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Directions and Trends of Human resources Development of Thai Automobile Industry In the Future

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ABSTRACT

This research aims to study 1) directions and trends of human resources development of Thai automobile industry, and 2) concepts of human resources development of each automotive manufacturer. The research is conducted qualitatively by using in-depth interviews with the key informants who are directly related to this research. The samples are senior executives or human resources executives from 5 Japanese automotive manufacturers who invest in Thailand, including Toyota Motor Thailand Co., Ltd, Nissan Motor (Thailand) Co., Ltd, Mitsubishi Motors (Thailand) Co., Ltd, Honda Automobile (Thailand) Co., Ltd, and Thai Suzuki Motor Co., Ltd. After collecting data, the researcher analyzes the qualitative data by examining the inter-coder agreement between the specialists in order to analyze and interpret the qualitative data to get more accurate result. The research result shows that 1) directions and trends of human resources development of Thai automobile industry in the future will change the various models of human resources development and will increasingly focus on the promotion of education in order to augment various skills to the human resources. Moreover, organizational business, university and woman labor models will be developed for more access to the labor system along with the simulation-based instruction in order to increase the efficiency of skills training. 2) Strategic human resources development will enhance the capacity of human resources in both organizational and national competitions. Furthermore, this shows us the short-term achievement of organization. Any organization that adjusts itself to the external factors well becomes successful quickly. Meanwhile, organization that focuses on internal development becomes successful slowly and uses a lot of capital but will be successful sustainably in the end.

Keywords: automobile industry, human resources development, Japanese automotive manufacturer

Introduction

Title

Automobile industry is a major industry in Thailand which has been continuously growing since 1961. Presently, Thailand has become an automotive production base exporting all over the world and having production capacity not less than 2.5 million cars. [1] Moreover, the public sector has given a lot of support to the industry due to the fact that it is a significant industry and it is necessary to focus on making Thailand to be the center of manufacturing and exporting of cars so-called “the Detroit of Asia”. The ASEAN Community which consists of 10 countries has manufactured 3 million cars in 2012. In the same year, Thailand manufactured 2.5 million cars and exported 1 million cars; this shows that. Thai automobile industry had highest potential and became the center of the industry in Southeast Asia region in which Thailand is ranked 9th in the world ranking and is ranked 5th

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in Asian ranking (Source: Department of International Trade Promotion, Ministry of Commerce).

Nowadays, Thai automobile industry has one-ton pick-ups as its Product Champion that can be manufactured, exported, and accepted for various countries around the world. As being a production base of Asia, the second project of new Product Champion that is rising up is the Eco-cars. The industry promotes the national economy by increasing the employment rate. It also contributes to the technological development and can attract the high amount of direct investment from foreigners, especially Japanese companies who move their production bases to Thailand. Furthermore, this will make a lot of revenue for the country through the exports of motor vehicles and automotive accessories that have very high value. As such, Thailand becomes one of the world's major manufacturers in automobile and automotive accessories industry at present and tends to increase the productivity and export in the future.

The main positive factors that make automobile and automotive accessories industry in Thailand grow continuously are market demand in the country, public policy that promotes automobile industry as a long-term major industry in Thailand, precedence of public sector over the manufacture, materials, energy, investment promotion, close cooperation between public and private sectors, and automotive personnel (which includes the skillful labors in Thailand; human resources are a very important factor for the industry to grow as explained above).

Meanwhile, the negative factors that might impact automobile and automotive accessories industry in Thailand are the market demand inside and outside the country influenced by the launch of free trade based on the ASEAN Economic Community framework, energy policy of public sectors that should be improved based on the unstable situation of world energy, and natural disasters that affect the automobile and automotive accessories industrial estate areas. [2] These lead to the emergence of other reserved production bases in other countries which have similar readiness to Thailand such as Indonesia, Malaysia, the Philippines, and Vietnam or other countries that are not in ASEAN such as China and India which have enormous production capacity. In addition, the important problems that absolutely affect in the future are the lack of skillful labors at specialist, operated, and labored levels in automotive accessories production sector due to the fact that Thai society has lower growth rate in population continuously in the past several decades. [3]

To help the automobile industry to grow steadily and be able to compete in the global market, knowledge and competency of personnel in automobile industry are very important to be urgently developed because the personnel ability is the key to develop automobile industry and human resources must be able to handle technology and they are the factor that links all of the problems altogether. [4]

In this research, the researcher studies the directions and trends of human resources development of Japanese automotive manufacturers in Thailand through the human resources development strategies of various automotive manufacturers that help in making necessary body of knowledge for Thailand and wishes that this will be able to contribute to the national management manpower plan in order to create the workforce that conforms well to the rapid changes as well as the external competition that is seriously increasing before accessing the labor market.

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Objective

1. To study the directions and trends of human resources development within automotive manufactures in Thailand
2. To study human resources development strategies within each automotive manufactures in Thailand.

Research Methodology

This research is conducted qualitatively by using in-depth interviews with the key informants who are directly related to this research, including senior executives and/or human resources executives of 5 automotive manufacturers consisting of 1) Toyota Motor Thailand Co., Ltd 2) Nissan Motor (Thailand) Co., Ltd 3) Mitsubishi Motors (Thailand) Co., Ltd 4) Honda Automobile (Thailand) Co., Ltd, and 5) Thai Suzuki Motor Co., Ltd. The samples will give the information about the directions and trends in human resources development strategies, achievement factors, and obstacles. After collecting data, the researcher examines the qualitative data by using inter-coder agreement between the specialists to analyze and interpret qualitative data by using inter-coder agreement. The criteria is that the average agreement must be more than 80% (average agreement > 80%) in order to be considered as a conformed agreement that is consistent to the variables of the research result. This will give more accurate result, and also reduce the prejudice of the researcher. [5]

Research Result

The researcher studies qualitatively by studying the secondary data and in-depth interviews which can give out the conclusion and discussion of the research result in sequence research based on the objective as follows:

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In terms of external factors that affect the human resources development, it shows that the change in global context, strong competition, and model of cooperation in ASEAN are the factors that unavoidably affect the industry. Presently, there are several main automotive manufacturing countries in ASEAN, including Indonesia and Malaysia who are competitors and production bases interested by foreign automobile companies. This also includes the positioning of Thailand's automobile industry in the worldwide ranking which is one of the factors that affect a lot on policy-making for advancing the goal of the industry. Therefore, factors mentioned above affect the overall industry intensively and also impact each company in terms of administration. The change in technology reflects the upcoming extinction of the natural energy, and the green economy regarding the environment will help the automobile industry to adapt to the situation. The factor that propels industry like labor is an important element that should be managed. If the labor is not enough for the growing industry, all of the sectors should cooperate to create the competitive industry. The national political factor also affects the confidential building in investment of automobile companies. Above all, if an industry wants to be achieved, it should have qualified human resources. Hence, the human resources development is a key to the achievement of the industry.

The various factors that reflect the effects toward the organization absolutely affect the internal departments in each organization. The old-fashioned operation will not be able to cope with the rapid change in time. Human resources in any organization should be developed, but not in the old form of development that focuses only on training but also the knowledge-making which is sustainable. Any organization should gather human resources that have abilities, pay attention in educational development, and invest in suitable human

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resources development, including the application of strategic concept that will help organization to be advantaged in sustainable competition.

Therefore, human resources development is important for gaining competitiveness toward the study of directions and trends of the occurring effects of industry.[6] This shows the overall image of human resources development in automobile industry in which the trends tend to pay attention to each chief officer and each chief officer in production, suitable training, and self-development at the same time. To preach the internal employees in each company needs to aim for the same goal through the culture of organization, including the increase of various skills of employees to prepare the support for the external environment that can be changed. The model of university business organization and the role of woman labor will be increasingly applied in the industry. The role of human resources development will change into more strategic and academic process. However, most of the models are still mainly used for training in class, but there is also more application of the technology in the training operation. Additionally, the model of outsource employment will be increasingly applied for reducing the cost of management. Each automobile company will need to create some indicators that show the efficiency and success in investment of human resources development in order to develop human resources. Quality Management System ISO 9001 is similar to the framework that each company must comply in order to set up effective and successful organizational management.

Human Resources Development Strategies of 5 Companies in Automobile Industry that Manufacture Eco-Cars

According to the research with the use of in-depth interviews and documentary analysis, the researcher studied the companies that manufacture eco-cars and concluded the concepts and the models of the human resources development strategies in the organizations as follows:

Toyota Motor Thailand Co., Ltd uses intellectual capital human resources development philosophy that pays attention in human resources as a highest resource in organization. The organization has an obvious vision that is to focus on human resources development and have model of development in the form of networks between the departments in the organization. In terms of human resources development, most activities in human resources development focus on activities that create learning. The organization analyzes and evaluates the necessity of human resources development. Organizational culture will support human resources to create learning and set goals for each department to develop into same direction.

Nissan Motor (Thailand) Co., Ltd uses “human resources development is equal to the business capital” philosophy that sees human resources as a kind of capital which needs to be managed effectively. Organizational vision mentions about business stuff, but does not mention about human resources in organization. The model of organization is vertical. The role of human resources department is only to give reasonable consultation and suggestion. The training is the responsibility of other departments. The organization activities focus on training in class. The organization analyzes and evaluates the necessity of human resources development, and sees that organizational culture will create learning and direct employee behaviors toward the same goals.

Honda Automobile (Thailand) Co., Ltd uses intellectual capital human resources development philosophy that pays attention in human resources as a highest resource in organization. The organization focuses on human resources toward the organizational vision. The model of organization in developing human resources is a collaborative network. The organizational activities focus on learning creation. The organization analyzes and evaluates the necessity of human resources development. Moreover, the organizational philosophy is

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applied to organizational culture that creates the way of operation of organizational human resources.

Thai Suzuki Motor Co., Ltd uses “human resources development is equal to an asset” philosophy that makes the value of human resources development equal to other financial resources and other physical resources. The organization does not mention about the organizational vision. The model of organization in human resources development is a collaborative network in human resources development by using the human resources department as a coordinator in terms of making various activities for human resources development. The activities in human resources development still focus on training in class. The organization analyzes and evaluates the necessity of human resources development. The “WAY OF LIFE” slogan acts as the organizational culture that direct the human resources in the organization.

Mitsubishi Motors (Thailand) Co., Ltd uses “human resources development is equal to an asset” philosophy that makes the value of human resources development equal to other financial resources and other physical resources. There is no mention about the organizational vision. The model of organization is vertical in which it separates human resources department from manufacturing department. The activities of human resources development focus on training in class. The organization analyzes and evaluates the necessity of human resources development. Learning through the teamwork operation is an organizational culture in terms of operation. Furthermore, the organization also pays attention to Japanese cultural operation.

From the analysis, the strategic models chosen by each company are different due to various factors. There are determined 6 models out of 40 strategies as follows: 1) strategy that helps organization to reform and foster for establishing learning culture, 2) strategy that the organization can apply to stimulate various systems that will promote learning, 3) organizational strategy for learning, 4) strategy for self-learning, 5) strategy for electronic learning development, and 6) strategy for development and training. In consistent to the 6 strategic models, the researcher set up in-depth interviews and studied the documents, including using Inter-coder technique from 3 specialists to find the conclusion of the selection of the strategic models for human resources development. The result shows that if a company has the concept of strategic human resources development, it will make the total number of used strategic models change according to the concept of strategic human resources development (out of 40 strategies, Toyota uses 38 strategies and Honda uses 32 strategies). Meanwhile, if a company has the concept of traditional human resources development, the strategic models will change along with the strategic concept (from 40 strategies, Nissan, Mitsubishi, Suzuki use 15, 20 and 16 strategies respectively) as shown in Figure 1.

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Figure 1. The Conceptual Framework of Human Resources Development of 5 Automobile Companies

The researcher analyzes each level of strategies, and then examines that if any organization pays highest attention to human resources as intellectual capital, that organization will invest in human capital at highest level through the various strategic models that not only enhance the organizational level of development and learning, but also invest in learning creation at personnel level. [7]

In addition, each model of human resources development reflects the concept of human resources management in 2 patterns which are Harvard Model and Michigan Model. [8] These 2 models show how each automobile company has its own human resources concept. Toyota and Honda have characteristics of Harvard Model since the organizations pay most attention to human resources and are known for the best practice in making sustainable human resources. In contrast, Nissan, Suzuki and Mitsubishi pay attention to the organizational achievement more than human resources and that is consistent to Michigan Model. Nissan is one of the best examples for this model in which it determines the strategy for the 1st rank achievement from the circulation of eco-cars.

Therefore, the result shows that various factors (both of internal and external) motivate each organization to apply the strategic concept of human resources due to the intense competition. Additionally, when choosing the concept, it is necessary to consider the suitability in applying in order to determine the organizational strategy because it is no need to be the best model but the most suitable model. So, the researcher analyzes the data about the strategy in human resources development in automobile industry gained from the study as shown in Figure 2.

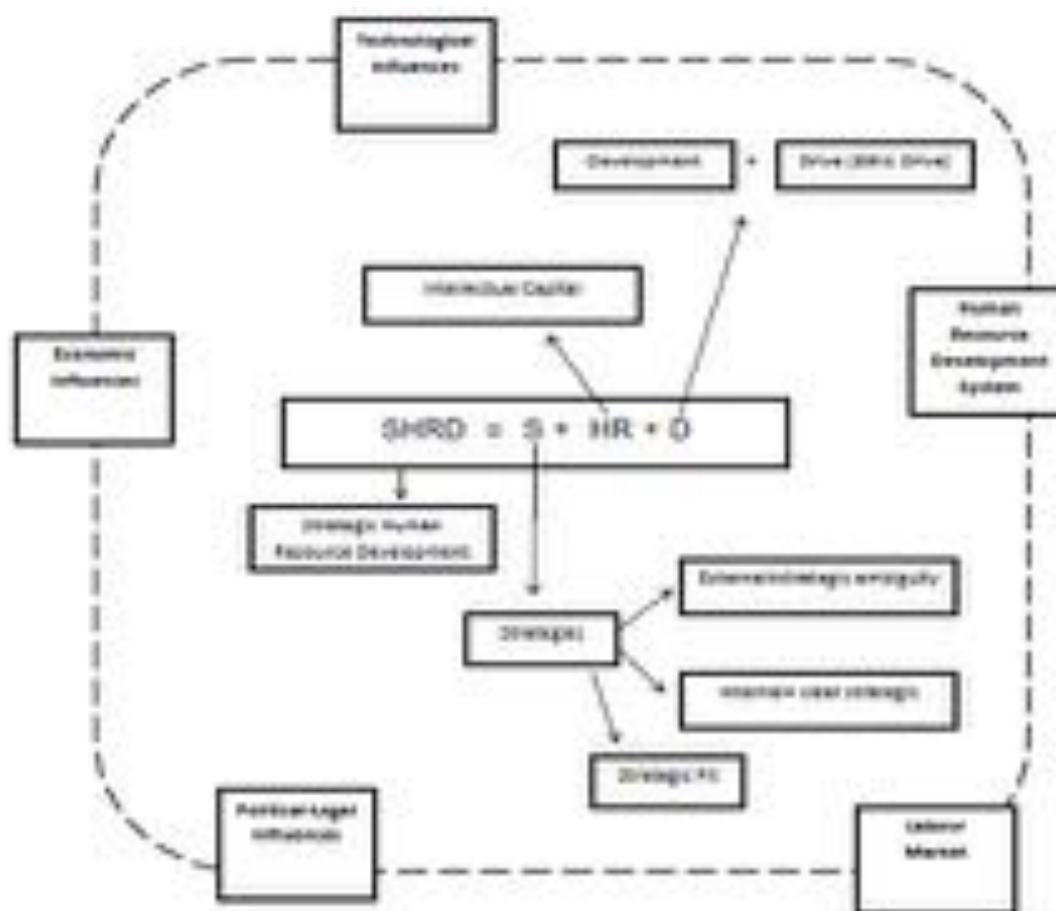


Figure 2. The Strategies for Human Resources Development Based on the Research Result

From Figure 2 the researcher found that the good strategy for human resources development should consist of “strategic ambiguity” for external communication outside the organization as the organization should not let the opponents or competitors know about its strategy (in other words, the best strategy is strategic ambiguity). However, the strategy used within the organization should be clearly defined for easy communication, especially about the goal of organization and Strategic Fit”. [9]The organization should encourage human resources to be intellectual capital that focuses on the importance of knowledge and uses the intelligence to apply various kinds of information to the organization. Intellectual capital will give more advantages to the organization. Moreover, there should be the strategy of developing human resources to create sustainable self-development, expertise, and ethic drive by considering the external factors that can pressure and change the organization.

From the strategic equation of human resources development, the researcher found that the organization that applies the equation should integrate a strategy to the external factors concordantly. The research result shows that Nissan Motor Company is the company that has smallest number of strategies used for human resources development, but it is the most successful company in the business and has highest amount of circulation of eco-cars in automobile industry since Nissan Company can improve organization in conformity with all of the external factors such as business opportunity that comes from the support of governmental projects, supporting energy saving or money saving technologies before other organizations, fully applying the labor market due to the work instruction system that can work and practice rapidly. These are the external factors that help Nissan Company to be the leader of the industry. However, Nissan Motor Company is not seriously developing human resources which should be a necessary project for sustainability unlike Toyota and Honda

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companies (even though they are losing the opportunities in the market). Simultaneously, Suzuki and Mitsubishi companies also operate the similar strategies to Nissan Motor Company (short-term achievement strategy). If it follows the same equation, it will not meet the sustainability in human resources development.

Thus, if an organization applies strategic equation in human resources development, it should conform all of the factors in order to make sustainable capacity in competition.

Discussion

The research result is important for the direction and trends, including the strategies for human resources development in automobile industry in Thailand that will lead to the human resources development both in public and private sectors. It also includes the fact that educational institutions should prepare their human resources to confront to the change of the world's situation. Therefore, from the research result, researcher would like to suggest the related institute as follows:

Suggestion for Automobile Companies in Overall

Since the growth of automobile industry in Thailand affects the employment of labor market a lot, it might lead to imbalance between demand and supply of labor. If the industry can grow stably and sustainably, labor in industry will benefit from industry. However, due to the fact that cars are luxurious goods and the industry relies on economic condition a lot, this make the number of possible trends of labor stabilities in industry increased. Therefore, how the industry prepares to cope with the problem that may be occurred should be studied. "Buying employees" is not beneficial to the organization at all due to the higher capital of organization. It may lead to the failure of salary management system and organizational culture. Thus, each company, especially in automobile industry, should recognize the problems mentioned above since they are not beneficial and may have negative effects to the employment system of the country. Moreover, the researcher cannot find any other ethical aspects that can be added to the course of development or the activity of human resources development. Nonetheless, adding ethics into the course would help the human resources to be good and professional.

Suggestion for the Public Sector

As the automobile industry is a main industry of the country, the preparedness of public sector's policy that enhances industry and related laws should include the study of the external impacts that may occur more than just looking at the benefit which is money or promoting populist laws because if there are impacts, they will affect not only the industry but also the people. It will increase the household debt, traffic and other negative environmental impacts. The researcher suggests that to form the model of corporate university is important for the industry because the industry will receive labor that meets the need of industry in the future. Therefore, the public sector should create mechanism that can prevail to this model.

Suggestion for Thai Educational Sector

Thai labor are skillful and accepted in at international level, especially in automobile industry. However, the problem that each automobile company reflects to the research is that, presently, even though Thai educational system has a high standard, but some skills such as considering and analytical skills of labor in the system are decreasing. Hence, if Thai educational system adds more course on critical thinking, this will benefit the labor in overall. Moreover, this will encourage the participation of students in practicing in the

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organization, and it will benefit them in terms of work experiences when entering to the occupational life.

Suggestion for the Future Research

In this research, there are the operation of the research, data collection and quantitative analysis by analyzing the internal accordance of text between specialists. Therefore, the future research should apply text analyzing technique and interpretation of quantitative data to find out more accurate result.

Due to the fact that this research of the directions, trends and strategies cannot completely extract information from the companies, that is the big obstacle in receiving information. Therefore, the future research has to search lots of information from external documents, and find the limitation of information about human resources in automobile industry that have only few researchers in the field. Hence, the future research should study the difficulty of data collection and the possibility of good cooperation because according to various documents, some companies have policy to keep it confidential within the organization and cannot give the information to the outsiders. This will lead to the problem of not enough information to analyze as well.

From the research, the researcher found that the future research needs to the case study of transnational automobile companies from other Asian or European countries aside from Japanese companies. This may reflect the concept or strategy of human resources development in similar or different ways and might benefit the overall study of the automobile industry.

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