

**Project Title : Human Resource Management of Thai Business and Multinational Business**

**Organizations in Thailand : A Comparative Study**

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## **Abstract**

The objectives of this research are two folds: 1) To study human resource management in Thai business organizations both in Industrial and service sectors 2) To compare human resource management in Thai business organizations and multinational business organizations

Data relating with human resource management process were collected from 215 Thai sample companies, 161 of them were industrial sector and 54 of them were service sector. For multinational companies, 158 samples were selected, 52 of them were U.S. companies, 50 of them were European companies, and 56 of them were Japanese companies.

The study of Thai companies found that:

- 1) Units which were responsible for human resource management in the majority of Thai companies were found at divisional level both in industrial and service sectors. The main responsibilities were to take care of basic functions of human resource management; they were: recruitment and selection, training and development, etc.
- 2) There was no difference between industrial and service sector in recruitment and selection. Selections were mostly involved both human resource managers and line managers. The most popular recruitment sources was walked-in by applicants, followed by employee referral and newspaper. Interview was the most frequently used as selection device.
- 3) There was somewhat difference in managing training program between industrial and service sectors. In industrial sector, majority of them had definite plan for training program both in long term and short term; while in service sectors, majority of the companies had only short term plan.
- 4) For performance appraisal, the majority of both industrial and service sectors had performance appraisal once a year. Some of them had performance appraisal twice a year. Main objective of appraisal was to be used as basis in pay raise, followed by performance improvement. The persons who were responsible for appraisal in most companies were immediate supervisor. Both qualitative and quantitative criteria were used in performance appraisal.

- 5) For career planning, it was found that there was no career planning programs in most industrial companies. In service companies, it was found that the majority of them had career planning programs but they were not systematic.
- 6) In term of reward and incentive system, most of the companies had incentive on individual basis. The criteria used for evaluation was productivity. The incentive and reward were perceived as equitable to other companies.
- 7) In term of preparation for globalization most of industrial companies had found on changes in work system and process while service companies had focused on human resource development. QC technique was used in industrial sector.

The findings on comparative study among Thai and multinational companies in human resource management were as follow:

There was no difference between Thai and multinational companies in terms of organization structure.

- 1) Units which were responsible for human resource management in Thai and multinational companies were mostly found at divisional level with divisional manager as the one who was responsible for the main functions.

The major responsibilities were basic human resource management functions; they were recruitment and selection, training and development, compensation management, and benefits administration as guided by top executives' policy

Human resource division in American companies involved in strategic planning more than other companies, followed by European companies, and Thai companies. Human resource division in Japanese companies involved in strategic planning less than others.

- 2) There was no difference in human resource management planning between Thai and multinational companies. Most of HR executives involved in strategic planning at high level and most of the companies considered human resource as very important factor in strategic planning.
- 3) There was no difference between Thai and multinational companies in manpower planning process. The process mostly started with the unit that had demand for manpower submitted its request to HR department; while manpower decision were mostly done by high level executives or committee.

Manpower planning in American companies had conducted through participatives approach in the meeting with representatives from all divisions in higher percentage as compared to Thai, Japanese, and European companies.

- 4) There was no difference in recruitment and selection process between Thai and multinational companies. Selection mostly done by joint efforts between HR managers and line managers in most of the companies in the study.

American companies had delegated selection decision to line managers in higher percentage than other companies.

- 5) Recruitment for executives in most companies were utilized both internal and external sources. For external recruitment, American and European companies used recruiting firms in higher percentage than Thai companies. Thai companies preferred personal referral to other approaches.

For operational level, Thai, Japanese, and European companies mostly did their own recruitment, while American companies conducted their own recruitment as well as using outside service.

- 6) In Thai companies, walked-in by applicants approach was the most popular recruitment source, followed by internal search.

Walked-in approach was also most popular in Japanese companies, followed by newspaper announcement and campus recruitment.

In American companies, walked-in was the most popular approach, followed by newspaper and internal search.

- 7) Interview technique was the most popular technique used as selection device for all companies in the study.

- 8) For training and development, American companies had long term plan more than other companies, followed by European and Thai companies. Japanese companies had long term plan the least as compared to others.

Japanese and Thai companies mostly responded to training program upon requested by each unit.

- 9) For performance appraisal, there was no difference between Thai and multinational companies. Most of them had appraisal once a year with major objective in pay raise, followed by performance improvement. Both qualitative and quantitative criteria were used in performance appraisal.

Most of companies in the study reported that they informed objectives and criteria to their employees. In addition, they also had training for appraisers. American companies provided involvement of employees in the appraisal process in higher percentage as compared to other companies.

- 10) American companies had clearly career planning program more than others Most of Japanese companies did not have career planning program.

Thai and European companies had been reported that they had career planning program but the program were not formalized.

- 11) In term of reward system, there was no difference between Thai and multinational companies. Productivity or performance was mainly used as basis for rewarding.
- 12) In term of preparation for globalization, changes in work process or system were mostly used by Thai and Japanese companies. American emphasized on human resource development while European companies focused on information technology and communication improvement more than other approaches.