

Japan International Cooperation Agency (JICA)'s Technical Training in Japan for Human Resource Development : A Case Study of Pacific Resource Exchange Center (PREX)'s Seminar on Management of Small and Medium Enterprises for Asia and Pacific Regions

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Abstract

The purpose of this paper is to deepen the understanding of the cooperation between Japan International Cooperation Agency (JICA) and Pacific Resource Exchange Center (PREX) in organizing technical training program in Japan by focusing on the seminar on Management of Small and Medium Enterprises for Asia and Pacific Regions. The major objective of this study is to understand how JICA could develop human resource through technical training program conducted by PREX and to make some suggestions about the training program.

As a partner of JICA, PREX has been organizing training programs under JICA schemes since 1990 . The seminar on Management of Small and Medium Enterprises was an outstanding training program that promoted business management and human resources development in developing countries, mainly in Asia-Pacific countries. The research methodology for this paper is based on primary (observation) and secondary sources (interview). As an observer in the seminar, I found many interesting findings as follows: 1) PREX's characteristics of training program as an organizer 2) contents of the training program did not match the need of the developing countries because of a lack of information about SME situation in partner countries, various kinds of needs among partner

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countries and the different level of knowledge/technology between Japan and developing countries.

Furthermore, there are two suggestions as follows: 1) JICA should organize a training program for each country separately by selection representatives of various sectors 2) PREX should invite government officials to give lectures so that participants will be able to learn from their experiences at governmental level. These suggestions should be considered on JICA and PREX's training programs in the future.

Keyword: Japan International Cooperation Agency (JICA), Technical Training, Japan, Pacific Resource Exchange Center (PREX)

Introduction

Since its establishment in 1974, Japan International Cooperation Agency (JICA)'s technical cooperation underpins the government-based technical cooperation programs that are one of the three pillars of Japan's official development assistance (ODA). JICA has implemented Japan's technical cooperation which has been developed with a particular focus on human resources development as a means of supporting nation building in developing countries. JICA's technical cooperation focuses on three main areas: (1) dispatching experts, (2) supplying equipments and materials, and (3) conducting technical training in Japan.

The main objective of the technical cooperation initially undertaken by JICA was to transfer appropriate knowledge, technology, and know-how through *people* and to deepen mutual understanding through interaction with people in developing countries. Moreover, the technical training program was designed to support the transfer of technical knowledge in courses conducted both in Japan and abroad. This is one of the most

fundamental "human resources development" programs implemented by JICA.

The purpose of this paper is to deepen the understanding of JICA's technical training program conducted by Pacific Resource Exchange Center (PREX) in Japan. The paper consists of three parts. The first part illustrates JICA's technical cooperation. In the second part, I address PREX's seminar on Management of Small and Medium Enterprises. The final section contains the findings from the Training Program.

The information collected in this paper was based on observation during my participation during November 30 to December 4, 2009 and interview. The interview was conducted with a PREX's staff who is a course planner at International Department, and participants from Laos and Thailand.

1. Japan International Cooperation Agency (JICA) and technical cooperation

Japan endorsed the ideas that 'human-centered development' and the enhancement of the individual's welfare

should be the concepts in Japanese ODA.¹
In order to further support this approach, JICA plays a key role in technical cooperation implemented by the Japanese government. However, taking a look at figures of expenditures of JICA's activities in 2007 and 2008, technical cooperation accounted for 3,098 million yen or 19.19% and 3,165 million yen or 17.38% of Japan total ODA respectively. The budget of this technical cooperation for JICA in 2007 and 2008 amounted to 1,461 million yen or 47.65%, 1,508 million yen, or 47.65% respectively. A breakdown of technical cooperation expenditure is shown in Table 1.²

¹ Organisation for Economic Co-Operation and Development, "Japan: Development Co-operation Review (1999)," [online] 2010. Available from: http://www.oecd.org/document/2/0,3343,en_2649_34603_16796754_1_1_1_1,00.html[10/02/10]

² Japan International Cooperation Agency, "Program Goals and Overview: An Overview of JICA's Programs", [online] 2010. Available from: <http://www.jica.go.jp/english/publications/reports/annual/2009/pdf/09.pdf>[15/01/10]

Table 1 Japan's ODA and JICA Activities

(Unit: 100 million Yen)

Type	Calendar Year	2007	2008
Technical cooperation expenses (proportion of ODA)		3,098 (19.19%)	3,165 (17.38%)
JICA proportion (proportion of technical cooperation expenses)		1,461 (47.16%)	1,508 (47.65%)
	Technical training participants	192	237
	Experts	202	196
	Study teams	230	200
	JOCVs	159	159
	Provision of equipment	42	44
	Other volunteers	49	44
	Others	588	630
Grant Aid		4,024	4,930
Yen Loans		-243	-1,102
Total of expenditure of aid assistance		16,140	18,213

Source: Japan International Cooperation Agency

Methods for technical cooperation can be separated into two categories: 1) dispatching related personnel from Japan to developing countries to implement

projects on sites; and 2) inviting related personnel from developing countries to Japan. This training program falls under the latter category as an undertaking of

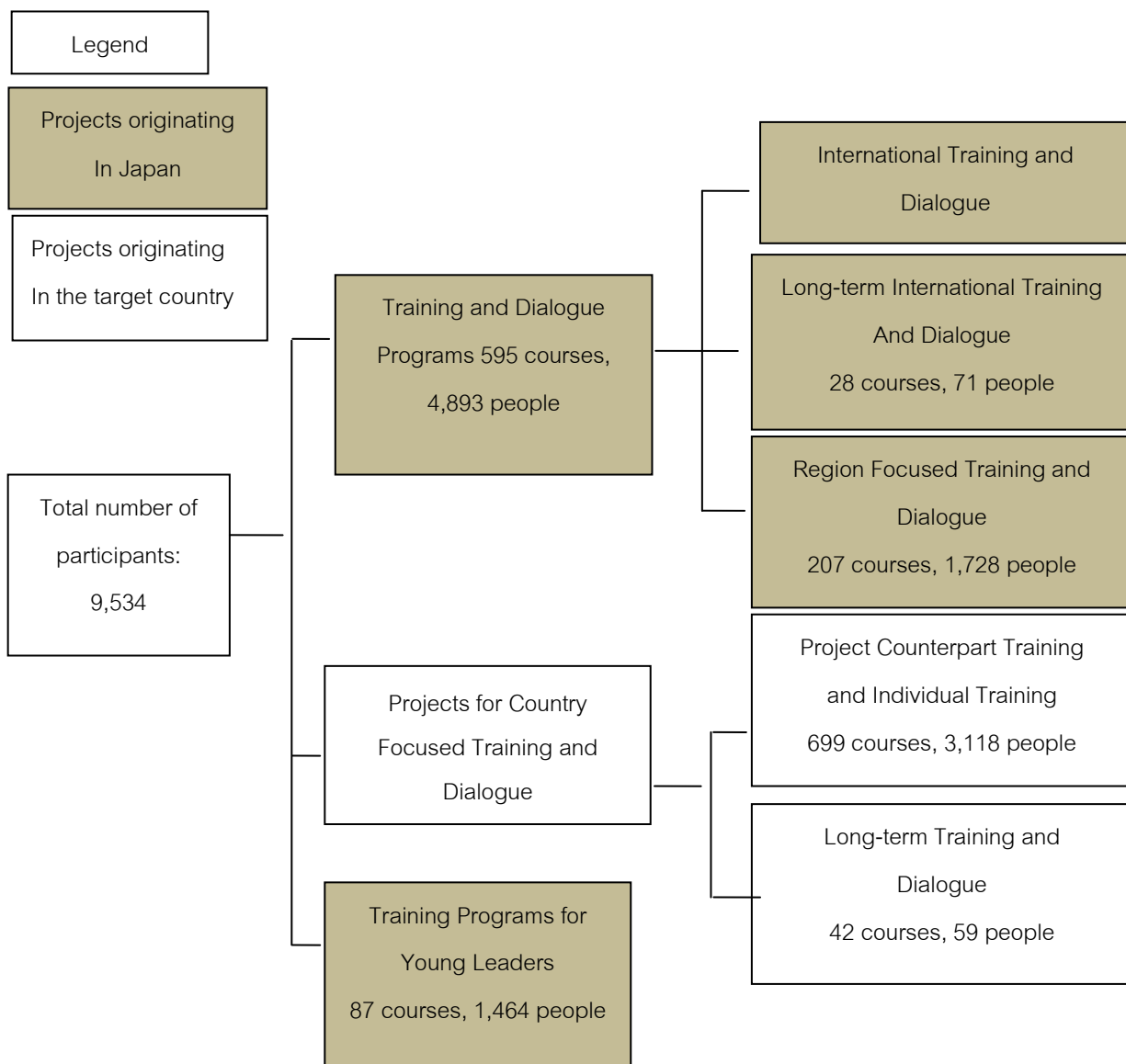
technical cooperation conducted in Japan. It is an important means of technical cooperation which utilizes this knowledge that is acquired through first-hand experience of Japan, supporting human resource development and resolving issues in developing countries.

The training program falls into two general groups based on which country makes a proposal. In “Projects for Country Focused Training and Dialogue”, the developing country makes a proposal to Japan, while in “Training and Dialogue Programs”, Japan makes a proposal and give a training when developing countries response to the proposal.

In Japanese Fiscal Year 2008, nearly 10 thousand people from some 150 nations came to Japan to participate in Training and Dialogue Programs and other forms. Figure 1 shows the breakdown of JICA’s Training and Dialogue Programs by form, number of courses and number of participants in fiscal year 2008.

The majority of trainees were government officers, public institutions’ personnel and NGO personnel whose number has been increasing in recent years. Meanwhile, training is implemented in nearly all sectors with the cooperation of various domestic sources including the national government, local governments, universities, private enterprises, public interest organizations, and NGOs in Japan. The number of cooperating organizations reached 1,400. As for JICA’s Training and Dialogue Programs in fiscal 2008, there were 595 projects in total. The top five project category were health (81 projects), agricultural/rural development (68 projects), environmental management (60 projects), private sector development(59 projects), and governance (50 projects).

Fig. 1 Breakdown of JICA's Training and Dialogue Programs by Form, Number of Courses and Number of Participants, JFY 2008



Source: JICA Training Affairs and Citizen Participation Department

The costs by region where 7.44%, Oceania 3.48%, and Europe 2.39%. technical cooperation was implemented by Table 2 shows the composition of JICA in fiscal year 2008 was as follows: disbursement by region including a year-on-year comparison.

Asia 44.28%, Africa 25.60%, North and Latin America 16.72%, Middle East

Table 2 Composition of Disbursements by region (FY2007 - FY2008)

Region	FY2007		FY2008	
	Amount (100 million Yen)	Percentage (%)	Amount (100 million Yen)	Percentage (%)
Asia	451.22	43.2	473.5544	44.28
Africa	230.17	22.0	273.83	25.60
North and Latin America	176.38	16.9	178.81	16.72
Middle East	124.18	11.9	79.58	7.44
Oceania	42.17	4.0	38.24	3.58
Europe	21.36	2.0	25.53	2.39

Source: Japan International Cooperation Agency

* dispatching volunteers and emergency aid expenses are included.

As for the costs by sectors in connection with JICA's technical cooperation in fiscal 2008, distribution was as follows: agriculture, forestry and fisheries 12.77%, public works and utilities 12.76%, planning and administration 12.65%, human resources 12.07%, health

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and medical care 9.01%, mining and Proportions by sector and comparisons
industry 2.46%, energy 2.13%, business with the previous year is shown in Table 3.
and tourism 2.06%, social welfare 1.53%.

Table 3 Expenditure by sector (FY2007 - FY2008)

Sector	FY2007		FY2008	
	Amount (100 million Yen)	Percentage (%)	Amount (100 million Yen)	Percentage (%)
Agriculture, Forestry and Fisheries	185.69	12.7	192.61	12.77
Public Works and Utilities	207.58	14.2	192.50	12.76
Planning and Administration	186.89	12.8	190.77	12.65
Human Resources	186.02	12.7	182.09	12.07
Health and Medical Care	135.56	9.3	135.90	9.01
Mining and Industry	35.57	2.4	37.05	2.46
Energy	28.33	1.9	32.09	2.13
Business and Tourism	34.82	2.4	31.00	2.06
Social Welfare	19.88	1.4	23.03	1.53
Other	441.15	30.2	484.21	32.11

Source: Japan International Cooperation Agency

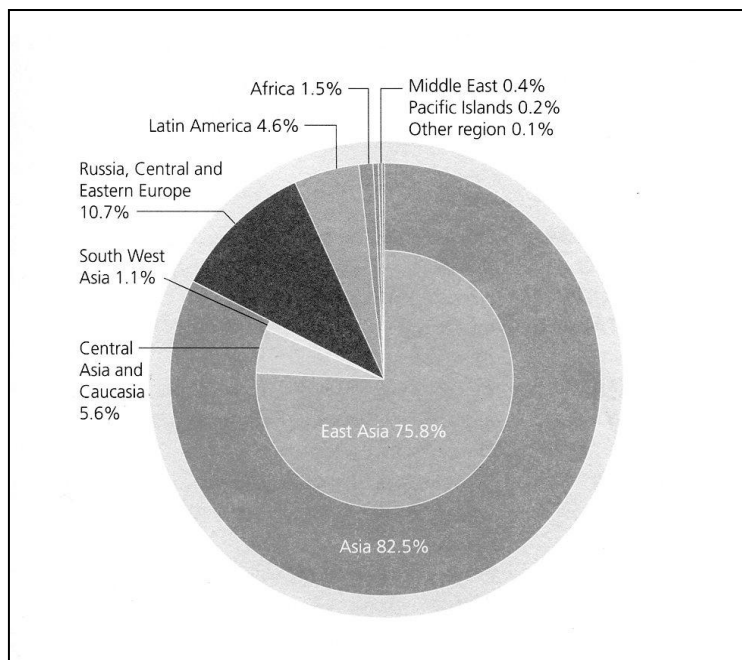
2. Seminar on “The Management of Small and Medium Enterprises for Asia and Pacific Regions”

Background of PREX: PREX as JICA's Partnership

The Pacific Resource Exchange Center (PREX) was established in Osaka in April, 1990 as a foundation (non-profit organization). Based on its mission, PREX contributes to Human Resource Development (HRD) for developing countries, mainly in Asia-Pacific countries.

PREX has been expanding to countries such as Central Asia and Africa to respond to increasing needs. Focusing on the portion of participants, a predominant majority of 82.5% came from Asia including East Asia, Southwest Asia, Central Asia and Caucasasia. This is followed by Central Eastern Europe and Russia, which account for 10.7%. Figure 2 shows the percentage of seminar participants by regions.

Fig. 2 Seminar participants by regions

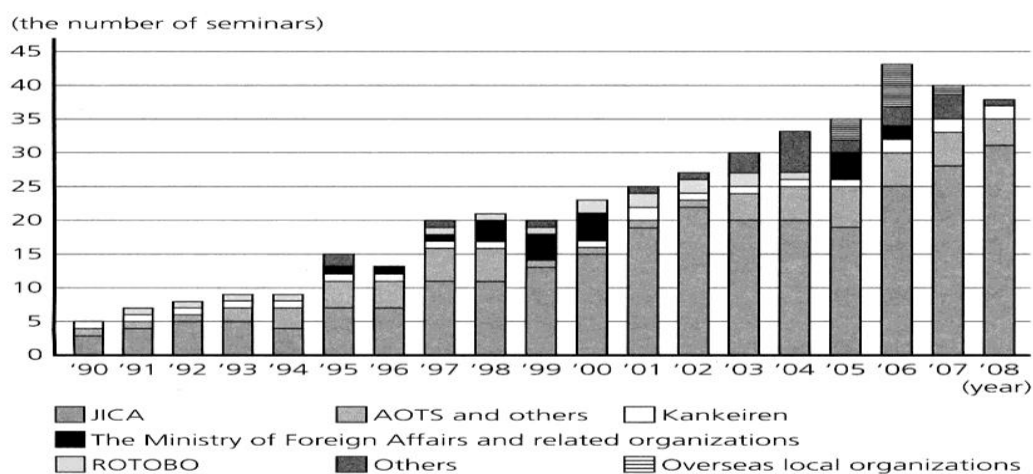


Source: Pacific Resource Exchange Center.

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PREX has cooperated with the Japan International Cooperation Agency (JICA) in organizing/conducting seminar in Japan as well as aboard. Therefore, PREX has been receiving an increasing number of requests for seminars under JICA Schemes from 1990-until present. Taking a look at the number of seminars of PREX's activities, seminars were mainly conducted under JICA Schemes. Figure 3 clearly illustrated the trend of the increasing number of seminars from PREX.

Fig. 3 The number of seminars by relevant organizations

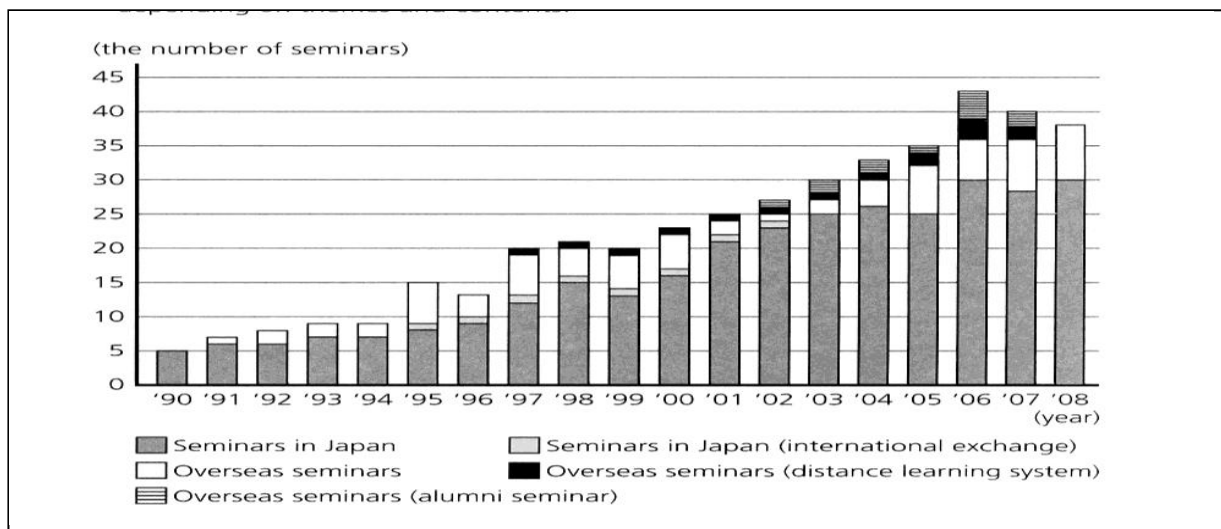


Source: Pacific Resource Exchange Center.

The number of seminars held in Japan has been dominant. Also, PREX holds overseas seminars by dispatching lecturers to partner countries. Moreover, PREX also holds distance learning

seminars between Osaka and overseas locations, using video conference facilities and internet. The trends of types of seminar formats can be seen in Figure 4.

Fig. 4 Trend of types of seminar formats



Source: Pacific Resource Exchange Center

Course background

As more than 99 percent of all Japanese private enterprises in manufacturing are classified as small and medium enterprises (SMEs), Japanese SMEs have immensely contributed greatly to its economic development in various aspects such as the creation of new business, the creation of employment opportunities, and the development of local economy. Consequently, the development and promotion of SMEs in developing countries is one vital approach that helps direct developing countries towards economic growth.

Osaka is known as the center of SMEs which have taken leadership of technological innovation in Japan. In Osaka, such manufacturers are now making a variety of efforts to expand their business, including building a global production network and creating new businesses through collaboration between SMEs. For this reason, the growth and development of SMEs in Osaka can be a good lesson to developing countries.

Thus, JICA has designed "*Seminar on the Management of Small and Medium*

Enterprises for Asia and Pacific Regions"

in such a way as to allow participants to gain an understanding of the management of small and medium-sized enterprises based in Osaka and neighboring regions and to help them revitalize small and medium-sized companies in their own countries or to improve the management of their own companies in the future. In addition, seminars on the management of small and medium-sized companies are held in various places in China and at Japan Centers in NIS Countries.

The training program was titled "The Management of Small and Medium Enterprises for Asia and Pacific Regions". It was conducted from November 30 to December 18, 2009. This training course consisted of 15 participants coming from Cambodia (1), Indonesia (2), Laos (4), Malaysia (1), Papua New Guinea (1), the Philippines (1), Thailand (2), and Vietnam (3). All except the participant from the Philippines were administrative officers in charge of SME promotion. The participant from the Philippines was from a private sector of tourism.

Training course objectives were as follows. 1) To understand the management policy, business strategy, development of human resources, and production control of Japanese companies by making study tours. 2) To review the results of the study tours to find each participant's own themes for improving small and medium-sized companies in their own countries. 3) To discuss the experience of the study tours with other participants to also use experiences of others' as references for activities in their own countries.

Contents of the Training course

1) Knowledge Acquisition: Lectures

The training program began with a lecture on the position of SMEs in Japan. The lecture, delivered by Professor Hirofumi Ueda from Keio University, was aimed at deepening participants understanding of how the Japanese economy changed after the World War II as well as how SMEs contributed to the economic growth.

Another lecture titled, "Support for SMEs in Osaka," was conducted by Industrial Development Research Office of

Osaka Prefecture. The aim of this lecture was to carry out a study of current situation of SMEs in Osaka and the general support measures for SMEs.

Participants also attended a Japanese class every evening. Therefore, participants were able to learn daily conversation in Japanese and Japanese culture. This would make them familiar with living in Japan during the training program.

2) On-Site Tours

PREX selected companies of different scales to visit global corporations like Panasonic Corp., as well as smaller companies of 50 employees or fewer. Thus, participants could learn how the companies' unique business models succeed in their respective markets. Table 6 shows on-site tours where the participants visited during the training program.

Table 6 On site tours where the participants visited during the training program

Place	Companies	Subject
Osaka	1. Konosuke Matsushita Museum*	Management Philosophy
	2. Yamaoka Designing Co., Ltd.*	Corporate Strategy
	3. Nakagawa Sangyo Co., Ltd.*	Production Control
	4. Sennan Nyugyo Co., Ltd.	Quality Management
	5. Kiyasu-Sou-Honpo Co., Ltd.	Sales Promotion Strategy
	6. Yao Chamber of Commerce	Support for SMEs
	7. SWATO Inc.	Case study
	8. Techno Roll Co., Ltd.	Case study
	9. Vocational Technical School of South Osaka	Case study
Kyoto	1. Nagashima Seiko Co., Ltd.*	Human Resource Development
	2. Umi Co., Ltd.	Customer Satisfaction

*The author joined the on-site tours.

Lesson Learnt from on-site tours

This activity reflected the philosophy that it was important for participants to see how companies operate and manage their businesses. In the case of Konosuke Matsushita Museum, participants studied how a Matsushita

Electric Industrial Co., Ltd.³ grew to become one of the largest electronics

³ Konosuke Matsushita was the founder of Panasonic. At present it has been known as Panasonic Corporation

company in the world and learnt the importance of its business philosophy, which influenced employees' behavior and attitude towards the way of working. In the case of Nakashima Seiko Co., Ltd., participants gained knowledge of company's measures for pursuing technology and nurturing its qualified engineers as well as learned how the technology was handed down.

PREX organized this activity to include not only the on-site tours of companies but also the lectures by managers/experts on their management of SMEs or their experiences of business. After the lectures had finished, participants asked questions and exchanged opinions with managers and experts. In the case of Nakagawa Sangyo Co., Ltd., the president of the company gave a lecture on Management of SMEs for Asia and Pacific Regions. After that, he took participants to look around his plant. At the end, all participants had an opportunity to ask any questions about the strategies or the management of business.

3) Group discussion

Group discussion focused on the experiences and the knowledge of Small and Medium Enterprises from visiting on-site companies. The discussions consisted of 3 parts: situation report presentations, wrap-up discussions in the first half and second half of the training session and final presentations. Situation report presentations were made by participants on the management problem of SMEs in their own countries. After all participants from each country made their reports, they received individual advices from the course leader about what to be focused in observations and the whole course.

About wrap-up discussions, all participants shared new useful knowledge from observations and exchanged views with other members in the first half and second half of the training session. In the first half of the training session, group discussion was divided into 3 groups. Each group presented different cases of study tours as case study. The questions they discussed were as follows.

- 1) Share Basic Information (5 mins)
- 2) The Fact they encountered (10 mins)

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3) What they learnt from (25 mins)

4) Group report (15 mins x 3 groups)

To clarify information and ideas among participants, the KJ method⁴ was used for gathering their knowledge or understanding. By this method, participants wrote down all relevant facts and information on post-it and collated them. In a group-work version, participants brainstormed for ideas. After this process, participants attached the post-it to the board by grouping and naming the information. According to an interview with one of participants, participants were urged into discussion so they could exchange opinions and learn SMEs situation in other countries. This was one of the most useful things participants could understand their viewpoints of SMEs.⁵

For final presentation, each participant gave a presentation on the advantages of visiting on-site tours and the utilization of experiences of training program for improving SME management in their own countries. After all participants from each country had presented, the course leader gave advice on what should be done in the next step.

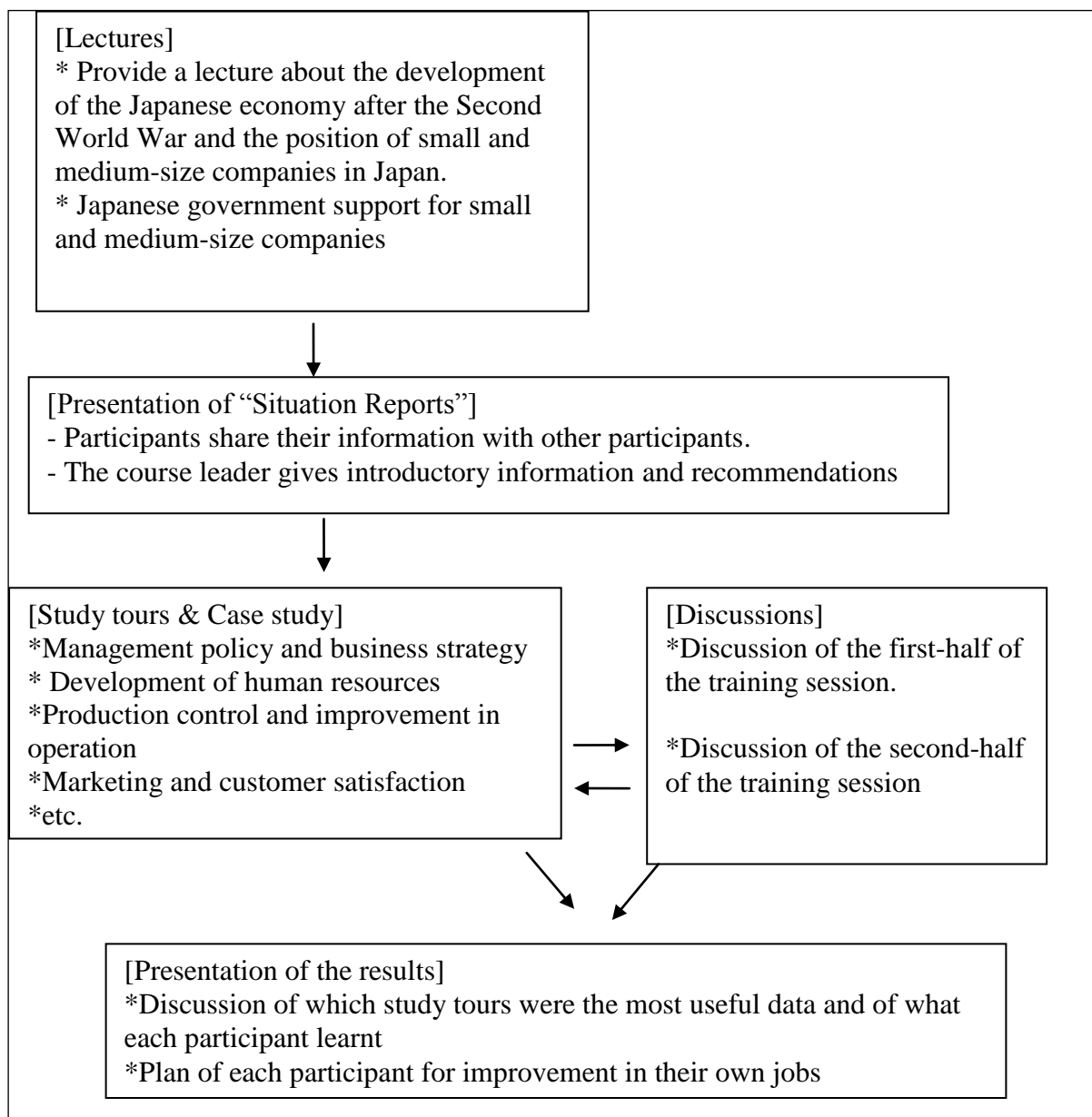
Conceptual Framework of JICA's training program for "The Management of Small and Medium Enterprises for Asia and Pacific Regions is shown in Fig. 5.

⁴ The KJ method was used for was developed as the Affinity Diagram by Jiro Kawakita and has become one of the 'Seven management (New) tools' of modern Japanese quality management widely used in Japan.

⁵ Interviewed Ms.Duangrudee Sirisatien, Senior Officer, Micro Enterprises Strategies Department,

Office of Small and Medium Enterprises Promotion, Ministry of Industry, 10 February 2010.

Fig.5 Conceptual Framework of JICA's training program for "The Management of Small and Medium Enterprises for Asia and Pacific Regions" Conducted by Pacific Resource Exchange Center



Source: Pacific Resource Exchange Center adapted by Author

3. Conclusion: Finding and suggestions from the Training Program

According to the seminar on “Management of Small and Medium Enterprises for Asia and Pacific Regions”, this section discusses the findings and suggestions of the training program.

Findings;

1. PREX’s characteristics of training program in Japan as an organizer

PREX played a major role in monitoring training program throughout the program, especially in the role of coordinating with private sector for on-site tours.⁶ However, PREX’s conceptual framework of training program was designed to offer knowledge and practices throughout the program. The conceptual framework emphasized on practical knowledge through study tours that provided understanding of Japanese

SMEs’ management and development for participants. With this conceptual

framework, participants were able to adapt their gained knowledge to suit SMEs situation in their own countries.

According to PREX’s conceptual framework focusing on practical knowledge, PREX provided the knowledge and know-how of Japan’s first-hand experience for participants by cooperating with non-governmental organizations for effectively utilizing know-how and experiences of private sector, academic institutes and non-governmental organizations. Consequently, participant could acquire academic knowledge through lectures and learn practical knowledge from experts and executives during study tours. Moreover, participants had opportunities to visit companies in Osaka, the center of SMEs, and to directly discuss with top Japanese executives about their corporate strategies.

When participants gained knowledge of Japanese SMEs, they were expected to utilize their knowledge for enhancing their institutions’ capacity. This

⁶ Interviewed Vilasack Xayapheth, Technical Officer, Foreign Relation Division, Lao National Chamber of Commerce and Industry, 16 February 2010.

leads to develop their countries and to accomplish the mission of PREX.

2. Contents of the training program did not match the need of the developing countries

According to a PREX's staff⁷, before the training program started, PREX did not have information about SME situation of partner countries. As a result, contents of the training program; especially lectures and study tours, were not appropriate for every country which has different knowledge and technology. Furthermore, as Japan has the high level of technology development, PREX might not be able to provide participants from developing countries with appropriate knowledge/skills they expected. As a result, the training program did not achieve the developing countries' needs. In addition to this point, the contents of training programs should be focused on each sector of industry so that participants can directly

learn about problems and solutions from Japan's experience.⁸

Suggestions;

1. JICA should organize a training program for each country separately by selecting representatives of various sectors, the reasons are as follows;

- The difference of SME situation and level of technology in each country

As each country has different SME situation and different level of technology from other countries so that every country needs specific knowledge and technology which is suitable for their SME situation. Otherwise, before a training program starts, JICA should conduct a survey of partner countries towards their opinions about what

⁷ Interviewed Kei Kitamura, Course Planner, International Department, Pacific Resource Exchange Center, 9 January 2010.

⁸ Interviewed Supanee Chaisitmakin, Senior Trade Officer, Office of Product Value Development, Development of Export Promotion, Ministry of Commerce, 11 February 2010. And Vilasack Xayapheth, Technical Officer, Foreign Relation Division, Lao National Chamber of Commerce and Industry, 16 February 2010.

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are their expectations of the training program. That is because contents of training program should depend on what each partner country would like to study. This makes the training program meet their needs.

- Type of participants

As most of participants were administrative officials of each nation or local government, they might have less knowledge of business management and technology than businessmen. For this reason, knowledge or technology were not transferred to participants efficiently. In my opinion, JICA should seek to further cooperation with professional associations or professional organizations. With the enhancement in this aspect, JICA can directly and widely transfer knowledge to target groups more effectively.

Moreover, representatives from various sectors (of both public sector and private sector) should be selected as participants to take part in the training programs. That is because they will be able to exchange their opinions and experiences for improving their SME situations in their own countries.

2. PREX should invite government officials to give lectures

Responsibility of each participant as an administrative official is to plan, to implement and to promote SMEs so there should be a lecturer who is a government official whose duty relating to SMEs promotion. Participants will be able to learn measures or strategies to support SMEs from government's side. Consequently, they will revitalize suitable measures or strategy for improving SMEs in their own countries.

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