

**IMPACT OF LOCALIZATION IN RECRUITING STRATEGY
FOR JAPANESE COMPANIES IN THAILAND CASE STUDY TO
APPLY A JAPANESE SME COMPANY**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
BUSINESS MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2014**

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ACKNOWLEDGEMENTS

I would like to express my truthful appreciation and thanks to College of Management, Mahidol University to give me knowledge.

I also would like to also express my gratitude toward my advisor, Dr. Winai Wongsurawat.

I would like to thank Mr.Kadota, president of GIKO (Thailand) Co., Ltd. who gave me an opportunity to have an interview for long time and had a great time to discuss about the future picture of Japanese companies in Thailand.

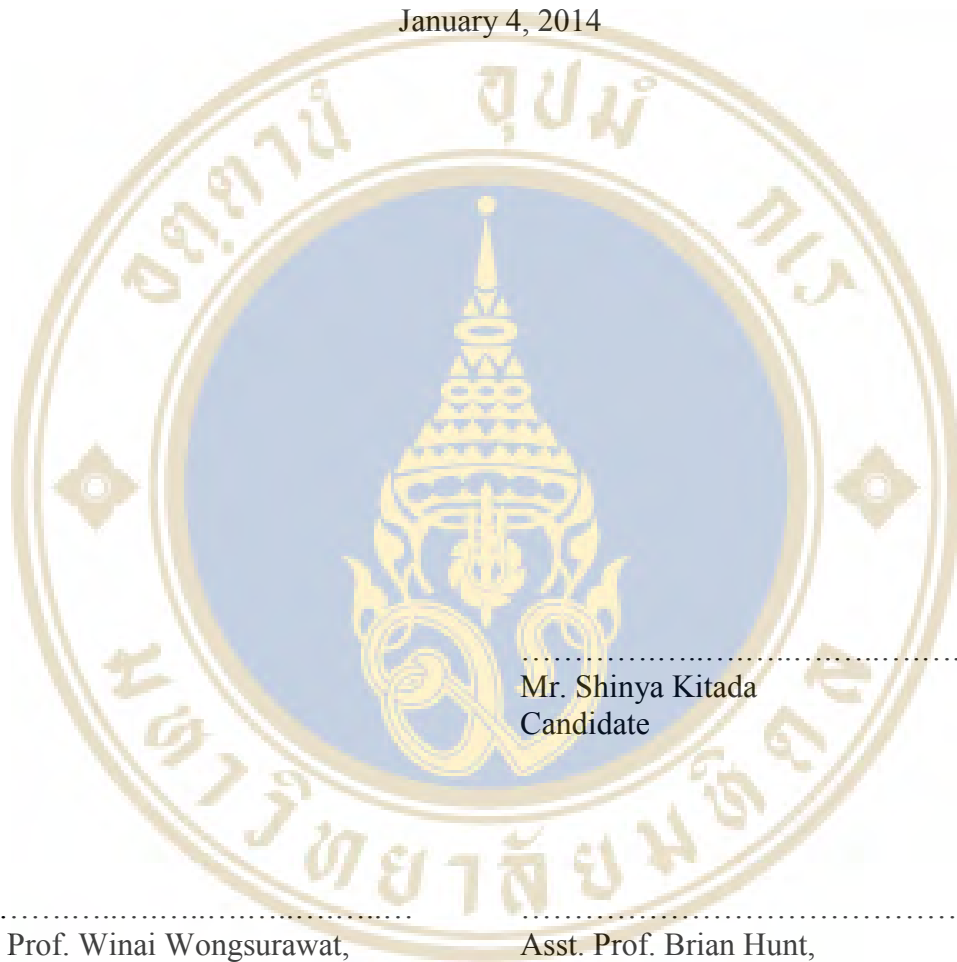
Lastly, I would like to thank my colleagues in KASIKORNBANK who were willing to reply and support my surveys. Without their dedication and support, I would never have been this far.

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Thematic paper
entitled
**IMPACT OF LOCALIZATION IN RECRUITING STRATEGY
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APPLY A JAPANESE SME COMPANY**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

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ABSTRACT

The purpose of this paper is to examine issues of recruiting for the Japanese companies in Thailand and elaborate the impact of localization in human resource perspective. The paper uses secondary data of questionnaire, a primary data of web survey and case study analysis by interviews.

The study reveals Thai employees don't prefer to work for Japanese descent companies because they feel a limitation of career development through internal promotions. They focus career development and higher compensation as a result of career success. Japanese descent companies are possible to improve the positioning in recruiting by providing career developing planning and career path with localization process. It impacts not only the motivation and the commitment of employees but also connects to local community and employers' brand as well.

KEY WORDS: Japanese Company / Recruiting / Localization / Human Resource Development / Human Resource Management

33 pages

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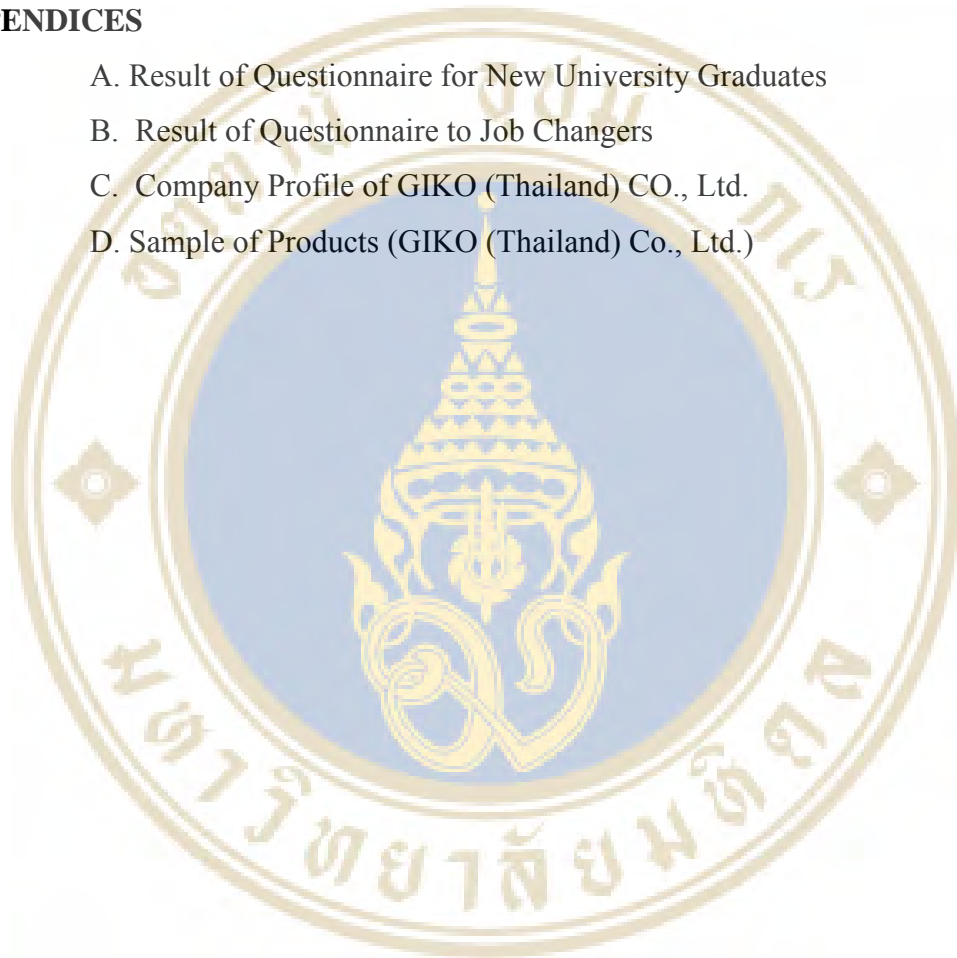
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CHAPTER I

INTRODUCTION

The foreign direct investments strongly lead Thai economy. In 2012 the total amount of foreign direct investment (FDI) ended up 549 billion Baht. 65% of FDI comes from Japan. It is clearly said that Japan is a unique dominant investor for Thai economy, because the second largest investor is from Singapore and occupied only by 3.5% in total amount of FDI in 2012. With considering the trade business in 2012 Japan occupies a secondary position (10.2%) in export after China (11.7%) and first position (20%) in import.

Updated unemployment rate in Thailand was 0.81% in August 2013. The average rate of unemployment from 2001 until 2013 is 1.6%, however historical highest rate of 5.7% came out in January of 2001 and historical lowest of 0.4% happened in November of 2012. From this point of view last decade we can find a wide gap between the demand and supply in labor force market in Thailand. This situation strongly supports high liquidity of labor force, says employees have a tendency to change own job easily and employers face a managerial issue how to make a balance between human resource cost and improvement of employee's retention.

I found an article of questionnaire which elaborates the ranking of popular company for new university graduates including nine universities in Bangkok. The result shows the attractiveness for new graduates, which company does attract new graduates the most? It is easy to guess the prominent famous Thai companies must occupy the top ranking and some of Japanese company and foreign companies also must be ranked higher in the ranking, however the truth was that I could not find any famous Japanese company beside Toyota and Honda in the top 30 ranking.

As I mentioned on above, the presence of Japanese companies has the strongest influence on Thai economy, however why are Japanese companies not familiar for new graduates? Through the discussion I would like to clarify the reason

why Japanese company is not familiar with the Thais who seek for jobs and generate some practical recommendations supported by managerial theories, which must enhance the strategic competencies to survive in the war of talent.

In second half I focus one Japanese SME company, whose name is GIKO (Thailand) Co., Ltd. Nowadays the company has innovative products and forayed into Thai market on June of 2011. The company has faced a difficulty to recruit the Thais and a problem to retain high talent in the firm. I elaborate the problems and the reasons for the current situation with the context of Japanese companies in Thailand then generate the practical recommendations which could be applied from the first half.



CHAPTER II

PERCEPTION OF JAPANESE COMPANY FROM QUESTIONNAIRE TO NEW UNIVERSITY GRADUATES

2.1 Result of Questionnaire

The questionnaire was organized by Info Biz Thailand which is famous free paper targeting Japanese companies in Thailand. It releases 15,000 copies monthly. The questionnaire was executed from August to November of 2011, targeting new university graduates of nine universities in Bangkok. The number of valid response ended up 1,188 answerers.

New graduates strongly prefer large sized and famous Thai descent companies. First ranking is PTT, subsequently followed by SCG and CP All. The important point is that top 30 is almost all occupied by Thai descent companies. In terms of Japanese descent companies we can find only Toyota in 5th ranking and Honda in 8th ranking. (See the table 1 in appendix A)

The below table shows definitely “Thai favoritism”. The group who replied “eager to work” is 72.4% and positive answering group which includes “eager to work and like to work a little”, ends up 85.5% . Approximately 80% of new university graduates have a tendency to choose Thai descent companies. On the other hand more than half of new graduates have a positive perception to work for Western and Japanese descent companies, however the quite different point is that the ratio answering “eager to work” of the most positive group for Thai descent companies is quite high and almost two times higher than other foreign groups.

With looking at the negative answers Thai descent companies have achieved a quite low ratio of negative answer. With combining “Hesitate to work” and “Dislike to work”, the answering ratio of negative attitude ends up only 6.6% . Western descent has 22.5% and Japanese has 28.8% of total negative answers for each. This fact shows almost one fourth of new university graduates have a negative perception to work for foreign companies.

Table 2.1 Preference to work for foreign company

	Japanese	Western	Thai
Eager to work	33.8%	41.8%	72.4%
like to work a little	25.0%	25.3%	13.1%
No idea	12.4%	10.4%	8.0%
Hesitate to work	10.2%	9.0%	4.7%
Dislike to work	18.6%	13.5%	1.9%
	100.0%	100.0%	100.0%

Table 2.2 Image of Company

	Income	Benefit Package	Training	Climate	Degree of Freedom
Japanese	4.01	3.81	3.58	3.36	3.23
Western	4.24	3.82	3.6	3.41	3.49
Thai	3.25	3.12	2.89	3.11	2.68

*Best image is 5 point, worst is 1 point

*The figure is on the average of response.

The above table shows the image of each descent company. In terms of high income, both of Japanese and Western get higher than Thai descent companies. The same tendency is found in terms of employee benefit package as well. It shows an image and expectation that Western and Japanese descent companies must provide a higher compensation than Thai descent companies.

Other prominent feature is found in terms of degree of freedom. They give the lowest score of 2.68 points in Thai descent companies, however other Western and Japanese keep 3.49 points and 3.23 points for each. It indicates they feel a kind of cultural tightness to work in Thai descent companies.

2.2. Analysis of Findings

Firstly they have a strong aspiration of large sized organization. Secondly they appraise the strength of large organization in order to maximize own benefit such as job secure and remuneration and expect opportunities to enhance career development.

Second is their ethnocentric mindset. As you see their dislike to work for foreign companies, they are predominantly eager to work for Thai descent companies. On the other hand they must face a dilemma because despite of Thai favoritism there is a mismatch between what they expect for the jobs and the perception of Thai descent companies. They are motivated by high remuneration and career development opportunity. On the same time they perceive an idealized image toward the foreign descent companies in terms of remuneration and training.



CHAPTER III

PERCEPTION OF JAPANESE COMPANY FROM THE STANDPOINT OF JOB CHANGERS

In order to deepen the perception toward Japanese descend companies in Thailand, I conducted a questionnaire targeting my colleagues, who were all Thai. The survey was organized by web basis on 8th to 11th November of 2013 and got eighteen respondents out of twenty two members.

3.1 Job History (See the table 1 and 2 in appendix B.)

The major group of age is from 31 years old to 40 years old. It ends up 61% of total respondents. It means majority of them have some work experience beside the present work place, at least more than 5 years.

About the number of times which they have changed Job so far, the group of 3 times to 5 times has 8 respondents and ends up 44%. The most surprising result is that only one person has never changed own job before, so that 17 respondents out of 18 answerers has an experience to change job before.

3.2 The Reasons to Change Jobs

In the questionnaire I ask the reasons when they had changed jobs in the past and their motivations in terms of ideal job. The reasons why they changed jobs in the past are shown as follows. First is career development (30%) and secondly compensation and benefit (23%).

Table 3.1 the reasons you have changed jobs

		Respondent	Percentage
The reasons you have changed jobs	Compensation and Benefit (bonus, Salary and so on)	10	23%
	Career Development	13	30%
	Too Stressful Job	2	5%
	Work Balance (Private, Family Matter so on)	3	7%
	Problem with Boss or Colleagues	2	5%
	Bored and want to change circumstances	6	14%
	Unmatched Job description	3	7%
	Unmatched Corporate Culture	2	5%
	Others	2	5%

3.3 Image of Japanese Companies

I have chosen some key words and asked them by multiple choices. The result is shown in the following table. The subjects which are appraised positively are 3 issues, says accountability, decision making process and corporate culture. Almost 70% of respondents have a positive image toward Japanese descent companies. These subjects might look better than Thai descent companies and link with the images of Japanese manufacture products. With the view of negative images those are career development, internal promotion and work balance. More than 80% of respondents perceive Japanese descent companies are limited for career development and internal promotion. It is quite a remarkable impression for them.

If you choose to work in Japanese companies, what do you think?

Table 3.2 Image of Japanese companies

		Respondent	Percentage
Compensation	Higher than Thai companies Lower than western companies	14	78%
	Higher than western companies	2	0%
	Lower than Thai companies	3	17%
	No idea	1	6%

		Respondent	Percentage
Career Development	Limited	16	89%
	Proactive	1	6%
	Wide range and useful	0	0%
	No idea	1	6%

		Respondent	Percentage
Internal Promotion	Limited	15	83%
	Attractive	2	2%
	No idea	1	1%

		Respondent	Percentage
Work Balance	Hard and Long time work	10	59%
	Moderate	6	35%
	Good Work Balance	1	6%
	No idea	0	0%

		Respondent	Percentage
Empowerment	Well empowered to Thai staff	3	17%
	Moderate	10	56%
	Not empowered	4	22%
	No idea	1	6%

		Respondent	Percentage
Job Role & Job Responsibility	Clear role and appropriate responsibility	9	50%
	Unclear role and heavy responsibility	7	39%
	Unclear role and limited responsibility	2	11%
	No idea	1	6%

		Respondent	Percentage
Accountability	Clear	12	67%
	Not Clear	4	22%
	Not idea	2	11%

		Respondent	Percentage
Decision Making Process	Clear and consensus basis	13	72%
	unclear but consensus basis	2	11%
	unclear at all	0	0%
	Strong leadership basis	3	17%

		Respondent	Percentage
Corporate Culture	Family oriented/ Long term oriented	12	67%
	Aggressive/ Short term oriented	3	17%
	Moderate/ Not clear culture	3	17%
	No idea	0	0%

3.4 Analysis of Findings

Firstly we found high liquidity of labor force even in well-educated and white color workers. The main reasons to change jobs are to work says career development and compensation. This tendency is found in new graduate too.

In terms of Image toward Japanese descent companies some issues look similar with new graduates. New graduate feel much more freedom in Japanese companies than Thai descent companies. Job changers also feel positively in terms of management style (accountability and decision making process) and corporate culture too.

It is also proved by same image with new graduates that Japanese companies provide higher compensation and benefit than Thai descent companies but lower than Western descent companies. However the images toward managerial policies doesn't look clear. They feel the degree of empowerment is not enough. The respondent to job role and responsibility look vague, says negative and positive reactions are counter balancing.

The much more things we must learn from this result comes from negative images. More than 80% of respondents think Japanese companies have a limitation of career development and internal promotion. This issue is critical to attract high talent employees. New graduates have a perception without own work experience, however

job changers must formulate own opinions from own experiences in the past. It is clearly that they feel a reluctance to choose Japanese descent companies because of this negative images and perceptions. I would like to summarize whole of images toward Japanese descent companies as follows. “Hard work” and “No Future of Career Success” but a little bit “Better Salary”.



CHAPTER IV

RECOMMENDATIONS TO ACQUIRE AND RETAIN HIGH TALENT EMPLOYEES

Through the above two analysis of questionnaire we get some key issues and would like to address practical recommendations to improve the situation.

4.1 Compensation Level is Lower than Western Descent Companies

For tackling this issue I would like to recommend two directions. One is Localization, which must be progressed simultaneously with the globalization. Second is Talent management. We should select core employees to be nourished for the future top management of local subsidiary. Through this process the compensation must be differentiated from other employees. Consequently we acquire the highly engaged employee by differentiation of high talent group. Of course wage standards in every level should be examined and balanced with labor market standard continuously, however through this process the accountability and clear job descriptions are also required to execute effectively.

4.2 Career Development Oriented Job Change

The reasons why the job seekers look at Japanese descent companies as limited career development and limited internal promotion, I would like to address they think the top management positions are occupied all by Japanese expatriates temporary assigned from parent company. It makes local employees to recognize a limitation of own career in internal promotion.

The firm should strategically design the transition of empowerment to local talent in terms of responsibilities and decision making. Until reaching this goal

the company should visualize career path through internal promotion and try to communicate with local employees continuously.

4.3 Dislike SME and Prefer Large Company

The corporate size of Japanese descent companies in Thailand looks relatively small. You can count them in SET (Stock Exchange of Thailand) listed all on one hand. In terms of corporate size most of Japanese descent companies are similar with Thai SME companies, however in order to evaluate its real strength we must consider its whole structure of corporate family. They have a Japanese parent company and some has other brother companies too, not only in Thailand but also in other ASEAN countries. We emphasize this resource to enhance the development of career for employees. The firm can provide a training opportunity in Japan and other countries furthermore can provide career opportunities to work in other companies beyond the countries.

4.4 Thai Favoritism

In order to challenge the Ethnocentrism the first requirement is to share the universal vision and values, then try to communicate continuously and build up a common sense by universal measures. Secondly localization is a sure care. The company can transmit the information which appeals the firm is not a simply functional subsidiary of foreign parent company. The importance of subsidiary is quite high in the company group and the success of employees' career is also promised. Because the company assigns local talent as top management and in some cases assign to other subsidiary companies too. This kind of message strongly impacts the improvement of corporate image and consequently attracts local high talent.

CHAPTER V

THEORETICAL FRAMEWORK

As I mentioned in recommendation part, key factors to secure the long term success in terms of attracting high talent is localization strategy. I also indicate how localization impact to enhance corporate brand and recruiting strategy. Subsequently localization also contributes a significant improvement in terms of human resource management and development. I would like to discuss these issues with related supporting theories.

5.1 What is Localization?

In the context of human resources localization is defined by systematic investment in the recruitment, development, and retention of local employees who can take over the running of local employees and the degree of localizations should be evaluated by the degree of local responsibility in decision-making.

5.2 Why Localization is Required?

The reasons and motivations why localization is recommended for Trans National Corporations (TNCs) are described by some researches. There are four positive influences to managerial issues.

Firstly local authority and public opinion evaluate foreign firms by the level of localization. Of course the authority restricts foreign expatriates by work permit and quotas, furthermore a good impact is to improve the ethnocentric images.

Secondly it improves the relationship with local network. Expatriates must overcome cultural and language barriers, however industrial key players and governmental authorities feel a hesitation to build a close and long term relationship with them because mostly foreign expatriates are assigned temporary only for two or three years.

Thirdly the advance of localization contributes to promote the commitment and motivation of employees. With the view of local employees expatriates occupying top management positions continuously look like a blocking for internal promotion. This limitation of internal promotion ends up dissatisfaction and less commitment of employees. The career development process and a appropriate position is prepared through internal promotions. It is the most effective way to reduce turnover and retain high talent in the company.

Forth is clear benefit that localization reduces the cost of expatriates. Some researches reveal dual salary system, which does not mean only local employees between blue color and white color but also expatriates and local managers. Japanese expatriates receive not only same level of salary in parent companies but also are mostly entitled to overseas benefits and allowances. This must be a source of bad feeling toward the expatriate from local employees.

5.3 Localization Process

Localization process is divided into the following three stages: 1.Planning 2.Localizing 3.Consolidating. Wong and Law (1999) point out four important directions through the above localization process. In order to tackle this process the first thing to do is to motivate the expatriates to advance localization, which should be directed by parent company. After the preparation of basement three dimensions in localization stage should be considered, says "Selection", "Motivation", and "Develop experiences for local employees".

Wong and Law (1999) also figure out that "Retention of local employees" is the most challenging matter in localization process. Retention strategy is divided into following two steps. First is finding local high talents which should be developed and second is to retain that local talent. For the first of all the marketing approach in human resource is effective in this matter. The company should enhance the visible presence in local labor markets through publishing, affiliating educational institutions and scholarship and so on. Second is strategic and comprehensive retention strategy.

The more important issues than attractive compensation is to do with career development and involvement in decision making. The company provides

necessary training and mapping of career paths for employees is an important message to the employees.

5.4 Career Development and Succession Planning

As we mentioned in the process of localization, the career development and succession planning for the replacement of expatriates are essential and one of key success factors.

Career development is composed of four steps. First is the appropriate performance management system, then through the appraisal of achievement we analyze the talent of each employee. Next is to choose the talent group then finally we provide career path development through individual development plan, coaching (Mentoring Scheme) and performance appraisal.

Glass Ceiling issue is discussed sometime in this context, originally it is a barrier to advancement to higher-level of jobs in the company that affects to women and minorities, however in localization context we should consider it with the view of local employees. The ceiling must be the dual system between expatriates and local managers. The barrier is considered as due to lack of access to training programs, development experiences or relationship (e.g., mentoring).

Succession Planning is perceived as an extension of career development. It means to identify and track high potential employees who are capable of filling higher-level managerial position. The company provides a set of development experience to be a potential leader. Then it also helps to retain high potential talent within the organization. It is categorized into three stages. First is selection process. It takes much time because of turnover or he/she might change into poor performance, otherwise individual preference and so on. Second is providing development experience for high potential employees. Third stage is fitting into corporate culture and having the personality characteristics needed to successfully represent corporate core values. This stage is very challenging stage to tackle the Ethnocentrism for the Japanese descent companies.

CHAPTER VI

APPLYING A JAPANESE SME COMPANY

CASE STUDY OF GIKO (THAILAND) CO., LTD.

In order to deepen the discussion and generate the practical recommendations for Japanese descent companies I would like to focus one Japanese SME company, whose name is GIKO (Thailand) Co., Ltd. The parent company has achieved a success as a leading company in medical technique in Japan.

6.1 Company Profile

GIKO (Thailand) is a subsidiary of GIKO (Japan), has been established in Thailand since 2010 originally by doing the businesses of dental products, particularly dentures. They have 13 employees, which includes four Japanese expatriates too. The products are professionally produced by up-to-date technologies, high quality of materials and modern equipment to secure the premium quality of products. (See the appendix C.)

6.2 Current Business Situation

At first the company had a challenging period in Thailand because they had not enough customers of dentists. Dentist and patients usually don't want to take any risk against the safety in terms of medical techniques. The company was completely new comer in Thailand providing high quality product supported by new technologies, however its technology and products are completely not familiar with Thai dentists. It must take much more time to obtain trust from dentists and patients.

Moreover, there was a high competition of price in this product line as well. This is a challenging to GIKO (Thailand) to compete with local competitors. The company tries to differentiate and drive the market by the quality of products which are safer and more durable than competitors' products.

The company has another differentiation strategy, which focuses on a beauty dental solution. It is a series of innovative and unique products. (See the appendix D.) Traditional dental technique focuses the purpose to recover the natural function by filling the tooth, however this product targets to make users' appearance more beautiful. The customer segments look totally different.

The price of product is almost four times compared with competitors' one. The profit ratio ends up almost 80%. It is quite higher than the average margin ratio of Japan. The distribution channel depends on beauty clinic highly. Beauty clinic and bridal channel sales ratio have 50% of total sales, dental clinic 40% and university channel 10% for each. The success of sales depends on the connection to dentist community and relationship management with both of each Japanese and Thai dentist. Because they try to edify dentists and uplift the standard of quality and services by cutting edge technology from Japan.

6.3 The Organizational Problems

From the interview to the president I recognize some problems which the company faces and being struggling nowadays.

6.3.1 Human Resource Management

They have only 13 employees, in which it has 4 Japanese expatriates. Last year they have faced a critical problem to continuing the business. Four Thai staff had quit jobs all together. The company asked the parent company to send tentative workforce from Japan in order to maintain the normal business operation. Consequently the company depends highly on the contribution of Japanese expatriates and support from the parent company from Japan.

Similar problem has happened in the past. At the beginning of foundation the company has a Thai director as one of shareholders, who has a strong connection to dentists and educational institutions. Six months later I found this person has already left out from the company.

6.3.2 No Road Map to Educate Technicians

At first they had a plan to set up an educational school affiliate with universities, however it was held up because the degree of understanding toward the importance of medical techniques among dentists and universities were not enough.

Other competitors use employees without enough training and provide the lower quality of product in lower price. The president illustrated in the interview that GIKO smile is quite a unique orthodontics tools and they started selling it with the price of 50,000 Baht, however six month later other competitors released copycat products only in 500 Baht.

Nowadays they are struggling to find a way to affiliate with external institutions to facilitate the educational function but it has no fruit so far. They also consider to set up internal training to catch up the demand, however they can't find any qualified candidate so far.

6.3.3 Difficulty to Connect with Thai Human Network and Community

As I mentioned before, to build a trustful relationship with dentists and universities is a key success factor to cultivate the understanding cutting edge dental technique and look for a possibility to set up an educational institutions in Thailand in order to nourish the human resources who has an appropriate capability and techniques in dental filling and dentures. Nowadays the Japanese president try to take this role but there is a limitation because of language, cultural and social barriers.

6.3.4 Heavily Dependence to Japanese Expatriates and Japanese Parent Company

They have been depending on the contribution and support from the Japanese parent company. Especially all technical issues are handled by Japanese expatriates. Thai staff mainly covers only the marketing and logistics. It ends up high cost structure of the company and the ad-hoc-ism is spread in the company. The president agrees it is critical to set a strategic way to change management style, however so far it is untouched at all.

6.4 SWOT Analysis from Human Resource Perspective

Above problematic phenomenon have a close relationship with human resource (HR) perspectives. I would like to analyze the competencies of the company from human resource perspective.

6.4.1 Strength

They have a flat organization and treat employees very flexibly, such as the company admits one employee to flexible work time because she starts studying at university after working time. The HR policy is quite long term oriented because their product requires the dental knowledge and relationship management with dentists. Such kind of capability is not easy to be nourished in short term. The parent company has a fluent capability to educate and nourish dental technicians and the company can use this talent pool in lower cost in the form of Japanese expatriates.

6.4.2 Weakness

They have a difficulty to attract high talent because of the size of company, furthermore no brand image in Thailand. Another problem is a failure to retain the employees as mentioned before. They have not prepared enough training and career development opportunities, even though their business requires particular chemical and dental knowledge. They just train new employees by OJT from senior staff. One of competitive advantages of the company is high quality of product, so far it has never changed into the organizational knowledge yet because all production processes are delivered by the hand of Japanese expatriates.

Japanese managements worry and hesitate to train the employees because trained employees who have specific skills might quit jobs and change to be their competitors in the future.

6.4.3 Opportunity

The company emphasizes the quality of products. The source of quality comes from the precise work by dental technicians. The dental community and academic society are positive to lead and cultivate this kind of occupational training.

The company might play a core center of training and career development for technicians.

Some employees might have opportunities to be trained in Japan by using the facility and resources of parent company.

6.4.4 Threat

Higher compensation and benefit of other industry makes a difficulty for the company to attract high talent employees. The tendency of job hopping worsens the situation. The headhunting is also a threat for this kind of human network oriented business. Some employees are also solicited to competitors with the purpose that competitors obtain know how from the company.

6.5 Problem Statements from HR Perspective

I would like to address the problems which the firm have been facing in terms of human resource perspective.

6.5.1 Lack of Internal Training

The business unit which can achieve the profits quickly is mainly of traditional dental filling and dentures. In this production the dental techniques to process and shape the material out to fit the order with preciseness is critical. They have a plan to train technicians in internal way, however now it depends on the Japanese experts who are dispatched as an expatriate.

6.5.2 Difficulty to Recruit Potential Candidates

They want to recruit the specialists of Prosthodontics in Thailand to work in their laboratory. We see the dilemma that they have not prepared a training function in internal or external either even though the training is key success factor for dental techniques. Furthermore the company has no clear picture of compensation for technicians who qualifies to provide the high standard of technique work similar with Japan. The weak employer brand also makes it more difficult because of foreign descent company and SME firm.

6.5.3 Less Strategic Approach

They have faced a hesitation and lack of understanding from the parent company to change HR policies from fire-fighting and ad-hoc reactions to strategic way. It involves recruiting process, compensation and performance appraisal. In current situation the employees can't figure out career development planning and career path at all.

6.6 Recommendations

As we discussed in the theoretical framework, the localization is a key drive to tackle the problems for the company. Firstly the parent company set the motivation for the expatriates to localize the Thai subsidiary company within some period. It must be within 3 to 5 years. It is quite important to be set the localization as a critical success factors in managerial issues between parent company and subsidiary company. The expatriates also convince the parent company how does it reduce the cost and improve the efficiency of local operation too. Then the company would admit and set up a planning to translate ad-hoc business policies to strategic way through the process of localization.

6.6.1 Selection Process

First of all they must collect high talent from local labor market, who would be a successor of Japanese expatriates, of course candidates should involve existing employees too. They start change the recruiting process with competency basis. The structured job description and job analysis are necessary, which defines the required Knowledge, Skill and Attributions (KSA).

Through this process I would like to express three key issues. First is to secure the transparency and adaptation. It is quite a mixture of strength both of SME sized firm and Japanese firms and also can differentiate with Thai SME companies. Secondly they emphasize the future plan for the candidate then the company provides a set of occupational training and opportunities to dispatch them to the Japanese parent company in order to acquire the technical knowledge and corporate values. It takes much time and expense, however that is quite a different point with Thai SME

companies. The third is to enhance the employer's brand. The company should affiliate with universities and educational institutions through CSR activities such as scholarship and internship and so on. Nowadays they do push up similar activities, however its objective is to acquire the human connection. New objective should be set as activities to enhance the corporate and employer's brand.

6.6.2 Motivations

Once new KSA is organized, the company should touch the improvement of performance appraisal based on new KSA on each position and design the proficiency too. The compensation level should be also checked with the market level and appropriate salary ranges too. The company facilitates the training and career development planning, which is not only technical training as mentioned on above but also managerial training too. That is key message from the company that local employees are not only labor force but also the potential resources as a management for the future.

The company also visualizes the career path for the employee. One possible option is a networking career path, which cultivates multi skill and it might qualify the candidate for the future position as a manager.

6.6.3 Development Process

Finally the company would be able to extract the potential candidate for the successor of expatriate position. Then the company prepares the more required experience for the candidate of successor, which includes the temporary assignment to parent company in Japan too. This kind of experience must nourish strong relationship with the organization of parent company and enhance the engagement of employee too. Such kind of experience surely nourishes the managerial competency which is required for top managements.

6.7 Impact to the Bottom Line

Localization is expected to advance the local network. Firstly It surely makes the human connection easier to be cultivated than Japanese expatriates. It ends

up expanding business opportunities. Of course the cost reduction of expatriates is definitely.

The presence of localized company impact HR issues as well. The commitment and motivation of employees would be improved. The distinctive impact must be found in the recruitment. Employees have an expectation to be promoted up to the top management. Furthermore it is not a simple subsidiary company but takes one strategic role in the company family. They might expect to achieve a successful global career plan as well.

These positive impact increases the employee satisfaction. Once employee work with a satisfaction, it increases the quality of products and service. Consequently that increases the customer's satisfaction and profitability as well.

6.8 Obstacles and How to Deal It?

In the process for localization some of obstacles for implementation could be pointed out. Firstly the company might have too high expectation and ends up mismatch with compensation level in the market. This kind of mismatch should be resolved to check the compensation level toward the external agent and similar position of competitors. It is also required to communicate continuously and lead the consensus between the expectation and job role and responsibility.

Secondly the parent company surely favors to reduce the cost, however they might not support strategic approaches. Human resource practical is affected by local labor market and must consider it in local context. The company is no longer to be able to manage this diversified situation by Japanese traditional way. Only the universal measure which enhances the transparency and consensus between employees and company is a right way.

As we elaborate the characteristics of new graduate and job changers, their motivations are highly based on career development and compensation as a result of career success. The company which can't illustrate future picture of employees' career success has no way to reach high talent from local labor market. With looking at firm's competitive advantages it depends on the precise technique of dental technicians, which is supported by their professionalism and occupational pride that

they support an important role for the dental service. Thus the investment to human resources directly link with the improvement of quality and product for the company.

Thirdly the localization is a strategic process which should be conducted by the parent company and the expatriates. In this process some candidates might quit jobs and others might be demoralized. Surely it must be a sequence of try and error. At the beginning of foundation the company had hired a Thai local director but he had left out. From this event the company should learn the lesson but should not throw away. The company should incorporate next generation without stopping and stepping back.



CHAPTER VII

CONCLUSION

Firstly Japanese descent companies had expanded the manufacturing in Thailand with the purpose of reducing the labor cost. Nowadays the labor cost of Thailand is not relatively cheaper than Indonesia and Vietnam. New managerial environments require the role of local employees to shift from low cost to added value. On the contrast tight labor market makes it crucial to retain capable people as well as attract high talent.

We elaborate how unfamiliar Japanese descent companies are for job seekers through analyzing the questionnaires and found the fact both of new graduate and job changers focus career development and higher compensation as a result of career success. It also indicates some hints for the Japanese companies to improve own attractiveness and employer brand in Thai labor market.

Localization is one of key success factors with the prospective of foreign descent companies in order to build up a strong brand in local market and promise long term engagement of employees in human resource. We also recommend Japanese descent companies, especially for SME companies to utilize the resources of parent company to differentiate with Thai SME companies too.



**Appendix A. Result of Questionnaire for new university graduates
From Info Biz Thailand, Issued No.181&182 on January and February 2013
(Excerpted Version)**

- Organizer; Nippon Info B Co., Ltd
159/14 Serm-mit tower, 9th Floor Room 915, Sukhunvit 21 Rd. Klongtoey-nua,
Wattana, Bangkok, Thailand
- Executed; on August-November 2012
- # of respondent; 1,188
- Target Group: New graduates from 9 universities in Bangkok.

Top 30 ranking of companies which new graduates want to work

	Name of Company	Points
1	PTT Public Co., Ltd.	594
2	The Siam Cement Public Co., Ltd.	457
3	CP All Public Co., Ltd.	267
4	Thai Airways International Public Co., Ltd.	236
5	Toyota Motor Thailand Co., Ltd.	222
6	Electricity Generating Authority of Thailand (EGAT)	137
7	GMM Grammy Public Co., Ltd.	134
8	Honda Group	131
9	Work point Entertainment Public Co., Ltd.	115
10	The Siam Commercial Bank Public Co., Ltd.	112
11	True Corporation	108
12	Thai oil Public Co., Ltd.	87
13	Charoen Pokphand Foods Public Co., Ltd.	97
14	Bangkok Entertainment Co., Ltd.(TV3)	78
15	Advance Info Service Public Co., Ltd.	74
16	Krung Thai Bank Public Co., Ltd.	72
17	Government Saving Bank	69
18	Chevron Thailand Exploration and Production, Ltd.	62
19	TOT Public Co., Ltd.	61
20	Kasikorn Bank Public Co., Ltd.	59
21	Singha Corporation Co., Ltd.	57
22	Total Access Communication Public Co., Ltd.	56
23	CH.Karmchang Public Co., Ltd.	48
24	Ministry of Foreign Affairs	46
25	Osotspa Co., Ltd.	44
26	Microsoft Corporation	43
26	RITTA Co., Ltd.	43
26	SAMSUNG Group	43
29	Bangkok Bank Public Co., Ltd.	41
30	Google Inc.	38

*Original ranking covers top 100 but choose
Only top 30

*The way of allocation the marks

Answerer give 3 points for first preference, 2 point for 2nd and
1 point for 3rd.

Appendix B. Questionnaire to Job Changers

Target Group: 18 persons of office workers in KASIKORNBANK PCL

Including managers and staff who handle Japanese related business.

Date 8th November to 11th November 2013

Questionnaire Format: Google web questionnaire

Table 1.

		Respondent	Percentage
Age	22-25	2	11%
	26-30	3	17%
	31-35	7	39%
	36-40	4	22%
	over 40	2	11%

Table 2.

		Respondent	Percentage
Job Change	Never Ever	1	6%
	1-2 Times	7	39%
	3-5 Times	8	44%
	More Than 6times	2	11%

Table 3.

		Points	Percentage
Please order your motivation of ideal job	Career Development	68	25%
	Compensation	59	22%
	Work Balance	55	20%
	Atmosphere (Corporate Culture)	40	15%
	Corporate brand/Size	27	10%
	Internal Promotion	21	8%

*Respondent choose 5 answers in order out of 6 choices.

*First priority given by 5 points, second is 4 points, third is 3 points, fourth is 2 points and fifth is 1 point. Then all points are accumulated.

Appendix C. Profile of GIKO(Thailand) Co., Ltd.

<http://gikothailand.com>

【President】

Mr.Yasunori Kadota

【Office】

764/7 Sukhumvit rd., Soi Ari , Klongton,
Klongtoey , Bangkok Thailand 10110
TEL: +66-2-261-1070-1 FAX : +66-2-261-1072

【Establishment】

24 / 6 / 2011

【Capital】

3,500,000 THB

【Main Business Activities】

- Dental Materials Manufacturing and Sales
- Dental Technician Education

【Philosophy】

『Joy』 By contributing to people's health, we strive to bring as much joy to as many as possible.

『Satisfaction』

We strive to create workplaces conducive to the health, wellbeing and satisfaction of all our employees.

『Fulfillment』

We are committed to a three-step cycle of fulfillment:

- Happiness in the community through our work in the health industry.
- Material and spiritual satisfaction on the part of our employees.
- Prosperity through the success of the company.

【Vision】

『Training medical professionals』

We shall train highly-skilled and dedicated medical professionals to practice throughout the world.

『Creating businesses in dental technology』

We shall cultivate new businesses and markets in dental technology and expand this field globally.

『Face-to-face dental technology』

We shall meet patients directly in order to produce dental appliances that meet their needs.

『Independence』

We shall work to establish original dental technology by nurturing dental technicians who have acquired their own unique professional skills.



Appendix D. Sample of Products (GIKO (Thailand) Co., Ltd.)

Zirconia

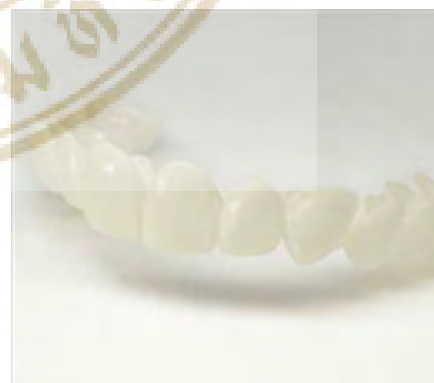


- Features
 - Strength.
 - Long spans can be.
 - No metal. Good for health.
- Materials
 - Coping : DeguDent Cercon(Germany) , ZIRCONIA
 - Ceramic : SHOFU(Japan) , VINTAGE ZR

GIKO Smile (Focusing on Dental Clients)

You can get a mouth piece accessories just from the impression of your teeth.

You can attach and remove it whenever you like as a ring and earrings.



Before

After



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