

A study of the personnel training of small and medium enterprises in Kansai areas of Japan and the East of Thailand

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Abstract

The objectives of this research were to study the personnel training of SMEs in Kansai areas, to study the roles of the Japanese government in their SME personnel training and to compare the roles of the Japanese government and Thai government in SME personnel training. In Japan, the researcher collected data from interviewing officers of some related organizations : the Institute for

Small Business Management and Technology (ISMET) in Kansai, Employment and Human Resources Development Organization of Japan (EDCO) and Pacific Resource Exchange Center (PREX), and studying some related documents. In Thailand, the researcher collected data by 400 questionnaires which were sent by stratified random samplings to SME owners in Eastern Thailand.

The results are as follows:

1. JASMEC (Japan Small and Medium Enterprise Corporation) is required to comprehensively and efficiently carry out the government's policy for their SMEs. JASMEC has a significant role in personnel training for Japanese SMEs. ISMET (The Institute for Small Business Management and Technology), established and managed by JASMEC, is a training organization especially for Japanese SMEs.

2. ISMET offers a variety of training programs: more than 50 programs throughout the year. There are 20-50 trainees for one class. Most tutors come from well-known universities or business organizations. The diverse methods used in the training programs include seminars, case studies and brainstorming for long-range training programs; and lectures for short-range training programs. The most popular training programs which are greatly appreciated by Japanese SMEs concern marketing, strategy management, and information technology. ISMET has observed the needs of SME owners or employees before arranging training programs and all training programs change from one year to another year.

3. In Thailand, The Institute of Small and Medium Enterprises Development (ISMED), which was established with financial support from the Thai government, acts as a primary center in supervising and supplying information, and also has personnel training for Thai SMEs. ISMED has connections with some universities in many areas throughout Thailand to represent its services. In addition, the researcher found that most Thai SME owners are aware of a moderate-level necessity of personnel training. Thai SME owners arrange personnel training only once or twice a year, but most Thai SME employees have no personnel training. Most Thai SME owners feel interested in accounting/finance and special computer programs, and they need some assistance from the government in financial support rather than personnel training.

4. Currently, there are many part-time employees in Japanese SMEs. In Thailand, most Thai SMEs prefer to employ daily-wage employees. Therefore, most Japanese and Thai SME employees have no welfares, no personnel training programs, and no retirement expenses.

Keyword : Personnel training, Japanese small and medium enterprises, Thai small and medium enterprises

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Introduction

We now know that people are the most important element in an organization. How well an organization obtains, maintains, and retains its human resources determines its success or failure. Japan is a country whose economy rapidly developed after the destruction caused during the Second World War. Because of a lack of natural resources, Japan has had to utilize his human resources. Heavy investment in human resources, extensive on-the-job training opportunities, work teams and the consultative approach to industrial relations are reported to have enabled Japanese business organizations to sustain high levels of labor productivity. Absenteeism from worker and labor strikes in Japan is lower than in other countries.

The Japanese believe that human resource management is the utilization of human resources to achieve organizational objectives because it concerns the efficiency of people in order to attain organizational goals and enhance the personnel dignity satisfaction and well being of employees. Human resource development (HRD) is one important factor of human resource management which is an integrated area of study of the development practices of organizations so they may accomplish higher levels of individual and organizational effectiveness. In human resource development, there are three different kinds of learning programs: training, education and development. The central ingredient of the Japanese revolution has been a massive training program. The training started at the top and progressed downward through all levels in the hierarchy as well as sideways through all functions. Most managers and supervisors have training responsibilities as part of their duties. Also, at each step of the promotional ladder, managers and supervisors will receive additional training. Training by companies is cost effective and efficient. Such training, which should be structured and planned, can be on or off-job training in enterprise. Most of their training focuses on techniques to increase production, reduce cost and encourage team building by improving management skills.

Japanese SMEs (Small and Medium enterprises) have gradually developed for more than a century. The Japanese government has recognized the important role of SMEs for its economy, therefore SME policy has been one of the country's major policies. SMEs have played a significant role in Japan's economy in various ways. In terms of number of firms, about 99 percent of enterprises in non-primary industries are SMEs. Furthermore, in terms of employment, the majority of workers in non-primary industries are in SMEs. Among non-primary industries, wholesale, retail, restaurants and services have the largest number of SMEs, about 2.8 million enterprises. In addition, every firm in the real estate sector is classified as an SME. Specifically, in the manufacturing sector, 99.4 percent of firms were SMEs; these firms employed 9.57 million workers or 77.6 percent of the workers in this sector, and shared 51 percent of shipment value of this sector in 1996. (JASMEC, 2000)

Japanese SME successes can be tracked back to a wide range of reasons, including the active support by the Japanese government, which plays a most important role. The implementation of an SME policy by Japan is under the supervision of the Ministry of Trade, Industry and Economy (MITI). In the MITI, there is an SME agency, a central agency



whose duty is to make policy and enact laws supporting Japanese SME development. The policy on SMEs made by such an agency serves as a guide, to take a measure and carry out support for SMEs in many aspects of the net of many relevant agencies both central and local in prefectures and major cities.

The purposes of making a policy in SME development and promotion of SME agencies are as follows:

- To prevent SMEs from facing a disadvantage stemming from monopoly
- To promote the strengthening of development of the local economy.
- To remove the obstacles and manage the economic environment so as to encourage the running of SME businesses.

The agency whose duty it is to implement Japanese SME policy comprises both central and local agencies. Each agency which is a government or non-governmental body is responsible for and supports the enforcement of policy for small and medium industries by the main agency which is the center of SME development for Japanese Small and Medium Enterprises Corporation (JASMEC) that is under the supervision of the Ministry of Trade, Industry and Economy (MITI)

SME development policy made by the SME Agency will be communicated to the practical agencies which are both central and local in order to become measures for supporting SMEs and the consequences of the measures in practice by such businesses will bounce back to the SME Agency in making and enforcing the policy through small and medium business associations and chambers.

The Kansai Areas (Osaka, Nara, Kyoto, Hyogo, Shiga, Mei, Fukui, Wakayama, Tokushima,)

located in the center of Japan, are at the heart of national and international industrial transportation and telecommunications. Kansai is capturing both Japan's and the World's attention, as this region covers an area with a radius of approximately 150 km (95 miles), and has a richly varied topography. Kansai has evolved into one of the country's most advanced industrial regions. Kansai's GDP (U.S\$719 billion) accounted for 18.5% of that of Japan as a whole (U.S\$3891 billion). The GDP of Kansai is the world's eighth-largest economy. Kansai's population is 23.26 million with a per capita income of U.S\$31,036 that presents an enormous consumer market. Kansai's productions are chemical industries, shipbuilding, iron steel making, and petrochemicals. These productions have established the foundation of modern Japan's manufacturing-based economy. Most of them are dependable small or medium-sized enterprises and technological leaders in the domestic and international marketplace.

Thai SMEs play significant roles in Thai economics. During the economic downturn, the Thai government realized that only SMEs can adjust themselves better and easier than large companies. The Thai government believes that SMEs are presently the most important and fundamental organizations for accelerating a national economic recovery and are a growth engine for Thailand's economic and social development. Moreover, SMEs



can provide jobs and job training programs for lots of people. The viability of the SMEs helps raise the increasing rate of employment, augment the foreign currency flow from their exports, and strengthen the consumption power in the agricultural sector. SMEs are related to many kinds of businesses in the economic sector; such as production, service, trade, export and agricultural sectors. Some SMEs support the large industrial enterprises in increasing production efficiency by supplying the large industrial enterprises with equipment and spare parts. The government believes that the growth of SMEs has a diffusive function in generating economic growth in the rural and urban area. The Thai government has put much emphasis on such crucial roles of SMEs and thus gives priority to the promotion of SMEs in every region of the country in the hope of recovering and generating growth of the industrial sectors and employment as a whole. (ISMED, 1999) (Roongro, 2001)

The researcher is interested in studying the personnel training of Japanese SMEs in the Kansai areas of Japan because the Kansai areas are a crucial economic area of Japan. The researcher collected data from Japan by interviewing some related organizations but cannot collect data from Japanese SME owners. In Thailand, the researcher collected data from Thai SMEs owners in the East of Thailand in order to compare with data collected from Japan. The East of Thailand covers the provinces of Chonburi, Chachengsao, Prachinburi, Rayong, Trad, Chantaburi and Sakaew. Eastern Thailand is believed to be an important region of the Thai economy. The researcher expects that this research would be the way to develop personnel training of Thai SMEs and for further study in human resource development in Thailand.

Objectives of the research

1. To study the personnel training of small and medium enterprises in the Kansai Area.
2. To study the roles of the Japanese government in SME personnel training.
3. To compare the roles of the Japanese government and Thai government in SME personnel training.

Benefits of the research

1. To understand the problems of Japanese SME personnel training.
2. To understand the roles of the Japanese government in developing SMEs
3. To advance Thai SME personnel development.

Scope of the research

This research study concentrates on SMEs in the Kansai Areas of Japan. The study focuses on personnel training of SMEs. According to the fact that Japanese SMEs have no training by their own the researcher cannot interview about training programs from the owners of Japanese SMEs. The researcher changed to collect data from some organizations such as The Institute for Small Business Management and Technology (ISMET) in Kansai, Employment and Human Resources development Organization of Japan (EDCO), and Pacific Resource Exchange Center (PREX), and some related documents.



In Thailand, the researcher collected data of SME personnel training by using a questionnaire. The researcher concentrated on SMEs in the East of Thailand. Some data was collected from the document of Office of SMEs promotion and other related organizations.

Procedures of the research

Procedure of this research was as follows:

1. Studied by reviewing literatures, related documents and other research papers.
2. Generated the instrument of the research.
3. Brought such created questionnaire to research advisors in Japan for inspecting the content accuracy and validity.
4. Collected data by interviewing the related organizations in Japan.
5. Collected data by sending the questionnaires to Thai SME owners in Eastern Thailand.
6. Analyzed all data and summarized.
7. Wrote up the complete report.

Data collection

The data collected by the researcher as the following steps:

1. In Japan, made an informal contact with some Japanese organizations: ISMET, EDCO, PREX by Japanese advisor (Professor Dr.Kyoichi Ishihara*)
2. Demonstrated the interview-requested letter endorsed by Kobe University.
4. Prepared all necessities for the interview, such as questionnaires and recorder.
5. Interviewed in person according to the appointment including the interviewees who gave permission to record the interview.
6. Confirmed and elucidated the answers in order to collect clear data.
7. In Thailand, the researcher sent the questionnaires to the samples of this study.

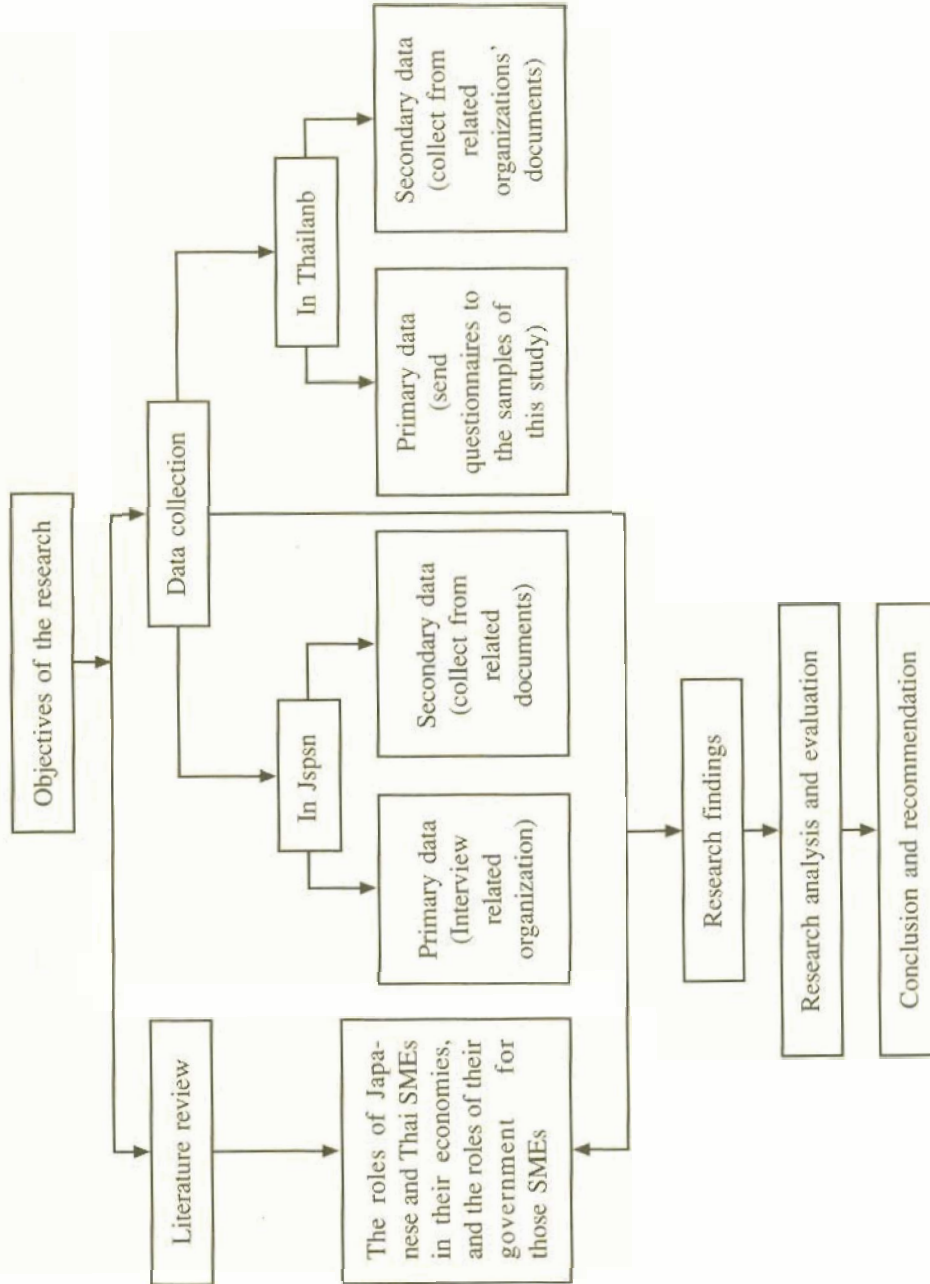
The population of this study was 125,345 members of SMEs in the East of Thailand. The sample size of this study is 400 Thai SMEs (refer to YAMANE statistic table at 95% level of significance). The questionnaires sent by stratified random samplings to those samples as follows:

Provinces of eastern Thailand	Population	Samples
Chonburi	54,631	174
Chantaburi	15,480	49
Chachengsao	14,874	47
Trad	6,752	22
Rayong	19,636	63
Sakaew	13,972	45
Total	125,345	400

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Framework of the research





Results of the research

The results of this research are as follows:

In Japan

1. JASMEC (Japan Small and Medium Enterprise) has a significant role in the personnel training of Japanese SMEs. ISMET (The Institute for Small Business Management and Technology) , the training organization specially for Japanese SMEs, was established and managed by JASMEC.

2. Most Japanese SMEs in the Kansai area send their employees to ISMET for personnel training. Their employees use the working hours for their training in ISMET but some of them have training classes in the evening or holidays.

3. ISMET has nine institutes located in many parts throughout Japan. The institutes provide training programs in charge of supporting SMEs and new entrepreneurs. ISMET offers a variety of training programs which vary from two-day training courses to one-year training courses. The subjects cover a wide berth : from specialist areas such as production management techniques and marketing, to seminars covering broader perspectives such as contemporary management strategies, the exploitation of information technology and entrepreneurship seminars.

4. ISMET has more than 50 training programs throughout the year. There are 20-50 trainees for one class. The tutors come from well-known universities. Some of them come from business organizations. The methods used in short-range training programs is lecture, for long-range training programs are seminars, case studies, and

5. The training programs which are most appreciated by Japanese SMEs are marketing, strategy management, information technology. The training programs always change from one year to another year. ISMET has to observe the current situation before arranging those programs.

6. The employees of Japanese SMEs have to pay for training tuition fees by themselves, but the tuition fee of ISMET is inexpensive because more than 50% of the cost of those institutes are supported by the Japanese government

However, not all of Japanese SME employees have training courses at ISMET. Some of them have training classes in some universities or private training organizations such as : PREX (Pacific Resource Exchange Center) EDCO (Employment and Human Resources Development Organization of Japan).

7. The problems found in ISMET for their training courses are trainees who come from the various kinds of businesses. This situation leads to the difficult arrangement of the appropriate means for all trainees. Moreover, the trainees who come from the various kinds of businesses require specific training courses. ISMET have to observe their needs before arranging their long-term training programs.

In Thailand

1. In Thailand, the Institute of Small and Medium Enterprises Development (ISMED), which was established with financial support from the Thai government, acts



as a primary center in supervising and supplying information, and also has personnel training for Thai SMEs. ISMED has connections with some universities in many areas throughout Thailand to represent its services.

2. Referring to the questionnaires sent to Thai SME owners, the researcher found that

- Generally, Thai SME owners arrange personnel training only once or twice a year from some universities or commercial banks and no tuition fee is required for their training. The problems of their training are having no time and inadequate workers in their organizations.
- Most Thai SME employees have no personnel training according to the understaffed situations of their organization.
- Most of Thai SME owners are aware of moderate-level necessity of personnel training.
- Interesting personnel training courses for Thai SME owners include accounting/finance and special computer programs.
- Most Thai SME owners require some assistance from the Thai government in financial support rather than in personnel training.

Comparison between Thai and Japanese personnel training

1. Japanese SMEs have their explicit official definitions, like SME policies. Thai SMEs don't have unified definitions, policies and target groups. Furthermore, the Japanese government gives stronger support to their SMEs than does the Thai government to Thai SMEs because Japanese SMEs have longer history compared to Thai SMEs.

2. JASMEC takes care of Japanese SMEs like the Office of SME promotion in Thailand. JASMEC has ISMET, a special organization, to take care of Japanese SME personnel training. In Thailand, the Institute of Small and Medium Enterprises Development (ISMED), which was established with financial support from the Thai government, provides personnel training for Thai SMEs.

3. At present, there are many part-time employees in Japanese SMEs. In Thailand, most Thai SMEs prefer to have daily-wage employees. Those employees in Japanese and Thai SMEs have no payment for their welfare, their training programs and their retirement.

Recommendations

1. According to the fact that Thai SME owners are aware of the moderate-level necessity of personnel training and arrange their personnel training only once or twice a year, the Thai government should pay more attention to lead those SMEs for their personnel training or provide more support in personnel training.

2. The Thai government should support SMEs in acquiring knowledge of international business and more advanced technology which could promote Thai SMEs to compete in the global environment.



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