0	8.9
Government Employee (Administrative)	1	-	1	-	2	1	5	3.8	3.1
Soldier	-	-	-	-	-	-	-	-	-
Teacher	-	-	-	-	1	-	1	0.8	3.7
Others	-	-	-	-	-	-	-	-	-
TOTAL	38	6	37	9	31	12	133	100.0	100.0

(Source) Author's Survey (As of February, 2005).

**Table 13 Employee Attitude Survey on Advantages of Working at Japanese-Affiliated Companies
in the Bangkok Metropolitan Area (Sample Survey, Multiple Answers)**

	Company TA		Company TB		Company TC		TOTAL	Composition Ratio (%)	Remarks Proportion of Persons Who Answered "Yes" to the Total (161 Persons) (%)
	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management	Production Work	Clerical/ Technical/ Management			
① Possible Long-term Employment	28	8	13	8	20	7	84	19.6	52.2
② High Basic Pay	2	4	4	6	10	—	26	6.1	16.1
③ Adequate Allowances	5	6	1	—	12	2	26	6.1	16.1
④ Adequate Welfare Services	38	5	24	6	22	6	101	23.5	62.7
⑤ Quick Acquisition of Professional Skills	7	3	11	4	5	—	30	7.0	18.6
⑥ Seniority Appraisal System	5	2	5	2	7	1	22	5.1	13.7
⑦ Working in Groups	17	2	14	2	5	1	41	9.6	25.5
⑧ Possible Experience in Different Kinds of Works	9	4	13	2	3	4	35	8.2	21.7
⑨ Useful QC Circle	7	—	10	—	7	3	27	6.3	16.8
⑩ Stable Relations Between Labor and Management	13	2	12	3	6	1	37	8.6	23.0
TOTAL	131	36	107	33	97	25	429	100.0	

(Source) Author's Survey (As of February, 2005).

ers, another basic element for evaluation besides their academic backgrounds and careers is the degree of achievement of job assignments – in other words, whether they are capable of the standard work for their duties in accordance with a manual. For upper positions, the significance of the evaluation based on the merit system is increasing,” said the source.

Because a somewhat more detailed description of the personnel appraisals at Company TB was obtained from the staff, the points mentioned are as follows. At first, a personnel appraisal of the first half-year and second half-year are made in July and December, respectively, for regular production laborers. The evaluation methods are mainly divided into three categories of “challenge score”, “performance score” and “attitude score”, and the total marks for these items determine the promotion and the pay increase. For instance, by means of the “challenge score”, each worker hands in a report on a “challenge assignment” that consists of three items (objective contents, contents of activities, and results of improvement and acquisition), and the supervisor assesses it. With regard to the “performance score” method, the supervisor evaluates this as well in line with twenty-one “performance check items”. For example, for production laborers employed as high school graduates, eight items such as “able to recognize normal/abnormal conditions in the progress of operations in his/her working place,” “able to achieve reduction targets of disposals and rejects,” “able to practice safety activities,” “able to carry out 6S (arrangement, order, cleanliness, cleaning, discipline and adequacy)” are mainly concerned for evaluation. The “attitude score” method has work attitude, absence rate, early dismissal rate, etc. as its check items. The field production profession is classified into six grades from G1 to G6, and each grade is comprised of subdivided 8 levels (ranks). A grade promotion demands three requirements, namely “6 or higher rank,” “obtained A or B in both of the two most recent bonus evaluations (upper 2 levels in five-grade evaluation)” and “obtained more than 80% of the total performance scores.” Among the above-mentioned “challenge,” “performance,” and “attitude,” “performance” has the greatest importance for promotion. This is a system in which even a worker at an upper rank in the subject grade will not get promoted to the next upper grade if he/she does not obtain high marks on the “performance” items in the bonus/periodical evaluations. In such an evaluation system, there is no room for service years and age to be considered in evaluation. The aforementioned evaluations of academic attainments/skills give some disparities at the starting point of employment as careers; e.g. at the time of employment high school graduates start from G1, while skill holders who are technical college graduates or persons who have the same level of skills start from G4; however, since academic backgrounds and skill levels before hiring do not affect the speed in promotions and upgrades after employment, it can be said that all the same, an emphasis is placed on the “capability/performance-based personnel management” (said vice president of this company). In respect to the workers in the indirect sector, the details of the above-mentioned personnel appraisals were not available, but an explanation from the staff revealed that the company was drawing up some evaluation criteria putting greater emphasis on the “skill/performance” portion for those in the indirect sector than for the production laborers.

Company TC. “In our personnel appraisals for workers, their work attitudes and job performance corresponding to the manuals are regarded.” In addition, the presence of a staff’s sense of responsibility for achieving the goals in his or her work place is an important evaluation criterion, and Japanese-style labor/personnel management is not brought in from Japan. Nurturing of technical/management laborers is an issue for internal human resource development, and therefore it is compulsory for workers to take part in the periodic internal trainings and outside seminars, noted a Japanese staff. As an incentive toward long-term continued service, this company provides a reserve system of lump-sum retirement allowance paid at the time of mandatory retirement (age 55) for employees with full service of over 10 years (10 times the basic wage is paid at retirement; for reserving, the company bears 5 to 7% of the salary, while the worker in question bears 3%). Furthermore, the author was permitted to conduct an interview with a Thai female manager (a person who has longest continued service of years among the homegrown workers). What was curious in her description is that she implicitly criticized the Japanese-style labor management by saying “I see many Japanese who think their common sense in personnel management can be applied in Thailand as it is, but their common sense is not always the one in Thailand,” (Although a further inquiry was made to have more detailed explanation on this matter, she stopped making remarks possibly with consideration for a Japanese executive who was present in this interview). In contrast to the official words given by the Japanese staff who said “the Japanese-style labor/personnel management is not brought in from Japan,” this Thai managerial staff might be sensitive of the behaviors of Japanese resident staff members who take Japanese-style customs in the working places for granted.

Conclusion

In this paper we examined the characteristics of the labor markets in Japanese-affiliated companies in the Bangkok metropolitan area, together with an international comparison with those in other Southeast Asian neighboring nations. Let us once more review only the key points. In terms of labor demand, the distinctive features are as follows: the labor allocation and formation of the segmental internal labor market based on pre-employment academic/skill attainments; the “limited merit system” management within each sector through personnel appraisals after employment; the complementary link to the external labor markets in respect to highly professional workers; the demand adjustment with short-term temporary workers, i.e., external workers. It can be said that with regard to these aspects there are many commonalities with Japanese-affiliated enterprises in other Southeast Asian nations and China. In view of labor supply, it is regulated by the nature of the employment structure of the whole nation and characterized by the following aspects: the mass influx of production laborers from remote/rural areas; job hunting depending on territorial connections and blood relatives in all the occupational classes; the high mobility again in all occupational classes; the mobility of laborers, including rural people, in the labor market of the capital region. The inter-positional disparity structure recognized in the internal labor treatment in large-scale enterprises such as the Japanese-affiliated companies is regarded as correlated to the

scale of the inter-occupational hierarchical gap in the Thai labor market.

Finally, based on the cases of the Japanese-affiliated enterprises in Thailand, this paper summarizes how we should understand the realities of the Japanese-style management in Asia, taking the past surveys conducted in other Asian nations into account in addition to case studies on Thailand, by presenting some of the issues of “the adaptation of Japanese-style management to the Asian-style”.

Regarding the expansion of Japanese-affiliated companies in Asia, against the backdrop of appreciation of the yen – namely the decline of export competitiveness since the 1980s – curbing production costs has been an overriding issue in managerial strategies. The costs of production elements that can be reduced through local production in Asia include land price, raw materials, electric power expenditures and transport expenses, but above all firms expect to reduce labor costs. Securing of local sales markets and establishing an export base to third countries, which are often pointed out as other motivations for firms expanding their businesses into Asian nations, can be plotted as strategies only when the reduction of production costs is achieved; therefore, Japanese-style management/production systems in Asia inevitably need to be changed in accordance with the objectives, and as a matter of course the “adaptation to the Asian-style management” is quite an issue. A straightforward expression of this is the formation of the segmental internal labor markets and the limited merit system management mentioned in this paper.

When it comes to the segmental internal labor markets, with the segmented employment by pre-employment academic/skill attainments as a premise, the Japanese-style skill qualification system is introduced within each sector, but this does not bring about formation of a company-wide single internal market. As for the highly educated workers in the indirect sector (the white collar class), by providing long-term employment and certain skill trainings/welfare services the companies expect to be able to develop them into human resources who play an important role in the management/technical sectors. The cluster of these highly educated laborers, however, is bewildered to some extent by the Japanese-style interpersonal relations in their workplaces and the different behavioral patterns of the foreign-posted Japanese workers (e.g., emphasis on human relationships at workplaces, after-hours business entertainment/wining and dining). The high job change rate of the highly professional workers implies that human resource development is not necessarily making progress as expected by the management.

Meanwhile, a basic employment system for production laborers who are the overwhelming majority of laborers is one with a premise of low wages and high mobility, which enables firms to materialize the effects of direct investments. To intensify this result more thoroughly, a larger number of short-term employment workers such as temporary/external workers are hired. For this reason, long-term employment and in-house skill formation that are regarded as advantages to work under the Japanese-style management system can be applied in a limited way to this occupation class.

Certainly, the Japanese-style seniority-based workplace order is not highly evaluated by the Asian laborers. There are quite a number of grievances concerning the improper reflection of abilities because of the emphasis placed on collectivism that retards individual upgrading/promotion. This can be a reason for intro-

duction of the performance-based management mentioned in this paper; however, it is an introduction of only a limited performance-based management premised on the aforementioned segmented internal labor market, and of a merit system within each sector with a premise of the educational-background-based hierarchy and the inter-positional treatment gaps. Although the trend shows a greater degree of introduction for professional laborers under the present conditions, as seen in the companies surveyed for this paper it is evident that this tendency is being broadened to production laborers. The thorough practice of a performance-based system such as management by objectives, if utilized without employment stability or welfare, will engender the risk of further accelerating labor disparities and mobility.

The impact of that trend on the labor market in the local society will produce more settled workers or further expansion of the labor disparity structure. While outside the scope of this analysis, unstable employment into urban miscellaneous industries (informal sector labor) or micro-, small-, and medium-sized enterprises is still bulkily concentrated in the metropolitan areas of Asia such as Bangkok, and the labor disparity structures themselves are also multi-layered. Premised on the employment gap with the labor market for the lower classes, it may be possible to expand the internal labor disparity of the large-scale enterprises by maintaining or utilizing that gap. In other words, there must be relations that make dissolution of an upper labor cluster possible because overall unstable employment (peripheralization of labor such as low wages, short-term employment and low social security) in the labor market for the lower classes is promoted and pressed. That is to say, this might also suggest that the issue of unstable employment of the urban lower-class laborers (which account for the overwhelming majority of urban laborers), which is another labor problem issue in Asia, cannot be solved easily.

Because of its intrinsic objective of establishing a production base in Asia – that is, curbing production costs for Japanese enterprises – the inside fact of adaptation of Japanese-style management to Asian-style management must harbor the aforementioned dilemmas.

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