

Japanese Business and Economy Studies in Thailand

Natenapha WAILERDSAK (YABUSHITA)

1. Introduction

This paper examines the current state of Japanese business and economy studies in Southeast Asia, focusing particularly on Thailand. The paper is divided into five sections. The first section depicts the economic relations between Japan and various Southeast Asian countries, in order to assess to what extent Japan has influenced the economy of the Southeast Asia region. The second section introduces and evaluates the current state of university-level Japanese business and economy fields in Thailand, surveying existing educational institutions, courses and researchers. The third section introduces and discusses the notable debates and study cases, as well as the intention of research conducted in Japanese studies, in each of three periods: 1973-1985, 1986-1996 and 1997 to the present. The fourth section considers the problems facing Japanese business and economy studies and the reason why such studies have not progressed as fruitfully in Thailand as expected, despite long-established economic and political relationships between the two countries, Japan and Thailand. The fifth section concludes with an examination of the prospect of Japanese business and economy studies in the future.

2. Japan-Southeast Asian Economic Relations

The Japan-Southeast Asian relations are long-established. Especially

during these past three decades, Japan has actively provided capital, technology and management know-how through such methods as direct investment, manufacturing consignment, technology transfer, and official development assistance (ODA) which contributed significantly to the industrialization of Southeast Asian countries. For Southeast Asian countries, Japan has long maintained as its status as a major trade partner, investor, and creditor country. Therefore, it is no exaggeration to say that we cannot discuss the economic growth of Southeast Asia without talking about Japan (Natenapha [2003]).

Conversely, it can also be said that the economic growth of Southeast Asia helped not only in creating growing export markets for Japan, but also in allowing the specification of manufacturing industries through the division of production base and in boosting the sophistication of Japanese industrial structures themselves.

Since the 1980s, the phenomenon of dramatic economic growth and rapid catch-up industrialization of East Asian countries with Japan as the head had been described with such slogan as “ the center of world growth ” and “ the century of Asia ”. The integration of economic development in this region was also reflected in the World Bank report titled “ East Asian Miracle ” published in 1993 (World Bank [1993]).

This section, then, aims to assess broadly the Japan-Southeast Asian economic relations through the examination of observable facts, that is, trades, foreign direct investment (FDI), and assistance and cooperation following the 1997 financial crisis.

(1) Japan-Southeast Asian Trade Relations

Recently, Japan-Southeast Asian market integration has advanced remarkably. Trade volumes among Japan and Southeast Asian countries have increased consistently in general. Although there was a slump during the period of 1998 because of the Asian financial crisis, the trade volumes show a bullish motion again after 1999, corresponding to the economic

recovery of Southeast Asian countries. Japanese trade (import and export) with Southeast Asia was valued at 140 billion dollar in 2005, accounting for about 13.3% of Japan total trade volume. In the same year, Southeast Asia's share in Japan's world trade increased to 12.7% in terms of export and 14.1% in terms of import.

On the other hand, Japan's share accounted for about 14.1% of Southeast Asia's total trade in 2003. The countries for which Japan stood as the largest export country were Brunei (41.0%), Indonesia (22.3%) and Vietnam (13.8%), and for which Japan stood as the second largest export country, Philippines (15.9%) and Thailand (14.2%). Then, the countries for which Japan stood as the largest import country were Thailand (24.1%), Philippines (20.4%), Malaysia (17.3%) and Indonesia (13.0%). It is clear from these statistics the extent of impact trade relations that Japan has on the economy of each country.

In addition, we should not overlook the way Japan-Southeast Asia trade structures have also been changing. Formerly, the trade structure was that Japan imported raw materials, agricultural goods and marine products from Southeast Asia while it exported industrial goods to Southeast Asia. But the percentage of industrial goods imported from Southeast Asia which accounted for less than 10% of Japan's import from Southeast Asia in 1984 has increased rapidly to more than 60% since 2002. The percentage of industrial goods imported from Southeast Asia, particularly electronics, machinery and textile goods has increasing continually. This reflects the increasing degree of industrialization of Southeast Asian countries.

Furthermore, the trade deficit between Southeast Asia (with the exception of Brunei and Indonesia that have large export amounts of oil and natural gas) and Japan has continued to widen. In the case of Thailand, trade deficit to Japan had increased incessantly since 1986, although it at last began to decrease when Thailand faced with economic downturn in 1997. From 1985 to 1997, when the FDI from Japan became full-fledged in Thailand, the aggregate amount of Thailand's total trade deficit was about

98.3 billion dollar; of this figure the trade deficit with Japan covered as much as 76.9 billion dollar or 78.2%.

Nevertheless, this situation did not develop into a serious political problem because of the following two reasons. The first reason was that a part of Japan's trade surplus flowed back to each of the countries it trades with in the form of FDI. The second was that the activities of Japanese firms attempting to promote the localization of parts and raw materials while decreasing the import from Japan. Trade deficit with Japan, therefore, became relatively small.

(2) Japanese FDI toward Southeast Asia

Japanese FDI toward Southeast Asia moved into high gear in 1986 and showed rapid growth from then onwards. Needless to say the appreciation of the yen and the burst of the economic bubble in Japan were direct influencing factors. The percentage share of global Japanese FDI (investment amount) flowing to Southeast Asia had increased from only 3% in 1984 to 7.2% in 1990 and, by 1997, had peaked at 14.5%. In 2004, FDI from Japan to Southeast Asia accounted, in absolute terms, for 296.8 billion yen or 7.8% of Japan's total outward direct investment which amounted 3.82 trillion yen. If we look at the cumulative amount (based on the balance of payments) of the global FDI that flowed to Southeast Asia between 1995 and 2003, we find that Japan's share was 12.9%, second after the United States (16.5%).

There are several reasons underlying the expansion of Japanese FDI to Southeast Asia. These include the demands on the Japanese side demands to cutback production costs due to the yen appreciation (e.g., low-priced labor cost), to fulfill the local markets that had expanded because of rapid economic growth in Southeast Asia, and to establish the production bases for re-export to Japan as well as the enhancement of investment environments by host countries, including the deregulation of investment rules, the setting of preferential investment measures such as corporate

taxes, the facilitating of infrastructures, stabilizing of exchange rates, and lowering of customs duties within the region as seen in ASEAN free trade area (AFTA) and so on.

In the wake of financial and economic crisis in 1997, Japanese companies that had expanded their operations into Southeast Asia were driven inevitably into serious difficulties. Hard hit in particular were industries that had depended largely on the domestic demands of Southeast Asia. A typical industry was the automobile industry. However, it was found that many Japanese companies remained on site and continued their operations. Despite the fact that they were forced to cut their production volumes and decrease the rate of operation to survive; surprisingly, only a few numbers of these companies, went bankrupt or withdrew from the market. On the contrast, the majority of companies increased investment capitals to resolve outstanding debt, promoted the increase of local contents, and shifted strategy to enlarge exports rigorously. As a result, we can see that the purpose of investment changed from focusing on domestic markets to the expanding of export markets.

After the crisis, due to the economic recession in Japan, FDI from Japan to Southeast Asia declined sharply. As China emerged as a new economic power, there were discussions about redistribution in Japan's FDI with investment redirected from Southeast Asia to the new market in China. However, there is no ground for Japanese companies to concentrate investments only in China. In fact, Japanese FDI to Southeast Asia exceeded those to China during the 1990s except in 1995. Moreover, very few companies planned to shift their production base from Southeast Asia to China.

According to a survey conducted by the Japan External Trade Organization (JETRO), the number one reason why companies chose not to shift production base is the expectation of market expansion in favor of AFTA, followed by the huge sunk cost of investment already conducted in Southeast Asia, and the avoiding of risks from concentration only on China,

as well as the assurance in their operation network centered in Southeast Asia, respectively.

(3) Assistance and Cooperation after the Financial Crisis

In July 1997, Southeast Asia was attacked by the financial crisis that originated from the floatation (or devaluation) of Thai bath. The crisis had spread suddenly to Philippines, Malaysia, Indonesia and South Korea, and brought about severe economic difficulties. Arguments on the crisis ' causes and solutions were developed and not confined to financial and economic systems, but included disputes on the background of political systems, Asian values, and Japan's role and responsibility. Japan's leadership role in stabilizing the Southeast Asian economy was questioned on how Japan, which has strong relationships in terms of trade and economic with Southeast Asia, would cope with this financial crisis, and what Japan could do in terms of support or aid.

Japan and related countries dealt with the Asian financial crisis very quickly and aggressively. We see, for example, that the Thai government dispatched a special envoy to Japan and began consultation on the matter immediately. Japan was foremost among the countries leading the way in coordinating the international cooperation funds. The funds were centered by International Monetary Found (IMF) for Thailand, South Korea, and Indonesia. At the same time cooperation with the World Bank and Asian Development Bank provided an enormous sum of financial assistance. Additionally, Japan, independent of the IMF, launched a series of policies involving financial cooperation with Asia. These policies had never been done before and included drawing up the Asian Monetary Fund (AMF) scheme, the Miyazawa Plans, and measures to support small and medium-sized firms.

In addition, when the former Prime Minister Junichiro Koizumi visited Southeast Asia in January 2001, he asserted that Japan and Southeast Asia should be close partners that " act together and advance together " in

the twenty-first century and proposed to expand Fukuda doctrine's policy of enhancing Japan-Southeast Asia cooperation. Under this situation, we can conclude that the Japan-Southeast Asia economic relations have continued closely for the past three decades.

3. Education and Research on Japanese Business and Economy in Thailand

It would seem natural to think that the close economic relations between Thailand and Japan as explained above would bring about an intimate knowledge and understanding of each other, especially among the scholars of each country. However, I, the Thai author who is working for a university in Japan, want to stress that while Thai studies (including other Southeast Asia countries) in Japan are pervasive and deep enough to warrant serious investigation and research (Kitahara and Akagi eds. [1996]), the studies about Japan in Thailand are uneven and not extensive and rigorous enough to match the length and breadth of Thailand-Japan relationships. In fact, Medhi's paper in 1989 (Medhi [1989]) also pointed out the same assertion. Surprisingly, although more than fifteen years passed there was little improvement.

This section begins with an introduction of the courses dealing with Japanese business and economy at universities in Thailand. The status of professors teaching about the Japanese economy in Thai universities can be regarded as a reflection of the state of academic interest in the Japanese economic development and business. The section continues on with an examination of the research institutions and researchers conducting research on Japanese business and economy in the universities and an investigation of the kinds of research topics in style and kinds of research publications in existence, so as to evaluate the current state of Japanese business and economy studies.

(1) Education on Japanese Business and Economy at Universities

According to a survey I conducted in 2004, although the number of Japanese language courses and schools has increased⁽¹⁾, there are only five universities out of a total of about fifty universities in Thailand that offer a specific course on the “ Japanese economy ”. They are the Faculties of Economics at Thammasat University, Ramkamheang University, Kasetsart University, Burapha University and Bangkok University. At some universities, including the prestigious Chulalongkorn University, the Japanese economy is taught briefly in lectures of courses such as “ Asian Economy ” or “ Economies of Selected Countries ”.

At the Faculty of Economics at Thammasat University, one course has been offered (the Economy of Japan) for more than fifteen years. According to the course outline, the course teaches students about the evolution of the economic structure of Japan and the role of Japan in the economic development of Southeast Asia. The reading materials for this course consist of special class notes prepared by the professors and Thai textbooks written by Thai economists who studied in Japan⁽²⁾.

The course named “ the Economic History of Japan ” at the Faculty of Economics at Ramkamheang has also been offered for many years. The textbook used for this course is Japanese Economic History written by Watchana [1978], a non-Japanese trained economist. Watchana discusses the successful economic growth process of Japan with emphasis on external influences and the roles played by major institutions such as Ministry of International Trade and Industry (MITI) in promoting industrialization. For other universities, the main emphasis is often on the “ economic history of contemporary Japan ” from the end of the Tokugawa shogunate regime to the 1980s.

Ironically, almost all of the Thai textbooks and reading materials used in these universities still draw heavily on Japanese or English sources. Currently, no Thai authors have reached the level to write a textbook based

on his or her own empirical research and own perspectives. Besides, since most of these textbooks were published during the 1980s and have not been updated since then, the data presented on Japan went no further than the 1980s period of Japanese success in economic growth.

At the Faculty of Business and Commerce, the burgeoning topics on the “ Japanese-style management ” and the “ Japanese-style production management ” in Western countries and Japan in 1980s had also influenced the Thai academic world of management. However, according to my survey, the Japanese-style management system was touched on briefly as one part in the “ international business course ”. There is no university providing a specific or independent course on this topic. International business courses at Thai universities generally use American textbooks as reading materials. As the story of the Japanese-style management system is introduced within such textbooks to some extent, it is taught incidentally.

In conclusion, we find it difficult to say that the number of courses and the content of textbooks and reading materials on the Japanese business and economy at universities in Thailand are fully substantial.

(2) Research Institutions of Japanese Business and Economy Studies

There are two research institutions belonging to universities conducting Japanese business and economy studies, namely, the Japanese Studies Center (JSC) at Thammasat University (established in 1981) and the Japanese Studies Program at Chulalongkorn University (established in 1985). In particular, the more active Japanese Studies Center at Thammasat University was remodeled and renamed the Institute of East Asian Studies in 1983. It expanded its research target to other East Asian countries such as South Korea and China while still retaining Japanese studies as the core of its research.

Both institutions, have their own libraries collecting books related to Japan and other Asian countries. Since 1979, the Japan Foundation ’

s Bangkok Office, in conjunction with these institutions, has sponsored a Thai-Japanese economic seminar once every year. The seminars have provided a good opportunity for Thai economists to conduct research on the Japanese economy and present their findings. As a result, the amount of research related to Japanese studies conducted has increased obviously year after year.

Another important institution is the Technology Promotion Association (Thailand-Japan) (TPA). It was established in 1973 in cooperation with the Japan-Thailand Economic Cooperation Society (JTECS) by former Thai students who had returned from Japan. Its objective is to raise the standard of technology in the Thai manufacturing industry. It has published a number of translated books related to the Japanese-style production system, production technology and business fields consecutively, as well as run about 900 basic seminars annually (JTECS ed. [2003]). At present, the TPA plays a highly regarded role in conveying the basic information of Japanese studies to Thai engineers and technicians. In the future, it is expected that the institution can have further outcomes by adapting Japanese studies to Thai situations through research and analysis conducted from the Thai perspective.

(3) Roles of Scholars and Researchers

Among Thai scholars and researchers it is usual to think that those who play the most important role in the Japanese studies are professors who were educated in Japan and know Japanese. In the case of Thailand, the exchange of foreign students with Japan started before World War II. While the Thai Students Association in Japan (TSAJ) and the Old Japan Student's Association Thailand (OJSAT), both under the Patronage of His Majesty the King, were established in 1939 and 1951 respectively. OJAST is proud of its history as the oldest association of former foreign students in Japan. In addition, after the Japanese government scholarship program, or the so-called Monbusho scholarship, was launched in 1954, many more

opportunities for Thai students to study in Japan were provided.

According to a survey conducted by Japan's Ministry of Education, Science, Sports and Culture in December 2005, the number of Thai students in Japan was 1,734 persons, which accounted for 1.4% of the total number of foreign students in Japan, ranking number six by country. In September 2001, OJAST celebrated the fiftieth anniversary of its establishment, and announced a membership totaling about 2,700 persons. After returning to Thailand, these Japan-educated students have played an active role in the bridge between Japan and Thailand in various fields; however, the fact is that only a few of these students conduct research on Japanese studies while teaching at a university.

This does not mean that Thais are in general inactive in conducting research. In fact, most Thai scholars publishing books and theses related to Japan are those who have returned with doctorates from the United States and conducted research based on English materials. We will discuss why the research activities of Japan-educated students are relatively small in Section 4.

(4) Research Target

We can roughly divide the research target in Japanese business and economy studies into three areas, namely, (1) Japanese economy and Japan-based companies (2) Japanese companies in Thailand, and (3) the influence of Japan in Thailand. Regarding (1) the Japanese economy and companies, most studies draw their data mainly from English books and materials as mentioned above. The accomplishment of researchers visiting Japan and actually conducting surveys of Japan-based companies by themselves was nowhere to be found yet.

For (2) the Japanese companies in Thailand, given that a lot of arguments flourished in 1980s, the majority of research was confined to the examination of macro data such as investment and trade statistics. Almost none of the researchers conducted questionnaire surveys or interviews with

Japanese companies in Thailand, or even targeted Japanese managers. Regarding in particular the field of labor management, I could find only two empirical researches. The first one is *A Survey on Human Resource Development of Foreign Companies in Thailand* (1996) conducted by the Human Resource Development Center of Thammasat University. The second one is *Development of Industrial Relation System in the Workplace* (1997) carried out by professor Sangsit at the Faculty of Economics, Chulalongkorn University (Sangsit [1997]).

On the other hand, most studies conducted by Thai economists focus on the aspect of Japanese economic policy or activity that involves Thailand in such relations as trade and investment. In other words, the research orientation on (3) the influence of Japan toward Thailand is predominant. This orientation does not require an intimate knowledge of the Japanese economy, only the use of statistical data accessible within Thailand. A study of the Japanese economy itself requires proficiency in the Japanese language which is not a common attribute of Thai economists.

(5) Category of Research Publication

Generally, Thai researchers publish their research results about Japanese business and economy into five categories, ranked by increasing reliability as reference. These categories are: (1) general books, (2) translated books, (3) masters theses, (4) academic papers, and (5) academic books.

The most popular category is (1) general books based upon the author's own impressions of Japan. Since this kind of book draws heavily from individual thought, and often has its material serialized in newspapers or business magazines before publication in book form, most books in this category are therefore under qualified as reference books for research.

The best resource, then, available to Thai people to understand Japanese economy and business may be (2) translated books, books written by Japanese and Western scholars and translated into Thai language.

We find this type of books published mainly by Technology Promotion Association (Thailand-Japan) (TPA), private Japanese foundations, as well as private publishing firms. Most translated books published by TPA relate to Japanese-style management and Japanese-style production management⁽³⁾. Private Japanese foundations, such as the Daido Life Foundation, provide funds for publishing translated books, but the content level remains at the introductory level for general reading⁽⁴⁾. Those published by private publishing firms, mainly general business books or business success stories can be easily found.

It should be mentioned that there is another category of studies on the Japanese economy and related topics. These are (3) the masters theses. Almost all major universities in Thailand offer a graduate school of economics, and advise their graduate students to conduct empirical studies and write theses. Many graduate students are interested in Japanese studies. However, as the research is limited to being conducted within Thailand, the research topics are usually restricted to Japanese companies within Thailand and the influence of Japan on Thailand.

Some Thai scholars produce (3) academic papers by using reference materials such as books, documents and newspapers mostly in English language. The most prominent journals publishing academic writings, with emphasis on Japanese studies or Thai-Japanese comparative studies, are the *Journal of Thai-Japanese Studies* published by the Institute of East Asian Studies at Thammasat University (renamed the *Journal of Japanese Studies* in 1990), the *Journal of Asian Review*, and the *Asian Review* both published by the Institute of Asian Studies at Chulalongkorn University. However, the papers in these journals are not properly referred, and a number of them are not of good quality. In addition, the frequency of publication is only about 1-2 times a year. Although we can highly admire the continuity of these articles for more than 20 years, problems regarding their quality still remain. We can find only a few papers about Japanese studies in other academic journals as well.

Lastly, the most ideal category would be academic books based on empirical research and intensive surveys. However, research in this category is extremely rare. This is the most serious problem Japanese business and economy studies is facing. Although not reaching a high level of maturity as reference books, recent books that are relatively worth reading include Sompop [1995], [2003], Khoontong [2003] and Natenapha [2005].

4. Research on Japanese Business and Economy During Three Periods

This section will introduce and discuss the important debates, influential studies, and the focus of research conducted in Japanese business and economy studies. The discussion will be divided into three time periods following the first Oil Crisis, corresponding to the three phases in the economic situation in Japan and Southeast Asia.

(1) 1973-1985

The period between 1973 and 1985 can be called the period of “ the Japanese economic growth model ” and “ the trade deficits problem ”. Until the early 1970s there were no earnest economic studies on Japan. Ironically, some of the earliest serious research was conducted by a political scientist, not by an economist. Khien Theeravit of the Faculty of Political Science at Chulalongkorn University (Khien [1974]). He studied the economic relations between Thailand and Japan in 1974 (Medhi [1989] p.121).

In this study, Professor Khien first describes the structure of the Japanese economy and trade relations between Thailand and Japan. The most important part of the study concentrates on the various economic activities of the Japanese government and Japanese companies in Thailand, particularly Japanese economic assistance, direct investments, management practices, and trading activities. This research is a very

comprehensive source of information about the Japanese economy and Japanese economic involvement in Thailand soon after the Anti-Japanese movement by Thai students in 1972.

The topic of “ the Japanese economic growth model ” has been continuously studied by successive scholars. Their research and discussions were about what each country in Asia can learn from Japan, the only Asian country succeeding in modernizing its economy right after World War II, see e.g. Khoontong [1983], Banyat [1983a].

Following this, one of the most popular comparative topics is the reason why the economic development of Thailand and Japan have vividly differed, despite both countries were pressured from the West and started their modernization more or less at the same time, in the latter half of the nineteenth century (Thailand during King Chulalongkorn's reign, and Japan during Emperor Meiji's). This problem formulation attracted the interest of several Thai scholars. Likhit Dhiravegin, a well-known Thai political scientist, for example, compared the Meiji Modernization (1868-1912) with the Chakri Reformation (1868-1910) (Likhit [1980]). It provides a very valuable analysis.

For the topic of “ the trade deficits problem ”, Thailand was suffering from a serious economic crisis consisting of trade deficits, fiscal deficits, and the increase of external debts during this period. Research concerns were expressed on the problem of Japan-Thailand trade structures and attempts to find ways to resolve this problem. For reference on this topic, see Medhi [1980] and Banyat ed. [1983b].

(2) 1986-1996

This period can be called the golden era in which the Japanese business and economy was broadly discussed among academic scholars and business communities in Thailand. This section will introduce four important research topics: (1) Japanese-style management system and (2) Japanese-style production system, (3) Japanese FDI and technology transfer and (4)

the economic bubble of Japan.

First of all, on the topics regarding the superiority of Japanese companies in Japan, that are (1) Japanese-style management system and (2) Japanese-style production system, which relate to the superiority of Japan-based companies we can find an abundance of translated English books. Some books examine the Japanese-style management system and some are case studies of recognized Japanese companies such as Sony, Matsushita and Toyota, and are predominantly written by Japanese scholars. At that time, Thai researchers were genuinely interested in the substance of the renowned Japanese-style management and production systems. Buzz words such as lifetime employment, seniority-based wage system, Ringi (requesting of decision), on the job training (OJT), quality control circle (QC circle), Kaizen, and 5S were circulating in Thailand.

Then, there is a research topic regarding to (3) Japanese FDI and technology transfer. During this period, many Japanese companies had invested their manufacturing and marketing bases in Thailand, so many in fact that the FDI from Japan made up the largest portion of the total global FDI flowing to Thailand. Further research was conducted to explore and assess companies' decision-making criteria used when selecting Thailand as its manufacturing base, the advantages and disadvantages to Thailand as the receiver country of Japanese FDI, and whether the technology transfers from Japan to Thailand paralleled the increase in the flow of FDI (Suvinai [1987, 1989], Pasuk [1990]). It was argued that while Japanese investments had hugely contributed to the industrialization of Thailand, they also triggered certain drawbacks such as rising Thailand's trade deficits with Japan and industrial pollution.

The final topic discusses (4) the economic bubble of Japan. It was found that the interest in Japanese companies and Japanese-style management system which had been brimming over in Thailand until then, faded abruptly with the collapse of Japan's bubble economy. Following the collapse of Japan's economy, some books (Suvinai [1994]) and translated

books (Wood [1995]) describing the bubble economy, its outbreak and impacts, could be found. However, Thailand regrettably failed to draw on lessons learnt, as it also fell into the bubble economy soon after Japan from 1995-1996.

(3) 1997 to the present

The period of “ long recession of the Japanese economy ” and the “ Asian financial crisis ” can be said to have existed from 1997 to the present. Since the bubble economy burst, Japan has been facing various economic problems such as the huge amount of non-performing loans in the financial sector, the restructuring of private companies, unemployment, and sluggishness of private consumptions. The research focus lies on what kind of serious traps Japan has fallen into, resulting in its being unable to find its way out of the financial problems and long recession, and what Thailand, also experiencing the collapse of its bubble economy and financial sector troubles, can learn in order to avoid such situations as Japan is facing now.

Two of the best writings in this area include, firstly, *Japan Finance: The Edge of the Sword, Aftermath of Bubble Economy* (in Thai) written by Sompop [2003], a professor at Faculty of Economics, Chulalongkorn University. This book analyzes the financial economy of Japan. Sompop argues that the economic distortions, such as the distortion in land and real estate prices and the protection of particular industries, are the prominent factor obstructing the restructuring and reorganizing of manufacturing sectors under a market mechanism situation. He also asserts that these economic distortions hinder the progresses of corporate downsizing, the recovering of economic deflation, reforming of financial sector problems and corporate governance.

Another book is *When an Economic Giant Gets Sick: Analysis of Japanese Economy and Politics* (in Thai) written by Khoontong [2003], a professor at Kyoto Seika University in Japan. Professor Khoontong is a

pioneering economist in Japanese economy studies who has taught in Japan for more than 30 years. He analyzes the economic and social problems of Japan after the collapse of bubble economy from his own perspective while centering the attention on the sluggishness of private consumption owing to the people's anxiety over their future, and the change in work consciousness of young people. It is also worthwhile to refer to an article of the same author about Japanese economic development from the viewpoint of the Southeast Asian (Khoontong [2001]).

Furthermore, another research theme emerged following the Asian financial crisis of 1997 being "the role of Japan toward Thailand after the economic crisis". The Japanese financial assistance after the crisis through the Miyazawa Plan called forth a public response from Thai political and economic communities. The Institute of East Asian Studies at Thammasat University held a specific seminar titled "Japan's Roles in Thailand after the Economic Crisis" in February 2001. Specialists on Japan from various fields discussed when Japan would be able to revitalize its economy and play a full leadership role in the region again, and how to realize the coexistence between Japan and Southeast Asia countries for mutual prosperity in the future.

At the same time, the research of Japanese business also reduced dramatically, especially when compared to the prosperous age of Japanese-style management system in the 1980s. The 1980s had seen a rise of Thai interest in whether Japanese-style management systems were rich in universality and adaptable to the Thai context. However, in the 1990s, researchers raising such questions faded out, and the general opinion became rather that the systems would prove ineffective, even for Japan itself. As a result, the books relating to Japanese-style management and Japanese-style production management began to disappear⁽⁵⁾. Instead, they were replaced by books relating to China's economy and how to do business in China, topics that are becoming popular.

5. Limitation of Japanese Studies in Thailand

Despite the more than 6,000 Japanese companies invested in Thailand employing in excess of 400 thousand Thai laborers (with 290 thousand in the manufacturing sector, accounting for 5% of total employment in the manufacturing sector), Japanese business and economy studies are still in their infancy. This section of the paper will elaborate upon and assess the limitations of Japanese studies in Thailand.

(1) Problems about Japan-Educated Students

Despite the fact that many Thai students graduate with master's degrees or doctorates from universities in Japan, those who continue research of Japanese studies are relatively rare. It is evident that these students are interested in Japan, as they decided to study in Japan rather than in the United States or European countries. However, the question remains why, after returning to Thailand, they do not transfer their experiences to printed materials in the form of books or other research publications. I would like to elaborate upon four reasons: the "Japanese language factor", the "Japanese study factor", the "Japanese university factor" and the "employment factor".

The "Japanese language factor" means that although Thai students are interested in Japan, the Japanese language itself is difficult for them to master. Few can overcome this obstacle and become able to understand Japan in the Japanese language. This is a serious problem particularly for students who first come to Japan after graduating from a university in Thailand with the intention of furthering their studies through masters or doctoral courses. This group of students falls short of Japanese proficiency (which corresponds to the 1st level in the Japanese proficiency test) and they remain uncomfortable using the Japanese language no matter how long they have lived in Japan.

The “ Japanese study factor ” implies that Thai students cannot conduct research in Japanese studies because their basic understanding about Japan is lacking (as materials about Japan in Thai language are limited), and as they cannot understand Japanese language, they cannot understand the classes or even conduct local survey research. As a result, many students reconcile themselves to being unable to conduct research in Japanese studies and shift to “ Thai studies ” instead.

The “ Japanese university factor ” means that most universities in Japan maintain a foreigner-non-friendly system. In other words, most lectures are given in Japanese, and many universities require their students to make presentations and write reports and theses in Japanese, which very few Thai students can accomplish. In recent years, although universities providing courses in English and allowing their students to write theses in English are increasing, such universities are still not part of the mainstream. In addition, there are some universities with especially stringent requirements for Ph.D. programs in the fields of social sciences and arts. Some of the students who want to conduct Japanese studies and pursue their degree, instead, head for the universities in the United States or Europe where English is used.

Japanese universities tend to favor foreign students conducting research on a topic related to their own countries - for example, Thai students conducting “ Thai studies ” - rather than actively giving them chances to carry out “ Japanese studies ”. Japanese universities usually prioritize the study of foreign countries and therefore view foreign students conducting research on their own countries as advantageous both for the students and themselves. Indeed, it is very unfortunate that Japanese universities overlook the opportunity to propagate Japanese studies in the world through these foreign students.

Lastly, the “ employment factor ” means that after returning to Thailand, many Thai students prefer to work at Japanese companies or local companies having business transactions with Japan, rather than to

be a scholar or researcher. These companies not only provide lucrative salary and treatments, but also highly respect their understandings about Japanese systems. Moreover, in general, American-style management systems are widely recognized as international standards among Thai people in academic and business worlds. While it is believed that Japanese-style management systems have cultural characteristics that are difficult to adopt in the Thai environments. The places to make the best use of experiences in Japan, therefore, are limited for Japan-educated students.

As a result, in the case of Thailand, only a few of the Japan-educated students bring back what they study in Japan and further spread this knowledge to the public, particularly when compared to students educated in the United States. In other words, the number of students who graduate from the United States and bring back American management methods and production systems and continue to teach them in Thailand is much higher than that of students who graduate from Japan.

(2) Problems of Thai Universities and Research Institutions

Apart from Thai students and Japanese universities, Thai universities and research institutions themselves also have limitations. They include the “bias of area study”, the “shortage of budgets and research funds”, the “concentration in Bangkok” and the “lack of interdisciplinary research and research leader”.

Despite Japan’s significant influence on the Thai economy, Japanese studies is still regarded as one “area study” in the academic sphere. Moreover, the content of Japanese studies is often constrained to the Japanese companies and its economic influences on Thailand. The kind of research that makes use of and adapts Japanese studies for Thai situations is unexpectedly meager.

Secondly, it was found that whereas universities and research institutions in Japan conducting research on Asian countries such as Center of South-East Asian Studies (CSEAS) at Kyoto University and

Institute of Developing Economies (IDE) have large research budgets, Thai universities are by default inadequate in both research budgets and programs, not only for Japanese studies but also other research topics. All kinds of funding provided by government or private institutions are very limited in both number and amount. In addition, the publication of research results as academic books is passive in Thailand precisely because it makes so little profit.

Thirdly, most institutions involved with Japan and Japanese studies (government institutions, Japanese studies centers, and libraries) are concentrated in Bangkok. This is to be expected for the purpose of cost-cutting and maximizing efficiency in building up the research capacity by integrating research resources. However, access to these resources from provincial universities is therefore highly limited. To cope with this problem, there was an attempt to hold Japanese studies seminars by specialists from Bangkok in major provinces once every year.

Finally, in the past, there were rivalries between universities as well as among departments of the same university. The “interdisciplinary research and cooperation”, therefore, between research institutes and Faculty of Arts/ Humanities, Faculty of Economics, Faculty of Political Science and Faculty of Business and Commerce were somewhat limited. Each tended to concern itself with its own activities and staff only. The lack of human resources, particularly research leader, in this field is becoming a serious problem for all institutions.

6. Conclusion

This paper examines and assesses the current state and problems of Japanese business and economy studies in Southeast Asia, focusing particularly on Thailand. Despite the favorable influence of Japan on Thai economy and society, it was found that although knowledge of Japanese history, language, and culture is fairly widespread, few Thais know

the Japanese business and economy well. Few economic courses on the Japanese economy are provided in Thai universities and not much research on the Japanese business and economy is conducted by Thai scholars.

From the limited research results, we can see the changes in the research interest of Thai scholars as manifested in books and articles on the Japanese business and economy during the past three decades. The period from 1973 to 1985 can be called the period of “ the Japanese economic growth model ” and “ the trade deficits problem ”. The discussion focuses on what are the substances of Japanese economic development model, and whether they can be adapt to Southeast Asian countries. On the whole, most Thai economists who have studied Japanese business and economy highly appreciate the economic development of Japan.

Then, the period from 1986 to 1996 is called the period of “ Japanese-style management and production systems ”, “ Japanese FDI ” and the “ economic bubble of Japan ”. In this period, there were many Japanese companies investing in Southeast Asia countries. There was much discussion on the technology transfer, Japanese-style management and production systems. The following period, from 1997 to the present is “ the long recession of the Japanese economy ” and the “ Asian financial crisis ”. New questions about whether the economic development model of East Asian countries in which Japan is the head is coming to a dead end and what are suitable roles for Japan in this region.

There are many journalistic writings in newspapers and magazines on the Japanese business and economy based upon personal experiences of a short term basis. But there are few serious and well-prepared articles, and little continuity in writings on Japan by the same author. Most Japanese studies publications are based upon data from English books and materials. Besides, the shortage of Japanese studies researchers is also a severe problem, particularly researchers graduated from Japan, as well as the inadequacy of systems and facilities to support them.

In the future, universities and research institutions in Thailand should

take responsibility and initiative in addressing these problems, while at the same time, universities and related institutions in Japan should also be asked for their increasing support. They should strengthen their cooperation and commit to nurturing human resources in this field. Such step will exist to the Japanese business and economy studies in Thailand and upgrade its status. In addition, the research funds for promoting the creation of publication and reports in local languages should be increased. As the Japan-Southeast Asia relations are sustained and increase in sophistication, more research in Japanese studies conducted by Thai Scholars is expected.

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- 1 There are 372 universities, schools and companies offering Japanese language courses. Students are about 40 thousands (according to a survey of Japan Foundation Bangkok Office).
- 2 See e.g., Suvina [1980]. Certainly, there are also books written by economists not educated in Japan, for examples, Chitra [1983]. The latest book on Japanese history is Surangsri [2000].
- 3 For translated books about “Japanese-style management systems” see

Hasegawa [1990], Fujimoto [1995], “ Japanese-style production management ” see Imai [1991] and Hosotani [1992]. These books have been republished several times.

4 For examples, translated books published by the Daido Life Foundation include Sawa [2000] and Hosokawa [2002].

5 A recent translated book is Fuller and Beck [2006].

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* The titles of Thai books were translated to English by the author. The publication years of translated books are the publication years of the translated books, not those of the original books.