



Kobe Gakuin University East Asian Industry and Economy Research Center *News Letter*

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ERC

East Asia Industry and
Economic Research Center

518 Arise, Ikawadani-cho, Nishi-ku, Kobe 651-2180 TEL +81-(0)78-974-4829 FAX +81-(0)78-974-5856

E-mail : asia@eb.kobegakuin.ac.jp
http : //www.erc-kobegakuin.prg

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Message

The East Asian Industry and Economy Research Center (ERC) was launched to research the state of industry in Thailand, China and other parts of East Asia, by predominantly staff from the Faculty of Graduate School of Economics, Kobe Gakuin University. It has received an "open research grant" from the Ministry of Education, Culture, Sports, Science and Technology, with which two research projects are being conducted into "Technology Transfer and Human Resource Development in ASEAN" and "Free Trade Agreement Effectuation and Reorganization of International Division of Labor."

In the backdrop to this grant are the two conferences and seminars that the Faculty of Economics, the parent organization of the staff, staged in Bangkok, Thailand in 2000 and 2001, and fueled interaction amongst Japanese businesses, Thai businesses and administrative offices from both countries. For that reason, the ERC is eternally grateful to the businesses and administrative offices that became involved and taught us about the local situation for helping us get started and get into our current activities.

The currently ongoing projects focus on East Asia, which is currently the fastest growing region in the world, and aim to identify the state of economic affairs in this region plus the state of personnel training, which is one of the important keys to this growth. We are confident that these projects will produce vital information for projecting the future outlook of the East Asian economies, which are increasingly more important to Japan, as well as predict the future of Japanese businesses and the Japanese economy.

I ask for your further cooperation with the activities of the ERC.

Takashi SEKI

Director, East Asian Industry and Economy Research Center



Overview of Research and Introduction to Research Staff

Under the following two research themes, the ERC is collecting and analyzing information and conducting fieldwork via hearings with local businesses in order to study the industries and economies of East Asia, with particular focus on Thailand but also including China and Vietnam.

Project 1

Research Field

Personnel Training and Technology Transfer

Description of Research

With the emergence of China, ASEAN industries and particularly manufacturing have been heavily pressed to strengthen their international competitiveness. Of the various factors for defining competitive strength, the problems of training people to work have stood out. Many businesspeople from Japanese companies operating in ASEAN have quickly pointed out the shortage of skilled labor in local labor pools and the slowness in absorbing and developing technology transfer.

Human resource development is based on education and publicly offered training, but on-the-job training conducted on the site of the companies is playing a big part. Therefore, this project will firstly examine the state of personnel training (education and job skill training) in particularly Thailand among ASEAN countries via documents and statistics, and seek to identify the state and problems of human resource management and especially skill development in the workplace through interviews with local companies (local capital and Japanese capital). A feature of this project is that it will direct research not only at large companies but also small and medium size manufacturers for whom personnel training is a major issue.

Furthermore, the problems of human resource management are closely related to problems of technology transfer. Local workers need to accept transferred technologies and develop them to match the unique situation of the local area. Therefore, this project will secondly research and analyze the roles that technology transfer plays in the economic development of developing economies, and what might be appropriate in terms of technology transfer based on the technical

resources of industrially advanced nations and the suitability of needs of developing economies. Also, because every business defines suitable technology in its own way, field studies and theoretical research will be conducted into elemental integration, production scale, low wage labor strengths, worker skill levels, differentiation from other businesses, capital and hardware renewal periods, etc.

Expected Benefits (Contribution to Society, etc.)

Local human resource development is one of the key issues for ASEAN to maintain its appeal as a production base. However, the educational level of local areas is not only low but also a sufficient accumulation of human resource development know-how is still lacking for higher skill level positions including white collar jobs. This project will be providing guidance and support for education, job training programs and corporate internal training in ASEAN in order to help strengthen the economic competitiveness of concerned regional countries and, by publicizing acquired information, should contribute to the education of local capital companies and the future inroads, establishment and development of Japanese companies to note particularly small- and medium-sized parts manufacturers.

Research Staff

* Center Staff

Takashi *SEKI* (Director, Faculty of Economics)

Takeshi *YOSHIMI* (Faculty of Economics)

Megumi *NAKAMURA* (Faculty of Economics)

Shimpachi *ISHIMOTO* (Faculty of Economics)

* Off-Campus Joint Researchers

WORAWET Suwanrada (Chulalongkorn University)

SURACHAI Tumtavitikul (Thammasat University)

Project 2

Research Field

International Division of Labor at Japanese Companies in ASEAN, Japan and East Asia

Description of Research

This project will examine how Japanese companies operating in ASEAN and particularly Thailand should restructure their local operations for the wave of free trade in ASEAN, based on analyses of (1) financial affairs and (2) the state of labor division.

In the financial analyses of (1), the transition in financial position of local companies and their ways of capital procurement will be identified via interviews with them. The focus of these financial analyses will be a) to understand the ASEAN strategy restructuring of Japanese companies that was triggered by changes to their financial operations and capital procurement practices following the Thai currency crisis of 1997, and b) to categorize these Japanese companies by type of business, inroads period, domestic sales structure, export structure and other attributes, and identify the characteristics of each group.

In the analyses of the state of labor division in (2), the state of internal labor divisions inside a company and labor divisions with other companies operating in ASEAN, Japan and East Asia will be analyzed so as to propose a new division of labor. Internal labor divisions centralize and allocate decision-making authority. Accordingly, the project will identify how this decision-making authority has been allocated and, based on that, propose a system of internal division of labor. The project will also study the configuration for doing business with other companies in relation to local characteristics in an attempt to identify the factors that produce those local characteristics.

Expected Benefits (Contribution to Society, etc.)

Japanese companies are starting to restructure their ASEAN operations because of the effectuation of FTA and the emergence of China. This restructuring of ASEAN operations is not only a problem for ASEAN but is also being developed as an argument for transferring production and development centers from Japan to overseas locations. This project aims to help Japanese companies with major operations in concerned areas increase their international competitiveness by indicating directions in restructuring. It should provide local Japanese companies with support for business expansion by providing information on local business practices, etc. At present, Japanese companies are aggressively expanding business to multinational corporations, but the division of labor commonly used between Japanese companies is not being applied. This project will produce information for particularly small- and medium-sized Japanese companies as well as other small- and medium-sized companies who plan to move production centers to concerned areas in the future, which should help them to grow on their own through a diversification of their business associates.

Research Staff

* Center Staff

Genri *HISATOMI* (Faculty of Business Administration)

Yasumasa *TAKEJI* (Faculty of Economics)

Kenichi *HIDAKA* (Faculty of Business Administration)

Kai *KAJITANI* (Faculty of Economics)

* Off-Campus Joint Researchers

Moriki *OHARA* (Institute of Developing Economies)

WAI Chamornmarn (Thammasat University)

KAMCHAI Laismit (The International University of Kagoshima)

Activities Over the Past 2 Years

Field Studies

One of the features of current research by the ERC is that visits are made to Japanese and local capital businesses with operations in particularly Thailand and China to explore and identify what sort of configuration they have through interviews.

Over these past two years, visits have been made to more than 100 companies in Thailand and China. Some companies have been visited several times as well, therefore the actual number of visits would be higher if counted on a visit-by-visit basis.

Visits for research in 2002		
	Companies	Governments/Institutions
Thailand	37	4
China	21	9
Taiwan	3	3

Visits for research in 2003		
	Companies	Governments/Institutions
Thailand	47	8
China	9	14

The reports and essays that were compiled from the valuable information obtained from these visits are currently being edited into a collection of interim reports that should be released during this fiscal year.

Because of standing agreements, the names of visited businesses cannot be revealed.

The ERC would like to take this opportunity to once again extend our appreciation and gratitude for the time that managers of the visited companies gave to the interview and the valuable experiences they talked about.



Seminar Activities

FY2002 Bangkok International Seminar

“Human Resource Development and Supporting Industries in Thailand”

Date August 26, 2002 (Mon)

Location The Dusit Thani Hotel, Bangkok

Report “State and Related Issues of Human Resource Development at Thai Parts Manufacturers”

Megumi NAKAMURA (Faculty of Economics, Kobe Gakuin University)

Participants 22 Japanese, 15 Thais, Total 37

This seminar featured an interim report on the Center’s studies focusing on local human resource development, which is one of the most important factors in determining international competitiveness while recognizing that the international competitiveness of Thai industry, and the Thai parts industry in particular, including Japanese local subsidiaries, is being strongly questioned accompanying the growth of the Chinese economy. A vigorous exchange of ideas was held among the 37 participants from Japanese and Thai companies, government representatives, university researchers, and others.



FY2002 Kobe Seminar

“Development of Human Resources and Supporting Industries in East Asia”

Date December 7, 2002 (Sat)

Location Kobe Portpia Hotel

Report 1. “Human Resource Development in Thai Parts Manufacturers”

Megumi NAKAMURA (Faculty of Economics, Kobe Gakuin University)

2. “Developing the Parts Industry Through Closer Business-to-Business Transactions”

Moriki OHARA (Institute of Developing Economies)

3. “Personnel Systems and Human Resource Localization of Companies with Operations in China”

Ken TAKEUCHI, (Promotions Officer, China Entry Support Office,
International Operations Promotion Department, UFJ Bank)

The FY2002 Kobe Seminar was attended by 28 people including mainly business people and university researchers, and featured presentations on the FY2002 study results by the Center's project members, a report on the state of private sector human resource development in China by Mr. Ken Takeuchi of the UFJ Bank, and discussions regarding the studies for the next fiscal year.

FY2003 Bangkok Seminar

“State of FTA Progress and the Response of Thai Domestic Industry”

Date September 22, 2003 (Mon)

Location Thammasat University, Bangkok

Report 1. “AFTA Strategy of Thailand and the Response of Thai Domestic Industries”

Atsuo *KURODA*, Director, Japan External Trade Organization Bangkok Center)

Comments: *WAI Chamornmarn*, (Faculty of Commerce and Accountancy, Thammasat University)

2. “Economic Strategy of Thailand and the FTA with China and Japan”

KAMCHAI Laismit, (The International University of Kagoshima)

Comments: Kai *KAJITANI* (Faculty of Economics, Kobe Gakuin University)

3. “International Competitiveness of the Thai Automobile Parts Industry”

Kenichi *HIDAKA*, (Faculty of Business Administration, Kobe Gakuin University)

Comments: Megumi *NAKAMURA* (Faculty of Economics, Kobe Gakuin University)

The FY2003 Bangkok Seminar was held at Thammasat University and featured keynote speaker Atsuo *KURODA*, Director of the JETRO Bangkok Center, who spoke on the theme of the FTA and international competitive of Thai industry. After Mr. *KURODA*'s address and a Q&A session, a report was heard from Mr. *KAMCHAI*, off-campus joint researcher, on Thai economic strategy, and in conclusion Center staff member and current guest researcher at Thammasat University Mr. *HIDAKA* reported on the results of a local survey on the Thai automobile parts industry. A lively discussion was then held by the 20 participants that included university researchers and others.

FY2003 Kobe Seminar

“Human Resource Development and Production Facility Dispersion of Japanese Companies with Operations in China and ASEAN”

Date February 21, 2004 (Sat)

Location No.11 Bldg. Conference Room, Kobe Gakuin University

Report 1. “Status and Future Prospects of the Chinese Economy”

Yoshihiro *OTSUJI*, Division Chief, Trade Finance and Economic Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry; Former Director of the Japan External Trade Organization Bangkok Center)

2. “Human Resource Development as Viewed by Corporate Management in Thailand”

Yoshimasa *TAMURA*, (Former Representative of the Matsushita Electric Thailand Group, former Vice Chairman of the Japanese Chamber of Commerce in Bangkok)

3. “China's Special Business-to-Business Transaction Relations and Japanese Companies”

Kai *KAJITANI*, (Faculty of Economics, Kobe Gakuin University)

The FY2003 Kobe Seminar featured reports by Yoshihiro *OTSUJI*, Division Chief, Trade Finance and Economic Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry, on the current state of the Chinese economy, which is a hot topic today, and Yoshimasa *TAMURA*, former Representative of the Matsushita Electric Thailand Group, on human resource development issues of Japanese companies operating in Thailand. In addition to Center staff *KAJITANI*'s research report on business-to-business transactions in China, there was an enthusiastic exchange of questions and answers regarding industrial policy and corporate strategy by the 25 participants including researchers as well as business people that deepened the understanding of the economic circumstances and human resource development in China and Thailand.

Open Lectures on Campus



Once a year, every year, the ERC stages an open lecture on campus for students and local residents in order to convey research results and give something back to the community. About 100 students attended the two lectures held so far to learn about the situation in Thailand and China.

Fiscal 2002

Date and Time December 6, 2002 (Fri)

Location 961 Audio-visual Classroom

Report 1. "Human Resource Development in the Thai Parts Industry"

Megumi NAKAMURA (Faculty of Economics, Kobe Gakuin University)

2. "Technology Transfer and Parts Procurement of Japanese Companies in China"

Kai KAJITANI (Faculty of Economics, Kobe Gakuin University)

Fiscal 2003

Date and Time December 5, 2003 (Fri)

Location 961 Audio-visual Classroom

Report "A Peek at China Through Advertising Operations"

Yasusuke NONAKA (Former General Director of Shanghai Oriental Partner Advertising Co., Ltd., Dentsu Group)

Panel Discussion "The Real China at a Glance"

Panelists: Yasusuke NONAKA

Megumi KITAHARA (Former Researcher at the Japanese Consulate in Shanghai, Adjunct Lecturer of Faculty of Economics)

Yasumasa TAKEJI (Faculty of Economics, Kobe Gakuin University)

Kai KAJITANI (Faculty of Economics, Kobe Gakuin University)

Overseas Internships

As an educational activity and a way to give back to the community, the Faculty of Economics of Kobe Gakuin University to which many ERC researchers belong started offering internships overseas in 2004. Though many internships offer no more than training at domestic companies in Japan, attention has over recent years focused on internships at overseas-based Japanese companies because of the accumulated record of activities abroad by Japanese businesses. Overseas internships through which a student can see for him/herself what Japanese businesses are doing in other countries and how they overcome cultural differences are expected to play an important part of the true internationalization and education of Japanese students.

From the connections acquired through field studies, the Faculty of Economics of Kobe Gakuin University made internship requests to Japanese companies in Thailand and China, from which eight students will be placed in Thailand and five in China for August and September this year. It is hoped that these young men and women will familiarize themselves with local areas they visit and return home with fruitful experiences.

Thailand

Schedule August 21 to September 5, 2004

Sponsors

- Okamoto Thai
- TTL
- Kanemitsu Pulley
- Takahashi Plastics

Students: 8



China

Schedule September 7 to 22, 2004

Sponsors

- Shanghai Omron Software
- Shanghai Est Consulting

Students: 5



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e-mail chief@erc-kobegakuin.org

C/O Kobe Gakuin University 518 Arise, Ikawadani-cho, Nishi-ku, Kobe 651-2180

TEL +81-(0)78-974-4829 FAX +81-(0)78-974-5856

East Asian Industry and Economy Research Center
(Bangkok Office, Thailand)

e-mail chief@erc-kobegakuin.org

33/130 Room 2602, 26th Floor., Wall Street Tower Building,
Surawongs Rosd, Bangrak, Bangkok 10500, Thailand T.J. Bridge

TEL +66-(0)2-266-4995~7 FAX +66-(0)2-266-4998