

# Middle Management Development from a Perspective of Human Resource Development: Case Study of the Japanese Automotive Parts Subsidiary in Thailand

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**Abstract:** *The objective of this research was to verify how a subsidiary of a Japanese automotive parts manufacturer in Thailand has transformed human resource development (HRD) for middle management in response to changes in its roles and requirements following business development and organizational maturity. This research employed a single case study approach as a qualitative research method, and data were collected from interviews, participant observation, and the company's website.*

*The research results showed middle management development as training and development was focused on acquiring the company-specific technical knowledge and skills to instruct subordinates for stable production through on-the-job training mainly for the early stage of the operation. Once the production process was on track, organizational development was conducted for middle management as leadership development for improving factory operations through active involvement in proposing the action plans to realize the company's policies. This research also showed a perception gap in the HRD for middle management development between Japanese management and Thai middle management. Japanese management planned HRD with an awareness of enhancing organizational performance, but Thai middle management sought it with an awareness of enhancing individual capabilities.*

*It was difficult to recognize those efforts as explicit HRD for the Thai middle management due to their implicit nature. Thus, Japanese manufacturers should offer an explicit training system and career path for Thai middle management to retain talented human resources for career development.*

**Keywords:** Career Development, Middle Management, Organization Development, Training and Development

## Introduction

The Japanese manufacturers have been operating in Thailand for a long time with 721 manufacturers in 2023 (JCC, Bangkok, 2023a). While Japanese manufacturers have been continuously facing many management problems, the survey showed that the lack of human resources at the manager level has remained one of the most challenging tasks (JCC, Bangkok 2023b). Some Japanese manufacturers in Thailand have been shifting to research and development centers rather than production bases, where the middle management has



taken the role of not only supervising subordinates for stable production but also becoming involved more in corporate management.

There are many studies on Japanese companies operating in Southeast Asia from the perspective of international management, but only studies from the standpoint of HRD were for Koike (2008). Therefore, this research investigated 1) how roles and requirements of middle management have been transformed and 2) what HRD program has been implemented at a Japanese automotive parts manufacturer in Thailand. Then, this research examined middle management development at the Japanese manufacturer from the perspectives of HRD rather than from the perspectives of international management.

### **Literature Review**

The definition of Human resource development is “a process of developing and unleashing expertise to improve individual, team, work process, and organizational system performance” (Swanson, 2022, p. 33). HRD consists of training and development (T&D), organization development (OD), and career development (CD), as McLagan (1989) introduced a conceptual model of the Human Resource Wheel.

T&D is defined as “the primary realm of HRD activity” and “a process of systematically developing work-related knowledge and expertise to improve performance” (Swanson, 2022, p. 366). The central view of OD is that “OD can unleash human expertise, resulting in improvements at the organization, work process, team, and individual levels” (Swanson, 2022, p.462). Also, OD is “a process of systematically unleashing expertise to improve performance at all levels” (Swanson, 2022, p. 463). The CD is defined as “the process of acquiring and experiencing planned and unplanned activities that support attainment of life and work goals” (McDonald & Hite, 2023, p. 3). The only study by Kusano & Hisamoto (2007) focused on HRD in Japan, which defined CD as a driver of employee development and CD as well as the link between OD and T&D. Moreover, little research has focused solely on HRD for Japanese manufacturers operating abroad in the region. Research focusing on HRD of Japanese manufacturers in Southeast Asia was mainly conducted by the mid-2000s, with little research conducted since then. Moreover, there has been little research focusing solely on HRD for Japanese manufacturers operating abroad, not only in Southeast Asia but also in other regions.

As for HRD at Japanese manufacturers, they implemented HRD practices based on the premise of long-term employment. Many of them have such programs as “original in-house training, on-the-job training (OJT)-type HRD through job rotation, senior-level personnel development, skills and techniques development, and motivation improvement” (Hirano et al., 2008). In Japanese manufacturers, there is no direct relationship between the employees’ jobs and their major at higher education level, and their job-related knowledge at the time of employment is limited, whereas, in foreign multinational manufacturers, the employees are more strongly required to acquire specialized knowledge prior to employment than in Japanese manufactures (Koike & Inoki, 2002; Sekiya, 2021). Many Japanese manufacturers also provide programs to develop those managerial skills for middle management. OJT and off-the-job training (Off-JT) programs have systematically developed employees’ ability under their economic and mental stability guaranteed by job security through lifetime employment (Kusano & Hisamoto, 2007). The characteristics of HRD in Japanese manufacturers were based on work experience in the

workplace and training over a long period and found in the automotive manufacturing industry in Thailand (Koike, 2008). Imano (1982) is the only study focusing on T&D at Japanese manufacturers in Thailand.

## **Methodology**

This research employed a case study of collecting and analyzing qualitative data on middle management development at a Japanese subsidiary in Thailand (hereafter, Company A) selected by purposive sampling. The data were collected from interviews, participant observation, and the company's website. The case study approach was employed to clarify decision making such as "why they were taken, how they were implemented, and with what result" (Schramm, 1971, p. 6), and a single case study was recognized as valid with the purpose of revealing a revelatory case (Yin, 2018).

Company A is located in an industrial estate in the eastern region and started the production of automotive equipment parts in 2004 and increased the product variety and production volume in the following 10 years, and the number of employees exceeded 1,000 persons.

Data collection was conducted through interviews and participant observation in 2015, 2017, and 2022 and by surveying the information on the company's website. The participants were three successive presidents, general managers, senior managers, managers, and assistant managers. The researchers interviewed Japanese management and Thai middle management and asked about the company profile, the organization charts, the job descriptions, the evaluation system, and the career program of middle management.

Researchers made the interview transcriptions and notes confirmed by the interviewees for keeping triangulations. It was to ensure the trustworthiness of the data collection and analysis that the data were collected from different sources: three successive presidents, general managers, senior managers, managers, and assistant managers. Those were also collected with different tools: interviews, participant observation, and the company's website. Data from multiple sources were analyzed by using a holistic analysis approach (Yin, 2018).

It is necessary that ethical considerations include the protection of the individual human rights of the research participants and the protection of their personal information. The researcher informed the research participants that there would be no disadvantage if they refused to cooperate in the research; the research plan and data could be checked at any time; the data would not be used for other research, and so on. The researcher was obligated to maintain confidentiality regarding information obtained in the research, and the individuals and the company would not be identified. This research was conducted with the approval of the Research Ethics Committee for "Human Subjects" of the Graduate School for Creative Cities, Osaka City University, in order to protect the individual human rights and personal information of this research.

## **Results**

### **1. How roles and requirements of middle management had been transformed?**

The business policy of Company A had been investigated to identify the behavioral requirements necessary for Thai middle management. The production started in 2004 to establish an optimal production and sales system in Southeast Asia, following



the policy of the Japanese headquarters. It introduced manual assembly facilities, making the most of lower-cost labor forces, so it implemented education and training of engineers, mainly targeting production with zero accidents by keeping maintenance and safety. It clarified the basic philosophy and action guidelines at the plant in the mid-term business plan about 10 years after the start of production. The contents were “contributing to the Thai Society by providing valuable products,” “strengthening the higher profit structure,” and “employees’ education based on the policy of safety and quality first.”

Once the production process was on track, it made efforts mainly for middle management and higher-skilled engineers to improve their communication skills and promote behavioral change with awareness, thinking, and acting autonomously. It was different from the beginning period when it only emphasized safety, quality of products, and cost reduction, and later, HRD focused on middle management and higher-skilled engineer development. In the revised mid-term business plan, more emphasis was placed on contribution to the local society, learning through job practices, and continuous skills acquisition. Company A had set challenging guidelines such as business operations mainly by Thai management and human resource development for business expansion.

As a result of adding new production lines since the year of 2012, Company A has increased production volume and product varieties. With this increase in the number of middle management positions, there has been a trend toward more internal promotions to middle management, and most of these internal promotions were made by employees who joined the company as chief engineers, supervisors, assistant chief engineers, assistant supervisors, engineers, or staffs during 2004 to 2008 .

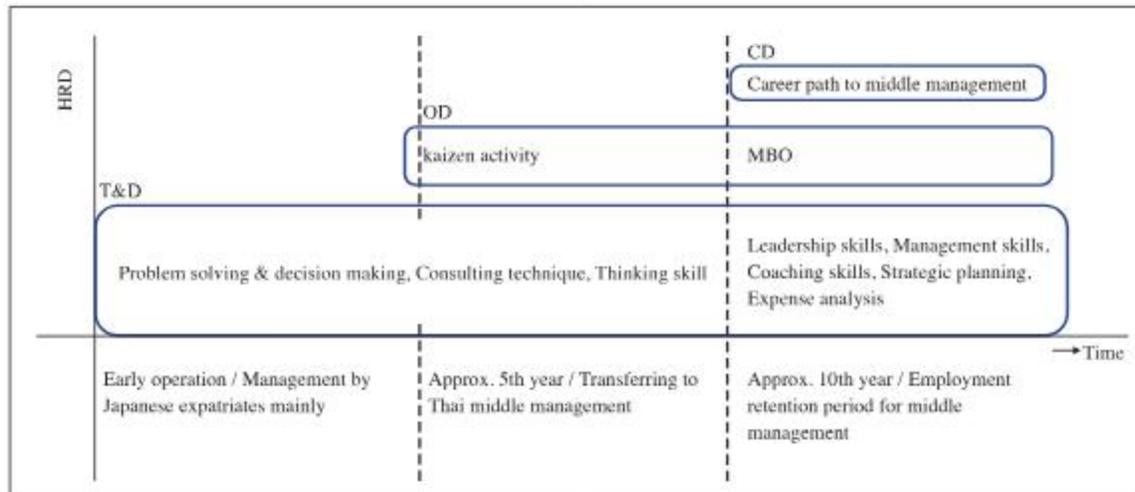
In other words, Company A has effectively demonstrated a career path to middle management for employees who graduated from university. Moreover, middle management and its candidates were expected to be able to work as “could think autonomously, act and improve” to maintain and improve safety and quality, as they have gained years of working experience at the company. They also would be expected to work to develop their subordinates by including them in the process of discovering and solving work-related problems on their own. Thus, as businesses expand and organizations mature, Company A has expected middle management to have higher requirements and various roles.

## **2. What HRD program has been implemented?**

In the early years, the training menus as Off-JT for middle management had only a few courses to control subordinates, such as problem-solving and decision-making, consulting techniques, and creative thinking. During this period, the focus was on improving line workers’ technical level and retention to achieve stable production rather than on training middle management. Once the production process was on track, middle management development was conducted through team building and mentoring and training of subordinates through Kaizen activities. As a result of the expansion of new production lines and employee numbers, Off-JT programs were expanded to include leadership skills, management skills, coaching skills, strategic planning, expense analysis, and individual development plans. Also, developing subordinates became an essential aspect of HRD for the middle management at Company A. The OD was utilized for middle management development as leadership development for improving factory operations. Management by Objectives (MBO) was gradually introduced to middle management in the latter half of 2014, to chief engineers, supervisors, assistant chief engineers, and

assistant supervisors in the first half of 2015, and to engineers and staff in the latter half of 2015. Company A provided an opportunity to experience developing subordinates to the middle management through introducing MBO. MBO would be reflected in performance evaluations by incorporating the company's policies into each section's activity plan and measuring the degree of achievement of that action plan.

The process of HRD formation in Company A suggests a middle management development model for Japanese subsidiaries in Thailand, which follows the organization's maturity and business development at the subsidiary.



**Figure 1.** Middle Management Development Model (Source: Authors)

### 3. Summary of the Result

The roles and requirements of middle management have been transformed depending on the progress of business development and organizational maturity. Furthermore, the middle management development process has developed depending on the roles and requirements of middle management following business development and organizational maturity.

### Discussion

This research results showed that there was a perception gap in “HRD” for middle management between Japanese management and Thai middle management. Company A emphasized the importance of stable production activity with policies for employees' safety, high-quality products, punctual delivery, and cost reduction as many other Japanese manufacturers did. From Ronald's definition of HRD (Jacobs, 2014), HRD consists of “enhancing organizational performance and individual capabilities”. Using this definition to examine the HRD of middle management at Company A, it can be said that Japanese management is planning HRD for middle management with a strong awareness of the former process while Thai middle management is seeking the latter process. HRD programs initially offered by Japanese manufacturers aim to improve organizational performance and do not solely focus on the personal development of middle management. As the literature indicated, leadership and management development may not surface and may be unintentional, informal, and experiential (Claxton & Gold, 2013). Japanese manufacturers



expected middle management to learn from their work, and thus, most of them provided HRD opportunities based on OJT not only for blue-collar workers, but also for middle management.

In contrast, Thai middle management's perception of OJT may see it as training for blue-collar workers on the production line. As a result, Thai middle management might not perceive that HRD for middle management was explicitly implemented because the middle management development process required by Japanese executives differs from that required by Thai middle management. It may suggest that Japanese manufacturers prefer implicit HRD through OJT while Thai middle management prefers explicit HRD through Off-JT. Besides, this difference in perception suggests that cultural conflicts also occur in the HRD of middle management in Japanese companies, as conflicts often arise when people from different cultural backgrounds work as a group or team (Yu & Ruth, 2004).

Next, according to the lengthening of the tenure of Thai middle management and the changing role of HRD, all Thai middle managers were hired from the external labor market just after production started, but the ratio of internally promoted middle management increased as the company's operating duration was longer. Middle management who were promoted internally joined the company in their late 20s and were recently in their late 30s or 40s. Many have their own families during that time and maybe reach the time when they are thinking about their future careers. The CD is a process that involves individual and organizational collaboration for employees' development (Gilley, Egglund, & Gilley, 2002). Middle management was expected to improve its knowledge, skills, competencies, and attitudes toward current and future job assignments. However, Japanese manufacturers need to strongly engage Thai middle management through HRD to retain those talented. As Thai middle management prefers explicit HRD considered above, Japanese manufacturers should present a clear CD vision, career paths, and initiatives focused on the career of Thai middle management. One possible reason is that employees' acquiring skills through work is visible, and Japanese manufacturers view skill formation as career development (Tanaka, 2008). Then, production department-led HRD is more influential than Human Resource (HR) department-led HRD due to the relationship that Japanese manufacturers have an advantage in production control. Moreover, unclear job descriptions are pointed out as a characteristic of Japanese manufacturers, but ambiguously defined jobs enable the creation of human resources capable of dealing with a wide range of uncertainties through long-term skill formation (Koike, 2005; Tanaka, 2008). HRD in Japanese manufacturers mainly aims to improve organizational performance. However, it needs to be evolved in a way that the HR department takes the lead in CD, as some HR experts in Thailand pointed out that the HR department needs to become a strategic partner (Lamuntree, Nontasak, & Kaneko, 2015). The retention of Thai middle management requires the HRD practice to make it perceive its fair treatment (Joungtrakul, 2011).

### **Conclusion and Recommendation**

This research explored how roles and requirements of middle management have been transformed and what HRD program has been implemented at a Japanese manufacturer in Thailand. The roles and requirements of middle management have been transformed depending on the progress of business development and organizational

maturity. While skill development training courses were added after the implementation of the mid-term plan, HRD practice has been conducted mainly through OD rather than T&D. However, a challenge was also identified that the speed of change in HRD in the Japanese manufacturer had not kept pace with the speed of change in the attitudes of Thai middle management to the HRD brought by rapid economic growth.

Future research could be conducted from the following two perspectives. Firstly, how the managerial careers of Thai middle management have been formed at Japanese manufacturers, and secondly, what is the difference in the perception of roles or HRD of middle management between the Japanese headquarters and Thai subsidiaries? The difference in perception could result in a divergence in expectations and effectiveness of HRD efforts. As getting a business operation in Thailand longer, Thai middle management would be increasingly interested in its career development. In the future, it should verify the educational systems, visions, and approaches to CD from the perspective of developing the career of Thai middle management at Japanese subsidiaries.

### Conflict of Interest

The authors declare that there is no conflict of interest.

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