

Employment Adjustment Strategy for a Real Estate Development Company in Thailand During Economic Crisis

กลยุทธ์การปรับตัวด้านการจ้างงาน ระหว่างวิกฤติเศรษฐกิจของบริษัทธุรกิจอสังหาริมทรัพย์ในประเทศไทย

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ABSTRACT

To manage a business during economic crisis, it is necessary to cut back on costs. The immediate judgment usually comes to employee layoffs. As a matter of fact, in order to cut back workforce costs, there are other less disturbing sets of approaches that can be exercised. This research explored strategies to adjust employment of a real estate development company during the two most recent economic crises in Thailand, the time between 1997–2000 and 2008–2009. The research results showed many alternative approaches for employment adjustment including layoffs, pay cuts, reduction of overtime, bonus cuts, and reassignment/dispatching staff to subsidiaries or an affiliated company. Comparing between the two crises, the respondents used more severe measures during the 1997–2000 than the other crisis, with more proportion of layoffs and higher amounts of payroll reduction. The companies reacted more drastically when the situation was more severe.

Keywords: Real Estate, Economic Crisis, Layoff, Employment Adjustment

บทคัดย่อ

การบริหารธุรกิจในช่วงเวลาที่เกิดวิกฤติเศรษฐกิจ มีความจำเป็นที่จะต้องลดค่าใช้จ่าย โดยปกติสิ่งแรกที่ถูกพิจารณา คือการเลิกจ้างแรงงาน อันที่จริงแล้วในการลดค่าใช้จ่ายในด้านการจ้างงานนั้น มีวิธีการอื่น ๆ ที่สามารถนำมาใช้ที่มีผลกระทบต่อริษน้อยกว่าการเลิกจ้าง

งานวิจัยได้ทำการศึกษากลยุทธ์ที่บริษัทอสังหาริมทรัพย์ใช้ในการปรับตัวด้านการจ้างแรงงานในช่วงวิกฤติเศรษฐกิจในประเทศไทย 2 ครั้งล่าสุด คือระหว่างปี พ.ศ. 2540-2543 และระหว่างปี พ.ศ. 2551-2552 ผลการวิจัยพบว่า ในการปรับตัวด้านการจ้างแรงงาน มีทางเลือกหลายทาง ประกอบด้วย การเลิกจ้าง การลดการจ่ายค่าตอบแทนหรือเงินเดือน การลดเวลาทำงานนอกเวลาปกติ การลดโบนัส และการโยกย้ายหรือส่งคนออกไปทำงานในบริษัทสาขาหรือบริษัทในเครือ เมื่อเปรียบเทียบระหว่างวิกฤติเศรษฐกิจทั้ง 2 ครั้ง พบว่าผู้ตอบแบบสำรวจใช้มาตรการในช่วงวิกฤติเศรษฐกิจปี พ.ศ. 2540-2543 ที่รุนแรงกว่าในอีก ครั้ง โดยใช้การเลิกจ้างในสัดส่วนที่มากกว่า และโดยการลดค่าตอบแทนแรงงานที่สูงกว่า บริษัทสามารถฟื้น การตอบสนองที่รุนแรง มากกว่าเมื่อสถานการณ์ร้ายแรงกว่า

คำสำคัญ : ธุรกิจอสังหาริมทรัพย์ วิกฤติเศรษฐกิจ การเลิกจ้าง การปรับตัวการจ้างงาน

INTRODUCTION

An economic crisis is a situation in which the economy of a country experiences a sudden downturn brought on by a financial crisis (Business Dictionary). During such economic declining phases, a decrease in demand for products/services can negatively affect a firm's unwelcome financial distress. As such, it is necessary for most of businesses to tighten cash outflow in fear of the uncertain and/or irregular lower cash inflow. The immediate judgment usually comes to employee layoffs. However, such staff layoffs will cause numerous obvious impacts to those layoff victims, even to the survival of the employees and, most of all, to the person and to the corporate who performs the layoff itself. Therefore, less disturbing set of approaches should be used to cut back labor costs instead of staff layoffs. With more effective management approaches in reducing employment cost during economic crisis, there are many payoffs to keep employees which are considered as one of the human capital of any business.

The characteristics of each business cycle are normally not exactly the same. In fact, there are many types of real estate cycles (Vanichvatana, 2007), each cycle derived from different influencing factors. Furthermore, as the degree of severity in economic downturn in each cycle was different, it is very interesting to study how a real estate company managed the employment adjustment strategy in different cycles.

Research Objectives

The aims of this research include: (1) to study approaches for employment adjustment during the two economic crises in Thailand, the time between 1997-2000 and 2008-2009, (2) to analyze different employment adjustment approaches against the three attributes of a property development company: product type (low-rise, high-rise, and mixed products), the size of capital, and business experience (in year) and (3) to compare the similarity and/or differences between the two economic crises in term of employment adjustment approaches.

Research Scope

This study focuses only on a real estate development company producing low-rise and high-rise property for sale. These development companies are the members of one or more of the three main professional real estate development associations in Thailand.

LITERATURE REVIEWS

Human resource (Employees) is one of the most important assets of an organization. However, during economic downturn, cost cutting is vital for a company existence. To reduce corporate costs on hiring employees, there are numerous approaches: termination of employment and employment adjustment.

This section discusses backgrounds in the areas including: impact of layoffs in many aspects, the approaches of employment adjustment, research on employment adjustment approaches in Thailand during economic crises and the comparison of the two economic crises in Thailand during 1997-2000 and 2008-2009.

¹ The three main professional real estate development associations in Thailand are the Thai Real Estate Association, the Housing Business Association and the Thai Condominium Association.

Impact of Layoffs

The termination of employment can be in both voluntary and involuntary termination forms. Voluntary termination is a decision made by an employee to leave the job. While, involuntary termination is an employee's removal by the decision of an employer. There are two basic types of involuntary termination, known as being "red" and "laid off." To be red or dismissal is the employer's choice to let the employee leave, generally for a reason which is the fault of the employee. Layoff, on the other hand, is a less severe form of involuntary termination which is usually not strictly related to personal performance. However, layoff is normally used due to economic cycles, firm restructure, firm going out of business, or because of closing a certain type of production or service by the business. Job layoff is also classified in two groups: proactive and reactive. Proactive layoffs are defined as those that are part of an overall strategic objective, while reactive layoffs are responses to poor financial performance (Lee, 1997). Layoffs have impact in many aspects as discussed in the following sections.

Impact on Participants

Job terminations are painful to execute for an organization executives. Resizing threatens organization's employees' self-esteems and sense of fair play. All forms of terminations impact all parties involved. Many research studies on consequences of layoffs; on job layoffs victims (Bennett et al., 1995) (Marks and De Meuse, 2005); on job layoffs on survivor employee (Brockner et al., 1993, 1997) (Brockner and Martin, 1995); and on firm reputation and corporate management (Flanagan and O'Shaughnessy, 2005) (Marks and De Meuse, 2005) (Noer, 1993).

Impact on Cost

Normally, the objective of firms that utilize layoff, e.g. via separation packages, as a measure during economic crisis is to reduce employment costs. However, such layoff can impact a firm's reputation and management. As a matter of fact, job layoffs impacts and damage on corporate level more than just on firm's reputation and management problems. Thus, firms need to weigh between saving from employment expenses and costs from temporary decline productivity or quality of the firms. Furthermore, rehiring and retraining can costs more than offsetting the short-term saving from reduced payroll expense. Mounting evidence indicates that layoffs only temporarily alleviated today's corporate symptoms, while they impair the future health of organizations (Downs, 1995). Layoffs create a downward spiral that can boost financial results in the short term, but also create a need for multiple, successive layoffs to maintain those results. Therefore, layoffs are horribly expensive and destructive of shareholder value.

Impact on Firms Knowledge

More importantly, it is essential for maintaining competitive advantages. An organization's talent is a company's primary source of competitive advantage. When an individual leaves a firm, for whatever reason, he/she is taking away some piece of knowledge that supported them in performing the tasks associated with their job (Krogh and Kameny, 2005).

Employment Adjustment

To reduce labor costs, there are many approaches with less disruption to all parties other than job lay offs. The less disruption measures can be through payroll cut for management, bonus cuts, reduction of overtime, freezing new hires, dismissal of part-time workers, early voluntary retirement, reassigning and dispatching of surplus workers to subsidiary or affiliated company and reassignment of surplus workers to different sections of the same company (McNerrey, 1997) (Ilmakunnas and Maliranta, 2003). Employees that are temporary transferred to affiliated network can be rehired when a company regains its business demand and financial strength. The combination of more than one of the above measures can be used, e.g. wage cut and dispatch employees to subsidiary company.

There are many benefits of imposing alternative approaches other than layoff. The above alternative measures provide ways to maintain the established professional relationships which have to take a lot of time and financial resources to build. These alternatives hold fast to the premise that the employees will return to the company when economy improves, thereby avoiding direct rehiring and training costs, and indirect costs associated with new employee assimilation and adjusting to new work environment (Krogh and Kamenny, 2005). The basic idea is that job reallocation, job displacement and unemployment are more costly for the individual worker, firm and the economy if skills are not transferable across jobs.

More importantly, knowledge-based firms have become even more dependent on the knowledge of their employees. Never-laid-off employee approach has become a priority approach. This is because the benefit of a company is that they don't lose quality people who they've invested in. Retaining their employees is retaining their knowledge and expertise. Competence and skillful employee or labor is one of the four factors in economic theory of 'Factor of Production'. Labor's education and skills are denoted as 'Human Capital'² (Sullivan and Sheffrin, 2003). Human capital can be differentiated between "general human capital" (which is valued by all potential employers) and "firm-specific human capital" (which involves skills and knowledge that have productive value in only one particular company) (Encyclopaedia of Britannica).

There are lessons learnt in the case of Japan employment adjustment subsidy. Japanese companies are more likely to cut dividend payments than employees (McNerrey, 1997). Part of this claim is due to Employment Adjustment Aid Subsidy which has been provided by the Ministry of Health, Labour and Welfare (The Japan Institute for Labour Policy and Training). In case of economic reasons relating to fluctuations of business cycles or changes in the industrial structure, business activities can become contracting. Such situation can pressure business owners to unavoidably place on leave (leave from work or assignment to training sessions) or to transfer employees. In such cases, Employment Adjustment Aid Subsidy will be available to business owners. Since 1975, the employment adjustment subsidy has played a central role in Japan's employment policies (Ohtake, 2000). It seems possible that the employment adjustment measure has become an incentive for firms to choose business interruption rather than dismissal of their employees.

² Human Capital refers to the stock of competences, knowledge and personality attributes embodied in the ability to perform labor so as to produce economic value. It is the attributes gained by a worker through education and experience (Sullivan and Sheffrin, 2003). Human Capital is a classic study of Gary S. Becker, the recipient of the 1992 Nobel Prize in Economic Science. Becker's classic study of how investment in an individual's education and training is similar to business investments in equipment. He introduced the important distinction between "general" and "firm-specific" human capital.

Research on Employment Adjustment Practices during Economic Crises in Thailand

Vanichvatana and Peungchuer (2009:1) conducted qualitative research through in-depth interviews with eight real estate developers for strategies, techniques, and/or activities to survive during the two most recent economic downturns in Thailand. A part of the interviews' questions is about the strategy to manage cost of the companies. Table 1 and Table 2 are the translations of the results from this research. Table 1 shows the synthesis of similar contents of cost management strategies during the recent two economic downturns in Thailand. Table 2 is the comparison of strategies used between these two economic crises.

The in-depth interviews were conducted with eight top executive management executives of real estate development firms during December 2008. These firms had established prior to the earlier economic crisis (1997–2000) and have been able to survive through and continue the business through the succeeding economic downturn (2008–2009). These eight firms were divided into three groups (1) three low-rise development companies: (L1, L2, L3), (2) three high-rise development companies: (H1, H2, H3), and (3) two mixed-product (low-rise and high-rise) development companies: (M1, M2). Most of the samples (seven out of eight) were big real estate corporations that develop many residential projects per year. Only one sample was a small company developing only one housing project at a time.

The contents concerned were about layoff staff, payroll cut and reduce overtime and bonus and dispatch staff to other section and/or affiliation, as illustrated in Table 1. The contents in table 1 were further analyzed for the similarity and differences and then illustrated in Table 2. The findings shown in Table 2 on cost management strategy are as follows: (1) During the 1997-2000 Thailand economic crisis, most of the respondents, six out of eight, laid off their staffs with the percentage of staff layoff from 10% up to 74%, (2) Half of the respondents utilized the reduction of payroll, overtime and bonus, (3) The dispatching of staff to subsidiary or affiliation company occurred only to high-rise and mixed product companies with the frequency of three out of eight, (4) On the other hand, for the economic downturn during 2008-2009, these respondents made no staff layoffs and (5) For the succeeding crisis, few respondents, with the frequency of two out of eight, decreased employment costs by applying the reduction in payroll, overtime and bonus.

The Information from these two tables reflects that (i) Real estate development companies practiced many approaches of employment adjustment other than job layoffs and (ii) During the two economic crises, the respondents utilized totally different cost management approaches to reduce employment costs.

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Table 1: The Synthesis of Similar Contents of Cost Management Strategies during the Two Economic Crises in Thailand

	1997-2000												2008 – 2009					
	Lowrise			Highrise			Mixed Product			Lowrise			Highrise			Mixed Product		
	L1	L2	L3	H1	H2	H3	M1	M2	L1	L2	L3	H1	H2	H3	M1	M2		
1. Layoff Staffs	Layoff 10%	Lay off 74%	Layoff	n/a	Layoff/ Keep only Head of each Department	Layoff 33%	Layoff 30%	No Lay-off / But Freeze New Hire	No Lay-off	Not yet Layoff	n/a	n/a	n/a	No Layoff	No Layoff / Reduce duplicate Works	No Lay-off / But Freeze New Hire		
2. Payroll cut, reduce OT & Bonus	n/a	Re-duce	Reduce	n/a	n/a	Reduce 30%	Reduce 17%	Not Reduce	n/a	Not Reduce Yet	n/a	n/a	n/a	Not Reduce	Not Reduce	n/a		
3. Dispatch staff to other section / to affiliation	n/a	n/a	n/a	n/a	n/a	Dispatch to property management (Fee base)	Dispatch to property management (Fee base)	Dispatch to other Project	n/a	n/a	n/a	n/a	n/a	No Dispatch	n/a	n/a		

(Source: Translated from Vanichvatana and Peungchuer, 2009:1)

Table 2: The Comparison of Strategies Used between the Two Economic Crises

Cost Management	Surviving Strategies through 1997 – 2000			Strategies for 2008 – 2009			Comparison
	- Layoff	(6 out of 8)	---	- Not yet Layoff	(1 out of 8)	---	
1. Layoff Staffs	- No Layoff	(1 out of 8)	---	- No Layoff	(4 out of 8)	---	Different
2. Payroll cut, reduce OT & Bonus	- Reduce	(4 out of 8)	---	- Not Reduce Yet	(1 out of 8)	---	Different
3. Dispatch staff to other section / to affiliation to retain qualified staffs w/ company	- Not Reduce	(1 out of 8)	---	- Not Reduce	(2 out of 8)	---	Different
	- Dispatch to property Mgmt. (fee base)	(3 out of 8)	---	The Situation Not Occur Yet (at the time of the interview)			Different

(Source: Translated from Vanichvatana and Peungchuer, 2009:1)

Employment in Real Estate Development Business

Staffs employed in real estate development industry are composed of a wide range of professions, educations and skills. The need for a variety of different types of employments depends upon the scope and size of business. Such scope then identifies the lists of activities to be performed within the process of a property development project; i.e. land acquisition, land development, property development, building construction and property management.

The Characteristics of the Two Economic Crises in Thailand

The most two recent economic crises in Thailand, 1997-2000 and 2008-2009, are different in many characteristics including: the origins of the crisis, causes of the crisis, situations of Thai economic, situation of Thai financial institutions, situations of real estate industry and situations of demand. Table 3 shows the comparisons of these characteristics between the two crises.

The situations of Thailand during 1997-2000 economic crisis was originated within Thailand. The causes were mainly due to the imposing of the financial liberalization policy which created far worse effects than the succeeding one in every situations. In contrast, Thailand during 2008-2009 was impacted from U.S.A. sub-prime problems with the noticeable effects on export and tourism sectors. However, with tight control from governmental sectors providing cautious from the prior experiences and unwounded private sectors, many industries and economic fundamental in Thailand were strong and stable.

Table 3: The Comparison of the Characters of the Two Economic Crises in Thailand

Characteristics	1997-2000 Economic Crisis	2008-2009 Economic Crisis
<u>Origins of the Crisis:</u>	Within Thailand	The United States of America
<u>Causes of the Crisis:</u>	<ul style="list-style-type: none"> * Implement Financial Liberalization without enough preparation and supporting policy * Not good Governance and Supporting Databases 	<ul style="list-style-type: none"> * Sub-prime problem: Mortgages issued in recent years to sub-prime borrowers are extraordinary rise in mortgage delinquencies and foreclosures
<u>Situations of Thai Economic:</u>	<ul style="list-style-type: none"> * Abrupt economic contraction: with liquidity problem; * Get Secure Fund from IMF Loan * Float Thai Baht Currency, Sudden * Loans from Local and International Financial Institutions were stopped 	Problem in Export Sector and Tourism Sector
<u>Situations of Thai Financial Institutions:</u>	<ul style="list-style-type: none"> * Close down 76 Financial Institutions * Survive ones have many NPL problems 	<ul style="list-style-type: none"> * Very secure * The Bank of Thailand put tight control policies to commercial banks on project loans and mortgage loans

Table 3: The Comparison of the Characters of the Two Economic Crises in Thailand (Continued)

Characteristics	1997-2000 Economic Crisis	2008-2009 Economic Crisis
<u>Situations of Real Estate Development Industry:</u>	<ul style="list-style-type: none"> * The whole industry were impacted * The survival firms have liquidity problems and huge debts 	<ul style="list-style-type: none"> * Some contraction of normal business cycle * But many big firms still have business expansion due to good loan credit from banks
<u>Situations of Demand:</u>	<ul style="list-style-type: none"> * No security in employment * Existing customer stop down payment, New one delay buying decision; * No Incentive Policy or support from Government 	<ul style="list-style-type: none"> * Some postpone buying decision * But still have stable demand level * Government issues many supporting incentive policies: reduce transfer fees, personal tax credit, and other tax exemptions

(Source: Translated from Vanichvatana and Peungchuer, 2009:1)

METHODOLOGY

This research extended from the previous works of Vanichvatana and Peungchuer (2009:1 and 2009:2) with quantitative research to examine the norm of the real estate industry in Thailand. The data was collected through questionnaire survey distributed to the real estate developers who were the members of the three main professional real estate developers in Thailand, i.e. the Thai Real Estate Association, the Housing Business Association and the Thai Condominium Association. The questionnaire for this survey was designed based on the knowledge gain from the earlier qualitative analysis (Vanichvatana and Peungchuer, 2009:2) as shown in Table 1 and Table 2. The surveyed data was collected during March and April, 2009. The number of respondents is 43 out of 530 distributed questionnaires.

Table 4: The Summary of Variables Used in the Analysis

Abbreviations	Meaning
<u>Independent Variables</u>	
Capital__Cat	<p>– Capital Category, capital of the respondents as registered to the Ministry of Commerce, Thailand:</p> <p>1 = Low capital, capital less than 100 million baht¹,</p> <p>2 = Medium capital, capital between 100 million to 500 million baht</p> <p>3 = High capital, capital more than 500 million baht</p>

Table 4: The Summary of Variables Used in the Analysis (Continued)

Abbreviations	Meaning
ProdType__Cat	– Product Type Category, the product type of the respondent: 1 = Low rise, 2 = High rise, 3 = Mixed type (low rise and high rise)
Exp__Cat	– Experience Category, experience, in year, of the respondent as checked from the registered information with the Ministry of Commerce, Thailand: 1 = Low experience, work less than 5 years, 2 = Medium experience, work less between 5 to 12 years, 3 = High experience, work more than 13 years.
FIN__Source97__X and FIN__Source08__X (X = 1 to 7)	– Types of source of finance: 1 = Share holders as a source of finance, 2 = Foreign alliance, 3 = Existing banks/financial institutions, 4 = New banks/financial institutions, 5 = Pressed sale and transfer of listed units in the stocks, 6 = supplier credits, 7 = Change business from for sale to lease.
<u>Dependent Variables</u>	
Layoff97 and Layoff08	– Types of Layoff Plan: 1 = No layoff plan, 2 = Not lay off yet, 3 = Lay off less than 10% of total staffs, 4 = Lay off between 10-50% of total staffs, 5 = Lay off more than 50% of total staffs
PayrollCut97 and PayrollCut08	– Types of Payroll Reduction Plan: 1 = No payroll reduction plan, 2 = Not have payroll reduction plan yet, 3 = Plan to reduce payroll less than 10% of the salary, 4 = Plan to reduce payroll between 10-50% of the salary, 5 = Plan to reduce payroll more than 50% of the salary
EmployAdjust97 and EmployAdjust08	– Types of Employment Adjustment: 1 = Reduce payroll/salary, 2 = Reduce overtime (OT), 3 = Reduce bonus
MoveStaff97 and MoveStaff08	– Whether have plan to dispatch staffs to subsidiary or affiliated company 1 = Not have 2 = Have

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Hypothesis: This research conducted quantitative data analysis based on the findings of the qualitative analysis. The two hypotheses were as follows: (i) Real estate development companies use many approaches of employment adjustment and (ii) There are differences in employment adjustment strategies between the two economic crises.

Variables: The analysis was based on four independent variables and four dependent variables with the details as shown in Table 4. The first three independent variables included Capital_Cat, Proj_Type_Cat, and Exp_Cat. These variables were the attributes of the respondents. The last independent variable, Fin_Source97_X or Fin_Source08_X, represented different types of the financial sources used during the two economic crises. The four dependent variables were the four approaches to reduce employment costs including: (1) types of layoff plan: Layoff, (2) types of payroll reduction plan: Payroll, (3) types of employment adjustment: EmployAdjust and (4) plan to dispatch staffs to subsidiary or affiliated company: MoveStaff.

FINDINGS

The analysis is conducted for both descriptive analysis and chi-square tests towards the two hypotheses. The analysis results were as follows:

Layoff

As depicted in Figure 1, it appeared that the layoff situations for the property developer respondents during 1997-2000 were *more severe* than those during 2008-2009. During the 1997-2000 economic crisis, 26% of the respondents had no plan for layoff staffs, while the number was about 44% for the 2008-2009. During the 2008-2009 crisis, there were more respondents that had not laid off staff yet than those during 1997-2000. On the drastic sides of layoff being 10-50% and >50%, the 1997-2000 crisis also showed more serious situations than the 2008-2009 crisis. As seen, the approach to layoff 10-50% in the 1997-2000 peaked up to 12%, while it was only 1.45% for the 2008-2009 crisis.

Payroll Cut

The Payroll Cut analysis results, shown in Figure 2, were in a similar pattern to those in Figure 1, Layoff. It appeared that the payroll reduction approaches used by the respondents during 1997-2000 were also *more severe* than those during 2008-2009. During the 1997-2000 economic crisis, 25% of the respondents had no plan for layoff staffs, while the number was about 42% for the 2008-2009. During the 2008-2009 crisis, there were more respondents that had not laid off staff at all than those during 1997-2000. These numbers were in a similar pattern to those of layoff results shown earlier. For the worse situations of payroll reduction of 10-50%, the 1997-2000 crisis also showed more deterioration than in the 2008-2009 crisis. For the 1997-2000, the bar chart peaks up to 12%, while it was only 4.35% for the 2008-2009 crisis. However for both crises, there were no respondent who chose to cut paychecks more than 50%.

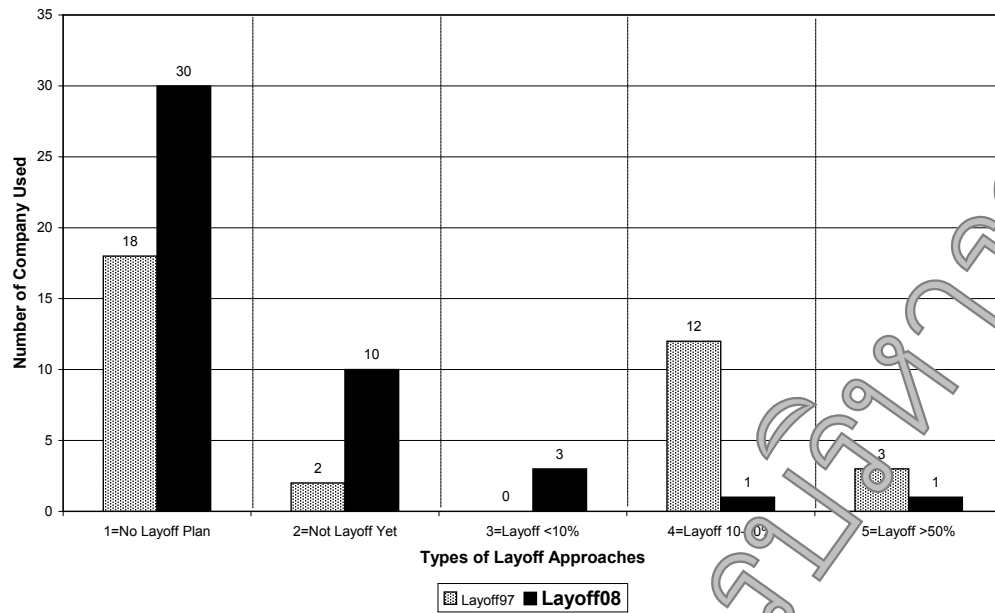


Figure 1: Comparison of Types of Layoff Approach during the 1997-2000 and 2008-2009 Economic Crises in Thailand

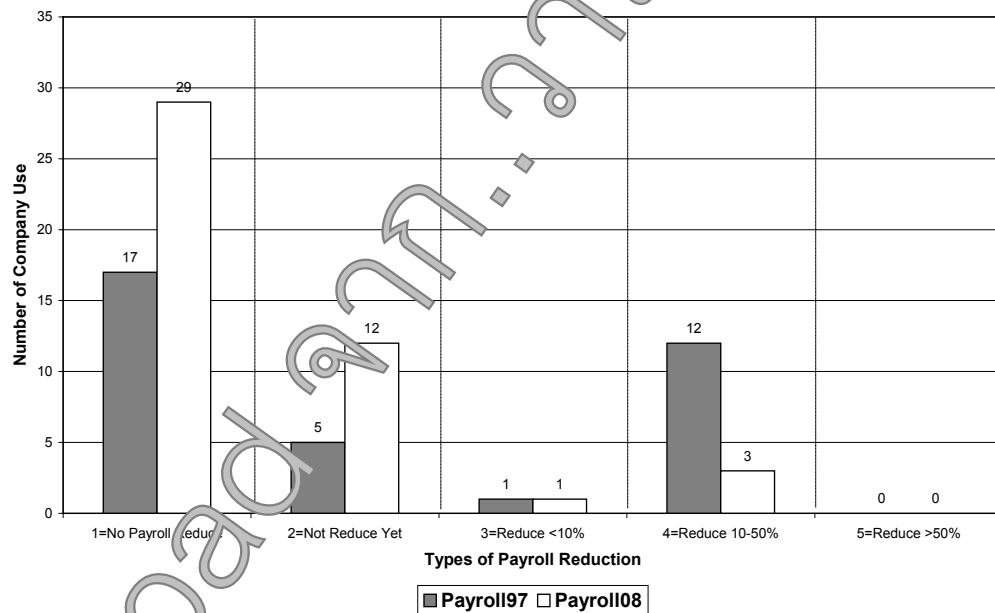


Figure 2: Comparison of Types of Payroll Reduction Approach during the 1997-2000 and 2008-2009 Economic Crises in Thailand

Employment Adjustment Approaches

Figure 3 showed the approaches utilized for employment adjustment between the two crises. For 'Payroll Reduction', the respondents utilized a more severe approach during the 1997-2000 crisis than those during the 2008-2009 crisis. On the other hand, for 'Reduction of Overtime' and 'Reduction of Bonus', the respondents utilized more compromise levels during the 2008-2009 more than those during the 1997-2000.

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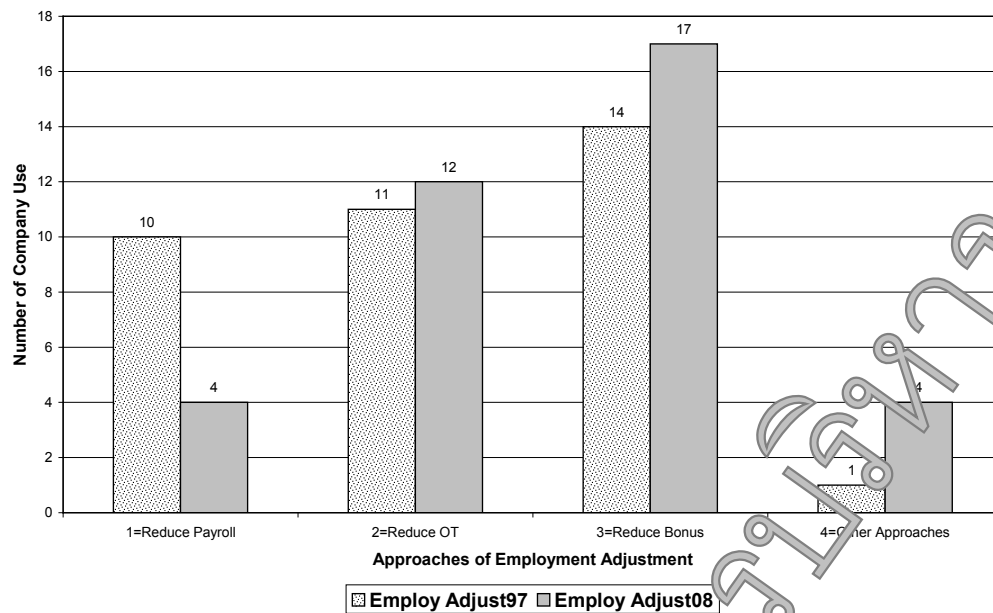


Figure 3: Comparison of Types of Employment Adjustment Approach during the 1997-2000 and 2008-2009 Economic Crises in Thailand

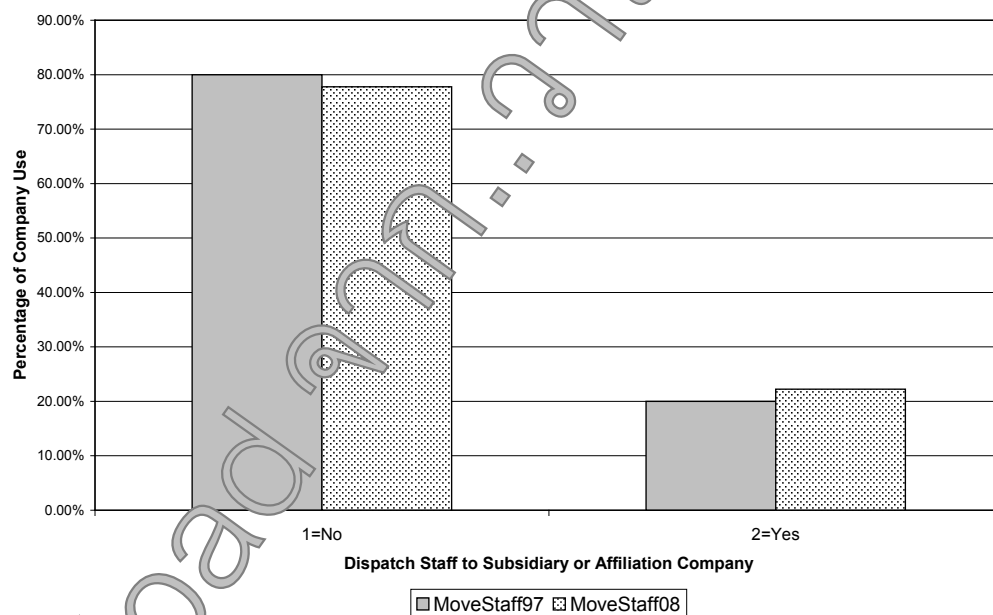


Figure 4: Comparison of Dispatch Staffs to Subsidiary or Affiliation during the 1997-2000 and 2008-2009 Economic Crises in Thailand

Move Staff

As seen in Figure 4, during both economic crises, some respondents utilized the approach to keep employees by dispatched them to subsidiaries or affiliations. By applying such approach, when the economic situation takes its turn, companies can reassign these dispatched staffs. The proportion of the utilization this approach was not high and similar in both crises.

Relationship between Employment Adjustment Approaches and Real Estate Developers' Attributes

The analysis in this step used Pearson Chi-square Test of Association to explore for any relationship between the dened independent and dependent variables which are nominal variables.

Table 5: The Results from Pearson Chi-Square Test of Association

Dependent Variables	Independent Variables	Contingency of Coefcient	Degree of Association	Sig. (p value) *
Payroll97	Fin__Source97__2	0.517	Moderately high association	0.005
Payroll97	Product__Type__No	0.499	Moderately high association	0.071
Payroll97	Fin__Source97__6	0.390	Moderate association	0.098
EmployAdjust97__1	Product__Type__No	0.506	Moderately high association	0.005
EmployAdjust97__1	Fin__Source97__4	0.414	Moderately high association	0.014
EmployAdjust97__1	Fin__Source97__7	0.323	Moderate association	0.066
EmployAdjust97__2	Fin__Source97__6	0.399	Moderate association	0.019
EmployAdjust97__2	Fin__Source97__7	0.456	Moderately high association	0.006
EmployAdjust97__3	Capital__Cat__No	0.499	Moderately high association	0.011
MoveStaff97	Capital__Cat__No	0.399	Moderate association	0.036
MoveStaff97	Fin__Source97__6	0.316	Moderate association	0.035
MoveStaff97	Fin__Source97__5	0.301	Moderate association	0.062
EmployAdjust08__2	Fin__Source08__2	0.396	Moderate association	0.023
EmployAdjust08__2	Fin__Source08__6	0.326	Moderate association	0.068
EmployAdjust08__3	Fin__Source08__3	0.397	Moderate association	0.055
MoveStaff08	Fin__Source08__5	0.243	Moderate association	0.094

Note (*): Significant Level (α) = 10%

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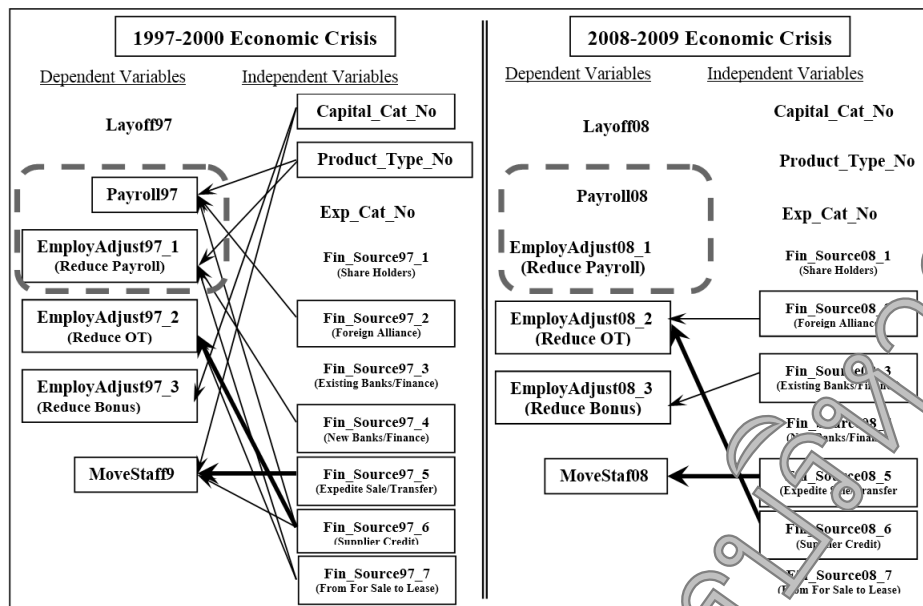


Figure 5: Comparison of Chi-Square Test of Association between Dependent-Independent Variables of the Two Economic Crises

The Chi-Square of association was conducted on every possible pairs of dependent-independent variables shown in Table 4. Only the results of the Contingency of Coefficient with the p-value with the significant level of more than 10% were selected. There were sixteen pairs of dependent-independent variables that fit in the stated criteria, as shown in Table 5. The twelve pairs were from the 1997-2000 analysis and the other four pairs were from the 2008-2009 analysis. All pairs of the results had moderate association to moderately high association.

Then, the results in Table 5 were mapped into the graphical analysis shown in Figure 5. It appeared that there were three similarities and two differences from the association pairs of dependent-independent variables as follows:

Similarity:

- 'Layoff' variable had no significant association with any independent variables for both economic crises. It could be remarked for further research whether layoff was randomly used or not.
- There were two similar pairs of significant associations in both crises: (1) Between 'EmployAdjust_2' and 'Fin_Source_6' and (2) 'MoveStaff' and 'Fin_Source_5'. It could be interpreted that 'Reducing overtime' had a significant association with using 'Supplier credit' as a source of financing during economic crisis. Also, 'Move staff to subsidiary or an affiliation company' had a significant association with using 'Expedite sale and transfer of finished units in the stocks' as a source of financing during economic crisis. The last pair of the association test results conformed to the research results by Vanichvatana and Peungchuer (2009:2).

These findings implied that capital intensive business like real estate development tended to favor for the strategy to expedite sale and transfer of finished units in stocks as a source of finance. As such, big company normally had many subsidiary or affiliation companies for relocate valuable/qualified staffs to such linkages during bad times so that they could rehire or move back that staffs when the economic situation would be upturned.

(iii) The last similarity was in the two independent variables of 'Exp__Cat__No' and 'Fin__Source__1' (or Share Holders) that both variables had no significant association with any dependent variable.

Difference:

(i) The two dependent variables, 'Payroll97' and 'EmployAdjust97__1' had significant association with many independent variables in the 1997-2000 economic crisis. That is 'Payroll97' had association to 'Product__Type__No', 'Fin__Source97__2' or Foreign Alliance and to 'Fin__Source97__6' or Supplier Credit'. While 'EmployAdjust97__1' had association to 'Product__Type__No', to 'Fin__Source97__4' or New Banks/Finance and to 'Fin__Source97__7' or From For Sale to Lease.

In contrast, these two dependent variables had no significant association to any independent variables in the 2008-2009 economic crisis.

This noticeable difference provoked an interesting future study. That is whether or not there would be any linkage of choosing payroll method as 'Payroll' variable and payroll cut approach or 'EmployAdjust__1' variable as an employment adjustment approaches.

(ii) The two independent variables 'Capital__Cat__No' and 'Product__Type__No' had significant association to many dependent variables in the 1997-2000 economic crisis. That is, 'Capital__Cat__No' had an association to 'Employ Adjust97__3' or Reduce Bonus and to 'Move-Staff97'. While 'Product__Type__No' had an significant association to 'Payroll97' and to 'Employ-Adjust97__2' or Reduce Payroll.

In contrast, these two independent variables had no significant association to any dependent variables in the 2008-2009 economic crisis.

CONCLUSION AND DISCUSSION

The analysis results can be concluded as follow:

- Real estate developers applied many types of measures for employment adjustment including layoff, payroll cut (some respondent apply only on high salary staffs), reduce overtime, reduce bonus, dispatch staff to subsidiary or affiliate companies and freeze new hiring. The findings conformed to McNerrey (1997) and Imakunnas and Maliranta (2003).

- Respondents utilized more disturbing approach to reduce employment costs during the 1997-2000 economic crisis than during the 2008-2009 crisis. That is, during the 1997-2000, there were higher proportions of layoff and payroll reduction than the succeeding crisis. Less disturbing approaches, e.g. reduction of overtime and reduction of bonus were applied more during the 2008-2009. The results give the impression that companies react more drastically when the situation was more severe.

- For dispatching staff to subsidiary or affiliation, respondents applied this approach with similar proportion during both crises.

- The mapping from the comparison of Chi – Square Tests showed a meaningful result of the association between ‘Move staff to subsidiary or an affiliation company’ and ‘Expedite sale and transfer of finished units in the stocks’. The finding imply that capital intensive business like real estate development tends to favor for the strategy to expedite sale and transfer of finished units in stocks as a source of finance. As such, big company is normally has many subsidiary or affiliation companies for relocate valuable staffs to such linkages during bad times so that they can rehire or move back that staffs when the economic situation is upturned.

This research should be considered as one of the primary research in this topic for real estate development area and limits in depth linkage between theories and findings. There are still many other inquiries for further research including: the logic behind each employment adjustment approaches, the benefits and disadvantages to apply each approaches, the relationship between each approach of employment cost cut and the characteristics of real estate development business, etc.

Real estate developers can gain benefits from the findings as follows:

- (1) Acknowledge that there are many types of measures for employment adjustment.
- (2) Utilize less disturbed employment cost cut approaches that a firm can keep their human capital as a knowledge base firm during economic crisis
- (3) Apply employment adjustment from low to high disturbing approaches, e.g. from dispatching staff to subsidiary or affiliation to overtime cut to payroll cut and to layoff. In this way, developers can use proper level of employment adjustment along the side of the level of economic downturn as it reveals.

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