

THE ORGANIZATION AND BEHAVIOR OF THE FACTORY WORK FORCE IN THAILAND

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IT IS commonly believed that industrialization involves dislocations in traditional life ways and reorientations in outlook and behavior leading to the acquisition of a wholly new set of parameters governing everyday life. From the point of view of individuals caught up in this process, it may be considered a transition from one type of social life to another, from life predominantly based on agriculture under technology that has changed little for centuries and has therefore become an inseparable part of hallowed social custom, to life predominantly based on industry under technology which is mechanical, devoid of human and cultural meanings, and subject to change and innovation. To put it simply, the process implies the breakup of one whole cosmos of life into clearly differentiable compartments of activity integrated only by the rules of rational thought and calculation. One makes a transition from an intensely human, emotional, sentimental, and generally feelings-filled life pattern in which even the supernatural beings, appropriately honored or feared, regularly participate in human affairs, to a life pattern that works best when emptied of all those human elements and guided only by scientific principles. From the point of view of the whole society, the process is a profound transformation, involving new rules and structure of social relations to serve the needs of an "industrial man" whose predominant qualities are reason, autonomy, and mobility as against the "traditional man," passionate, dependent, and stationary.

Great waves of industrialization apparently spare no society on earth. Anyone who has studied the agonizing history of transformation of today's so-called developed countries naturally wonders whether there could ever be alternative processes which would minimize the human cost of transition for individuals and the social cost of industrialization for countries. Indeed, leaders of the less

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industrialized parts of the world have constantly voiced their apprehension of possible recurrence in their midst of the horrors of "factory life," exploitation, demoralization, and alienation that have characterized the transition of the Western man to modernity. Critics in the West themselves have recorded, analyzed, and denounced the inhumanity of industrialization in all the known forms in which it has taken place; e.g., capitalism, fascism, communism. Thus, the central question is: Is there any humane way of industrialization?

With this question in mind, though narrowing it to focus upon the management of the industrial labor force in the modern sector, the authors are engaged in the collection of data in Thailand through interviews with personnel managers and factory workers. In a previous paper published elsewhere [2, pp. 17-23], based on the results of interviews with personnel managers in thirty-three firms, the authors identified some of the determinants of unusually low labor turnover rates (averaging about 8 per cent annually). Subsequently, the number of firms covered has increased to forty-six, and more than two hundred workers in five firms have been interviewed. The replication of the same method of analysis for the larger sample of forty-six firms leaves the previous conclusion unchanged. Therefore, in the proposed paper, the authors intend to generalize on the characteristics of the "internal labor markets" in large, modern factories of Thailand and to explore the determinants of intra-factory earnings differentials among production workers. The paper describes organizational characteristics such as: skill structure; role of education; status differentiation; procedures of recruitment, selection, assignment, transfer, promotion, dismissal, and retirement; style of supervision, discipline and grievances; and other aspects of "enterprise culture." The paper then proceeds to describe how workers have responded to, and in part shaped, these organizational characteristics, on the basis of interviews with more than forty workers from the work force of a joint venture between Thai businessmen and a U.S. multinational company. In a "reduced equation," which may be taken as a summary of management policy and worker responses, the dependent variable is a worker's earnings, and the independent variables include age, sex, education, length of service, kind of work, status of employment, pay satisfaction, and a few others. In conclusion, broad implications are drawn for the human resources aspects of industrialization in today's less developed economies.

I. THE ORGANIZATION OF PERSONNEL AND WORK FORCE

It is difficult to conceive of a "typical" firm for Thailand because of the ethnic and ownership diversity that characterizes Thai firms. The Thai themselves are invariably vexed by a question like "where should I go to see a typical Thai enterprise?" Nevertheless, in the light of establishments visited over the years, it seems possible to paint a few bold strokes of a profile about the organization of personnel and work force in Thai firms. In the first place, the whole pyramid of company personnel can be seen to be composed of three major layers; i.e., the directorate (top management), middle management, and office and factory

work force. The directorate consists of the enterprise's principal owners, their partners, and the close relatives and friends of these owners. They monopolize the key positions such as chairman, president, vice-presidents, comptroller or treasurer, and principal secretaries to these key figures. Kinship and personal connections are the principal factors in the organization of the directorate. The middle management ranges from the level of department managers to young college graduates in many sections. The middle management offers career ladders in the sense that only the college graduates are hired at the bottom and they move up through a succession of "manager" positions, although the directorate evidently enjoys the privilege to appoint its favorites for any positions in the middle management or to sack anyone it is ill-disposed to. Seniority is not a major factor in the structure of promotions. Connections with members of the directorate, independently of ability, performance, or seniority on the job, would be more effective in earning a promotion. The Thai society and culture are still at the stage where ownership and control of a firm are undifferentiated. Only a handful of modern firms went public when a new stock exchange at Bangkok was opened for business in 1975. The structure of management operates according to the principle of "entourage" pointed out as the basic characteristic of its organization by Hanks [1, pp. 55-63].

A factory constitutes a production department with the factory manager hierarchically equated to a department manager. Below him are several section managers and supervisors who are all college graduates. Below a supervisor are several foremen who head the blue-collar ranks. Educationally, foremen are graduates of upper middle schools or vocational schools (twelve or thirteen years of education). Since they are not college graduates, none of them may move up beyond the position of foreman. There is a "barrier of promotion" between foremen and managerial positions. The factory work force is horizontal and vertical. Horizontally, it is in three groups. Principal among them, of course, is the dominant group composed of production workers ("operatives") engaged in the production activities. These are directly employed "permanent" workers. The second group is composed of maintenance mechanics, also directly employed "permanent" workers. The third group is a catchall for the rest of the work force composed of all auxiliary workers regardless of skill or importance such as janitors, load carriers, truckers, canteen operators, gardeners, guards, gate keepers, etc. Many of the workers in this group are not directly employed by the company. They may be supplied under standing contracts by independent enterprises as in the case of truckers, canteen operators, and guards. Many others, like janitors and carriers are sometimes treated as "temporary" employees subject to dismissals any time, and usually at the end of each six-month period, although the practice has diminished lately. Among the "permanent" factory workers, the maintenance mechanics are rather strictly limited to workers in possession of vocational school diplomas or the Thai government's skill certificates. They command the economy-wide marketability of their skills. Firms usually hire them directly from their market. No "in-employment" training is usually necessary for them.

In contrast to maintenance mechanics, the skills of factory operatives are specific to the factories employing them. The operatives are usually in three grades, which may be equated to "skilled," "semiskilled," and "unskilled," although there is often little correlation between the operative grade as a status in the work force and the intrinsic skill content one would associate with the skill designation. Many personnel managers are reluctant to call operative grades by the language of skill designations, while they show no inhibition in calling maintenance mechanics "skilled" workers. The implied concept of "skill" is that of something that a worker has in his hands so that he can move from one work place to another without any loss of work capability. On the other hand, the work capability of production workers is largely specific to the particular factories employing them. Thus, managers and workers alike tend to speak of "ranks," "classes," or "grades" with descending order.

We now come to the structure of production workers. For convenience and generality, we speak of foremen, three grades of operatives (A, B, and C), and probationary workers. These grades from probation through foremanship constitute a ladder of promotions, qualified by differences in years of schooling which workers had received before employment. Promotions are based on the compromise of work capability, leadership quality, peer respect and approval, and years of education. The general tendency in Thai management thinking is that the level of education is the source from which all other qualities flow, that is: the more educated, the more capable on the job; the more educated, the more respected; etc. Indeed, the amount of school education varies considerably among production workers; four years of lower primary education (P-4), three years of upper primary education (P-7), three years of lower secondary education (MS-3), two years of upper secondary education (MS-5), one more year of post-secondary but pre-college education (MS-6). Various vocational tracks follow the pattern of this "general" track. An MS-6 worker (with thirteen years of school education altogether) does not speak on equal terms with a P-4 worker who has had only four years of primary school education. The one has an amount of education more than three times as much as that of the other. This implies that there should be a corresponding social distance between them that must be respected accordingly.

Thus, respect for education governs all aspects of the strategy of work force management. The foreman and Grade-A workers ought to be graduates of upper secondary schools or equivalent vocational schools. The Grade-B workers ought to be graduates of lower secondary schools. The Grade-C workers ought to be graduates of primary schools, with differential considerations for upper and lower primary school education. Pay scales as well as ostensible aspects of a worker's importance such as the color of the uniform, the number of ribbons around the cap, etc., must be differentiated for different positions which in turn depend to a large extent upon levels of education.

Although in principle everyone starts as a probationary worker, the more highly educated workers move up through the ranks more quickly than workers with less education. "Good" jobs go to the more educated workers, and "bad"

jobs to the less educated. Although jobs along the assembly lines may look all the same to casual observers, workers informally generate a consensus as to which jobs are "good" and which "bad." When the factory is multi-product, for example, producing radio sets, TV sets, and dry batteries, the differences in the products tend to bestow different rankings of jobs along the "good-bad" continuum in the minds of workers. One might say, "The TV assembly line is better than the radio." New machines vs. old machines are also sources of differentiation, "new" being invariably "good," and "old" "bad." Ranking among drivers, for example, is correlated with the age and make of the car driven. Likewise, "new" technology is better than "old." In the factory work, a high point is reached when one joins the quality control section, by which time a worker has accumulated a considerable scope of knowledge about the general and particular aspects of the products with respect to making, using, and repairing them. All these and many more subtle dimensions of what one can do within the factory give rise to different human meanings in terms of status, pride, respect, and satisfaction that govern the pattern of inter-personal relations among workers and the social climate of the work place. The Thai managers seem fairly sensitive to these human meanings of different jobs and use the amount of education, the universally respected status symbol, as a rationing device for allocation of jobs to workers.

Educated people do "good" jobs, or "good" jobs are those that educated people do. Essentially, therefore, jobs are as different as the persons who perform them. It immensely baffles Thai managers that two workers with different amount of education can be made to do the same job or can be considered doing the same job, even when outsiders can hardly distinguish the activities of one man from those of another. To illustrate this by a hypothetical extreme example, suppose that a middle school graduate and a primary school graduate are sweeping the floor with a broom. That alone would not differentiate the two men. But at a closer look, it becomes evident that the part of the floor the middle school graduate is sweeping is materially different (in the second floor, near the office of the department manager) from the part of the floor the primary school graduate is sweeping (a section of the factory floor used by unskilled workers). The brooms used by the two men are also different, one new and the other old. These differences in the part of floor swept and the quality of the broom used make the jobs of the two men different, so that one should naturally be paid more and respected more than the other. Regards for these shades and grades of jobs are required of good managers. This should result in conflict-free, highly motivated work force in the Thai setting. It also implies that no foreigner, usually ignorant of these subtleties of Thai life, could ever be an efficient personnel manager or a respected foreman. Known outstanding cases of failure attest to the truth of this observation.

Status differentiation occurs in the method of payment of wages and salaries. Probationary, Grade-C and Grade-B workers are paid daily wages. Some Grade-A workers are paid monthly salaries. Foremen are invariably paid monthly salaries. Two foreign variations are observed in this respect. Some subsidiaries of U.S.-

based multinational companies pay all their Thai workers including foremen by the hour while many of Japanese subsidiaries pay monthly salaries to all workers down to Grade-C.¹ Foremen in American factories suffer from status deprivation, which fortunately seems compensated for by higher total earnings than elsewhere. Ordinary workers in Japanese factories benefit from status appreciation which the companies use to their advantage by paying workers somewhat lower than, say, American firms. Within each grade, there are individual pay differences due largely, but not entirely, to length of service. Periodic uniform pay increases are not in general practice, but at least once every year the work record of each worker is evaluated and different rates of pay increase (usually in three classes; outstanding, average, below average) are granted on the basis of this evaluation. The cumulation of these annual increments produces an ex post pay scale which looks very much like a seniority-determined scale. Many firms give their workers an annual bonus called a "thirteenth-month salary" a la Europe.

The somewhat excessive emphasis on a worker's amount of education derives from the basic view of life in Thailand in which no two persons are quite equal to each other. Once two Thai come into contact even for the first time, they relate to each other in a manner that puts one higher than another. However, in order to be workable, any relationship, equal or unequal, must be considered legitimate and acceptable by all concerned. In the long-term relationships of many workers in a factory work force, therefore, an objective measure like the amount of education that a worker brings with him or an objective certificate of skills issued by the government serves this legitimizing function for putting unequal individuals together as a work force. The chain of command with its implications of inequalities thus becomes legitimate, while authority is exercised and observed in responsible and acceptable manner. But one peculiar aspect of the Thai concept of authority is fairly visible to outsiders. It is the notion of authority without autonomy. A person's authority over another in the chain of command leaves no room for autonomous judgment of how, when, how much, and for what authority should be exercised. Instead, authority that any one can exercise depends upon authorization by a person of a higher position (usually immediately higher). The Thai have adopted a most rigorous safeguard against the scope of authority by limiting its exercise between two immediate levels of a superior and a subordinate. When a superior has a command to be carried out at a unit three levels below him, for example, it would be an improper use of authority if he directly communicated with that unit instead of passing the order down by one level at a time. The subordinates passed up would have many forms of insubordination by which to retaliate their "boss" who used his

¹ An enormous stock of knowledge about personnel and work force management has been accumulated in Japan, especially in so far as it concerns the practices of Thai affiliates and subsidiaries of Japanese firms. The most substantial recent contribution is the volume devoted to Thailand in the series of publications on labor problems in Japanese affiliates and subsidiaries in various countries published by the Japan Institute of Labor. This volume (Tokyo, 1976) is authored by Professor Yasuhiko Torii of Keio University. It also carries a long, highly useful, list of references which enables readers to gain a bird's-eye view of the state of the art.

authority improperly. This "one-level-at-a-time" rule of communication applies to the reporting procedure even more emphatically; suffice it that one reports to one's immediate superior, regardless of the degree of urgency attending the reported matter. It is possible that the superior may consider it bad form if his subordinate in relation to any particular report makes judgment of the degree of urgency and calls his attention to it accordingly.

Within the group of workers commanded by a foreman, unless the group is nonstructured in the sense that everyone but the foreman is equal, the usual channel of communication obtains. An order intended for a Grade-C worker at the end of the line would have to go through Grades A and B. It is said that this "one-level-at-a-time" rule of communication makes supervision inefficient especially when mistakes occur at locations nearer the lowest end of the job hierarchy. The rectification of an error is a particularly difficult thing in a Thai social group because it is considered poor taste to point out the error clearly in public. This must be done in hushed voice in a manner that no one would notice the event except for the one who is pointing it out under legitimate authority and one who has made it and is expected to correct it. This style of structured supervision may appear to be time-consuming and inefficient at first sight. But given the sensitivity of the Thai to their social standings, a style of supervision that offers the maximum of safeguard for personal reputation should be the most efficient in the long run.

If the Thai chain of command and communication seems too long, there are also Thai ways of shortening it. As already mentioned, the members of the directorate who are of course the ultimate source of all authorizations, and hence, all authority, can do whatever they please in all aspects of management. A wanton use of top management's power can be counter-productive, but the dynamics of power wisely used may produce productive leadership. If, for example, the company president by a wise use of his authority cut up the "chain of command" and expedited the transactions within the firm without destabilizing the structure of personnel and work force, he may be regarded a forceful and effective leader. "Leadership" is a quality highly regarded by the Thai, although upon a closer look it is sometimes in conflict with the legitimacy of the "chain of command." An organization therefore has to strike an optimum balance between leadership, which requires autonomy or judgment and right of initiative, and the logic or tendency of bureaucratic regularity implied in the "chain of command." Leadership is useful at all levels of personnel where authority exists in varying degrees. In fact, a foreman who "leads" his workers instead of regarding himself only as a link in the "chain of command" is very much prized by any Thai company. While no firms we have seen have indicated the availability of conscious leadership training at any level, all are explicitly aware of the leadership factor as a controlling element in the promotion of a worker to the position of foreman on top of the required amount of education. Leadership is the greatest differentiating factor between foreman and other blue-collar workers. For this reason, firms sometimes hire foremen from outside their factories, luring some persons of proven leadership qualities from elsewhere. Most

firms however recruit potential foremen at the level of skilled workers (or Grade-A workers) and promote them selectively to the level of foremen as needs arise and after they have proven their leadership qualities to both the management and the workers who will become their subordinates. In these firms, a barrier of promotion is drawn between Grade-B (semiskilled) and Grade-A (skilled).

The above observations also indicate that the "internal labor markets" for some jobs in Thai factories can be considerably open. The jobs of skilled maintenance workers in any factory are completely integrated into the general labor markets for those skills. However, skilled maintenance workers also participate in the internal labor market of a firm employing them because they are often "promoted" to become foremen for production operatives. (Promotions in the other direction, from among operatives to foremen for maintenance workers, are said to be rare.) Because of higher technical competence and sophistication, skilled maintenance workers fulfill one essential condition for effective leadership, namely, respect of production workers. The markets for production workers are more or less internalized, though stratified by amount of education. The more educated a person, the greater his mobility within a factory work force. Even as the internal labor market for production workers is not completely closed; as mentioned in the preceding paragraph, some firms prefer to use external labor markets for recruiting Grade-A workers or foremen.

The work force structure in a Thai factory does not suggest any strong technical or ideological imperative for the degree of work force stability that is implied in low labor turnover rates. Management seems quite willing to use external labor markets at all levels of the work force. Why then is there not a little more mobility of workers among firms? One can think of several reasons for this apparent contradiction. First, management's use of the external labor market is asymmetrical; it is quite willing to hire from it at all levels of its work force and skills but not equally willing to return workers to it. The latter part of this asymmetry is strengthened by workers' great reluctance to quit in search for better jobs, because good jobs are scarce. Even so, from the fact that workers in the United States are rather casually laid off or "fired," it seems extraordinary that Thai firms do not take advantage of the slack labor market. This leads to our second major reason on the management side as to why labor mobility is extremely low in Thailand; the widely shared distaste of dismissals in the minds of all Thai has even resulted in stiff legal penalties on firms dismissing workers for no fault of the latter. These are stipulated in the Severance Pay Act, according to which a worker dismissed for reasons other than his fault is entitled to a severance pay in an amount related to the length of service; one month's pay for a worker who has been employed up to a year, three months' pay for a worker who has been employed one to three years, and six months' pay for a worker who has been employed more than three years. These stipulations make it economical for firms not to dismiss a worker once a worker has had three years of experience in the firm, and in many lines of production work, three years would be necessary for making a worker as fully productive as his potential ability warrants. Even before the promulgation of the Severance Pay

Act in 1974, Thai firms were extremely reluctant to dismiss workers. Dismissal as a clear-cut termination of employment relationship seems too abrupt for Thai managers and workers to accept. The Thai do seem to prefer a quiet, surprise-free evolution of events.

On the other hand, a clear-cut termination of employment relationship occurs under two circumstances. One is where a worker has disappeared for three days without a permission from management. Under this circumstance, the worker's name may be removed from the payroll. Even in this case, one would be mistaken if this were thought to be a "penalty" on an unauthorized three-day absence. An outsider does suffer from a conflict of image in this case; to him, an unauthorized three-day absence or any type of absenteeism justifies a managerial counteraction. But the Thai look at the same situation in an entirely different light; a person has disappeared—he may well have been called up for service elsewhere—and has therefore become unavailable to his present employer, resulting in the removal of his name from the payroll. The value of this interpretation is heightened by the knowledge of many instances in which a worker who had disappeared came back and, through the proper procedure of recruitment and hiring, was employed by the same employer as a new worker. In other countries, the employer would spot him very easily and disqualify him for "reemployment." But this term ("reemployment") and the implied view of the situation will not do in the case of a similar situation in Thailand, where it is the new worker who is being hired; his previous experience with the firm is as good as anyone's experience anywhere, not a cause for discrimination against him.

Another circumstance which justifies dismissals is where clear evidence is established for theft of company property. Penalizing by management is also implicated in such cases. Nevertheless, the meaning of sanctionable theft is not as clear as outsiders may think it is. In the most elementary form on which everyone would agree, "theft" is an unauthorized removal of pieces of company property from where they are usually located. Whether an action of this kind by an employee always constitutes a case of sanctionable theft is a very difficult question. The classic type of dispute in this respect is how one should interpret an unauthorized overnight borrowing of company property like hand tools by an employee who uses them on the factory floor during the working hours. What management should do when a worker is caught at the gate with a pocketful of company tools is a universal question. If the worker swears that he only meant to use the tools for repairing something at home and to return them to the factory next morning (after all he wants to use them at work), how would one consider that idea and action of "borrowing" as an instance of sanctionable theft? Or the case of a stock room employee who took home a small transistor radio set and insisted that the thing was lying unused and unmoved in the corner of the room for more than a year and that the use of a thing no one evidently wanted was not theft? After all, he would put it to good use when no one apparently would. He also knew that back in his village, any piece of land lying idle for more than a year would entitle anyone to till it. Nevertheless, subject to the truth or plausibility of evidence, theft seems to enable management

in Thai firms to dismiss offending employees with relative ease.

Management does not resort to dismissals due to insubordination, poor performance, inefficiency, and other possible "causes" which are hard to justify to the satisfaction of all parties involved. Particularly, when the law now requires management to show cause if it seeks an exemption from a severance pay, matters which lack clear criteria cease to be valid options for consideration regarding dismissals. Thus, the importance to Thai management of the previously mentioned two "objective" causes for dismissal, namely, three days of unauthorized absence and theft, is heightened as the only valid options. Despite these seemingly "strict" rules, the labor turnover rates are as low as we have observed. This leads one to conclude that Thai workers are rarely absent for three days without permission and that they rarely steal. This does suggest a very high degree of self-discipline on the part of Thai workers. Another quality of Thai workers would also evoke admiration or even envy from American managers. There is a rule against drunkenness in the shop, but disciplinary cases because of this are very few and far between, although the Thai men are no mean drinkers of alcohol (locally-distilled).

The above descriptions and observations indicate that, in Thailand, there is already a substantial infrastructure of organizational "culture" with its automatic built-in norms, rules, and incentives, which are consonant with the requirements of industrialism. Since it is their culture, the rules of behavior within the work force in so far as they flow from it do not have to be consciously formulated and enforced. Indeed, real indigenous firms do not have work rules in a form as elaborate as in foreign firms but function as well as expected from any organization. Foreign firms cannot avoid using written rules if only for facilitating communication between operating personnel and top foreign management, since the latter lacks the knowledge of culture-bound organizational "know-how" of Thailand. There is no doubt that the existing Thai organizational culture meets the challenge of industrialization, but how the efficiency of specific organizations embodied in this culture can be improved in the interest of rising productivity and profitability cannot be answered in any simple way. One only hopes at this time that the culture of Thailand is sufficiently capable of evolution and change in response to external challenge. It is certainly remarkable that in Thailand, without much painful effort, large manufacturing firms have so far managed to recruit, retain, and organize large numbers of workers into viable work forces efficient enough to enable the firms to keep making profits. From this remarkable record, one may infer that economic development and cultural change in Thailand will continue apace, maintaining their high degree of compatibility.

II. WORKER RESPONSES TO MANAGEMENT POLICY

We now turn to how management and work force interact in an American-Thai joint venture in Thailand, which we will hereinafter call by a code name, "Ameri-Thai." The American collaborator of Ameri-Thai is one of the two hundred largest industrial concerns of the United States. Ameri-Thai is one of the forty-six

manufacturing firms whose personnel managers we interviewed in the summer of 1975. According to the personnel manager of Ameri-Thai, there were then 188 "permanent" production workers (two-thirds were males and one-third females) in the factory. There were also 5 "probationary" workers, 20 foremen, and 20 assistant foremen. Ameri-Thai was one of the best among the forty-six firms in our sample in terms of managerial efficiency and the quality of industrial relations. In August 1976, our interviewer, Miss Somrak Raksasap,² was able to interview 43 workers of this factory (22 males and 21 females) and obtained information on items of concern to our research project according to a questionnaire prepared by us. The principal objective of this type of worker survey is to ascertain, on the basis of information from the worker's standpoint, the major characteristics of Thai work force management that we have previously generalized from information obtained from managers. Access to workers for this purpose requires the permission and cooperation of the firms employing them, and there lies the difficulty from the point of view of scientific objectivity. During times like these with widespread labor unrest, firms are understandably wary of outsiders wishing to talk to their employees. One could never be sure that the interviewers were not disguised union organizers or secret agents of some radical politicians. Firms might also be offended, thinking that the desire to interview their rank-and-file workers was a disguised distrust of what their personnel managers have already told the researchers. Under the circumstances, we have been fortunate enough to obtain the cooperation of five firms which have helped us select about 50 workers each for interviews. Ameri-Thai was the earliest one to allow us in and the results of interviews with its workers have now been analyzed. The returns from other firms are being analyzed at various stages of progress. Interviewed workers were selected by the personnel manager at each firm and asked to come to talk to Miss Somrak in a conference room arranged for the purpose. In one firm, the personnel manager occasionally dropped in while an interview was under way. But in other firms Miss Somrak was left alone. It is quite clear in hindsight that hopes for a scientifically stratified and randomly selected sample which would reasonably reflect the whole work force structure in composition were completely dashed, although the large role played by the personnel managers did not necessarily constrain interviewed workers too much in answering the questions of their own accord. In Thailand, managers and workers alike are not used to interviews for purposes of social research, and an apprehension of how the results might affect them must be a real factor which influences the behavior of each individual without being prodded by anyone else. However deficient the results of our interviews may be by canons of scientific objectivity, they are nonetheless illuminating at least as things that crossed the minds of the interviewees and found their way into the interviewer's notes. With this caveat we now analyze some of the important results of interviews with Ameri-Thai workers.

² Miss Somrak Raksasap, currently lecturer at Ramkhamhaeng University, also assisted the authors' interviews with managers in 1975 when she was a student at the National

A. How and Why Workers Came to Be Employed at Ameri-Thai

In the first place, how did the worker get their jobs in this firm? A great majority of them (thirty-five out of forty-three) learned about the job vacancies through their friends or relatives working there. The "exceptional" minority are accounted for as follows: (1) one worker heard about the job opportunity by the grapevine and presented himself at the personnel office; (2) another worker was transferred to the factory from domestic service in the household of the person who became a manager at Ameri-Thai; (3) three workers applied for employment when they saw a hiring notice posted at the factory gate; and (4) another three were specially recruited by the factory manager and moved from other firms in the same line of trade. As in other matters, exceptions prove the rule in this case, too: information on job opportunities is disseminated by insiders by word of mouth and first taken advantage of by their friends and relatives before others. This is of course not unusual. Labor market information is of that nature anywhere. It is remarkable in the Ameri-Thai case that the nepotistic channel is so overwhelming and that other sources or channels of information like newspapers or employment agencies (public or private) were not mentioned by the interviewees at all.

What were the workers doing at the time of applying for work at Ameri-Thai? Most of them (twenty-seven out of forty-three) replied that they were "unemployed." The meaning of this word requires caution for interpretation, however. It may have meant to the Thai workers that they were not employed for pay in modern firms similar to Ameri-Thai. It is possible that many of them had been engaged in various kinds of self-employment. To this extent, the movement from "unemployment" to Ameri-Thai represented the absorption of labor from the traditional sector in the familiar dichotomy of modern and traditional sectors in development economics. Of the sixteen workers (37 per cent of all) who specified what they were doing at the time of application for employment at Ameri-Thai, four were clearly in the traditional sector: (1) a family worker on her parents' farm; (2) an employee in a hair-dresser's shop; (3) a domestic servant (mentioned above); and (4) a peddler. The addition of these four to the "unemployed" raises the proportion of workers absorbed from the traditional sector to 72 per cent of the sample. The remaining twelve workers (28 per cent) represent inter-firm or inter-industry labor mobility within the modern sector. It appears, therefore, that by recruiting a great bulk of its work force from the traditional sector, Ameri-Thai is clearly contributing to the economic development of Thailand according to a classic pattern of intersectoral relationships.

The reason for a jobless worker to take a job offered to him is obvious; a job produces an income. The reason for a traditional sector worker is of the same kind, if different in degree; a modern sector job produces a higher income. Although our "unemployed" did not answer the question "why did you leave your previous job?" eleven of the exceptional fourteen did. Six of them men-

Institute of Development Administration. We are grateful to her for her enthusiastic and productive participation in our project.

tioned "low wages" on their previous jobs. Four workers mentioned some unsatisfactory aspects of their previous jobs; e.g., (1) boring, heavy work, (2) demeaning day work (indicating a preference for a salaried job), (3) few chances for promotion, and (4) irregularity of income. One worker left his former job because the new job was closer to his home town. Thus, it seems that Thai workers' decision to change jobs is on the whole as rational as any worker's anywhere, i.e., search for better incomes and more satisfying jobs.

B. Why Some Workers Earn More Than Others

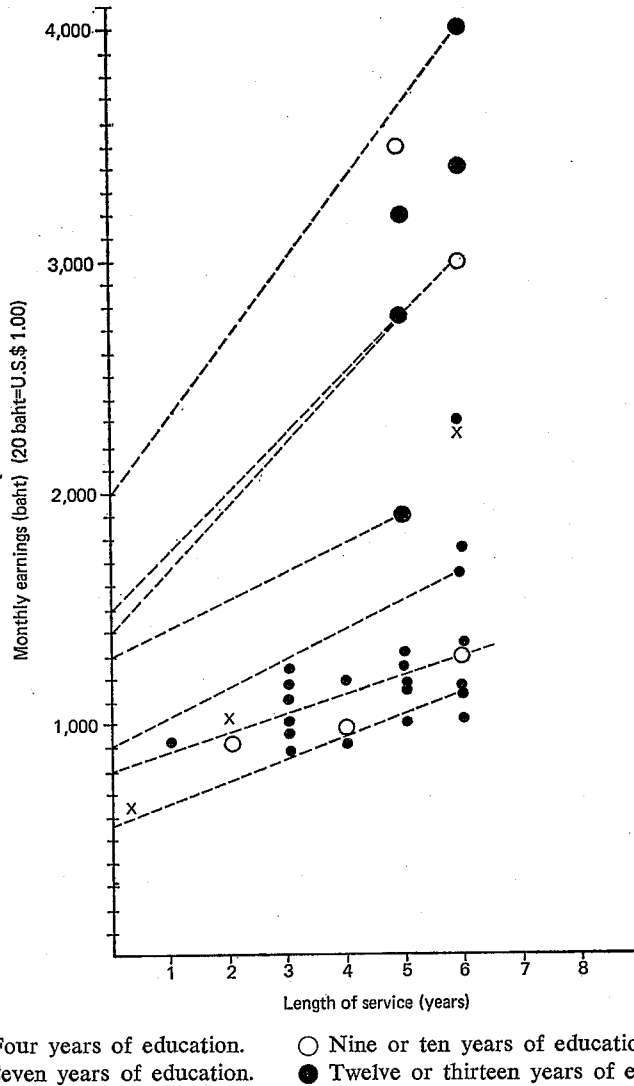
In these various ways, the Ameri-Thai workers have found their present jobs. They are of course paid differently, if all of them have improved earnings over those from their old jobs. Now we ask why different workers are paid differently and try to explain inter-worker wage differences by some objective factors which can be quantified and compared with wages. The factors on which our worker survey has generated information are: age, sex, marital status, education, kind of work or skill level, length of service, and several other factors. A correlation analysis shows that wages are "significantly" correlated with these factors as follows:

Factor	Correlation Coefficient
Education (years of schooling)	0.7102
Kind of work (ordinal numbers indicating skill or experience; e.g., 4 for foreman, 3 for skilled production worker, 2 for semiskilled production worker, 1 for unskilled production worker, and 0 for probationary worker)	0.6966
Starting status of employment (permanent=1, temporary or probationary=0)	0.5929
Age (in years)	0.5454
Length of service (in years)	0.4863
Sex (male=1, female=0)	0.4721
Marital status (married=1, not married=0)	0.3193

Thus, the correlation coefficients suggest what is also generally known in any country; i.e., older, more educated, more skilled, and longer-service married males tend to earn more than other workers who lack one or the other of these characteristics. This gross proposition will be refined below, to limit the number of explanatory variables as sharply as logically justified.

One visual illustration of relationships among three variables (wages, length of service, and education) is offered by Figure 1. The figure prominently demonstrates the role of education as a powerful positive factor for higher wages. But, they are also all long-service workers, giving rise to the suspicion that their present high wages may be due to their longer service. This suspicion implies two questions: (1) do wages increase according to length of service at Ameri-Thai, and if so, how fast? (2) do the starting wages differ according to level of education, and if so, how do they compare with wages resulting from long service? Inter-worker comparisons of wages at a given point in time really cannot answer such longitudinal questions. But, fortunately, our survey contains a ques-

Fig. 1. Monthly Earnings and Length of Service at Ameri-Thai in Thailand, 1976



tion the answer to which may suggest something toward what may have happened over time. Each worker was asked: "In your understanding, how fast (at what annual percentage rate, for example) have the wages in your enterprise been increasing in the past?" The general tone of this question was because it was intended only as a clue to a worker's time horizon and decision about how long he or she should profitably stay with this firm. But the different answers given to this question by different workers seem susceptible to another interpretation, namely, the answers may have reflected their own personal experiences in the past. Assuming that this was so, one can figure with what level of wages each

worker would have started at the point of entry into the employ of Ameri-Thai. Thus, a rough illustration is made on the figure by broken lines tracing the wages of some of the five- or six-year veterans to their entry points. (The exercise is not precise, only illustrative.) By this method, one is led to believe that the highly educated, presently highly paid, workers were already relatively highly paid at entry five or six years ago. Thus, one suspects that wage differentials by education are large and perhaps over-ride differentials by length of service.

The small black dots on the figure (which refer to workers with four years of education only) show some upward trend according to length of service, although the slope is very moderate. Furthermore, one exceptionally highly paid worker with but four years of education (2,300 baht and six years of service) ceases to be unusual if it is taken into account that he had been a domestic servant for seven years in a manager's household prior to his transfer to the factory when it was started. Thus, the conclusion stands unchanged; i.e., although length of service is a factor contributing to higher wages, it is overwhelmed by the strength of education according to the figure. After all, the difference between four years of education and twelve years seems quite substantial as previously observed. The differences in the quality of workers within this range of education should be more substantial than, say, between high school graduates and college graduates in America. This confirms again the enormous importance of education in a country where the general level of education is low; i.e., the marginal productivity of an additional year's education is generally higher in less developed countries than in more developed countries.

With the help of the figure, we can say that education and length of service probably explain a great bulk of inter-worker wage differences and that education explains proportionately more than length of service. The technique of multiple regression expresses this proposition more precisely. The candidates for explanatory variables were mentioned above, but not all of them can be used simultaneously as independent variables to explain the dependent variable, wages. This is because some of them are so highly correlated among themselves that they might as well be considered only different aspects of the same variable. For example, if two variables are perfectly correlated, they can be considered the same thing, however differently they may be called. If we somewhat arbitrarily consider a correlation coefficient higher than 0.5 as an indicator of "sameness" of two variables in this sense, each of the following pairs may be considered two different names of the same thing:

Education and kind of work (c.c. = 0.6790).

Length of service and starting status (c.c. = 0.5907).

Age and marital status (c.c. = 0.6864).

Age and sex (c.c. = 0.4867).

Age and sex barely miss the critical value of the "sameness" yardstick, but come uncomfortably close to it. Thus, it would be wise not to run age and sex together as independent variables. This warning applies even more strongly to the other pairs. (This is the warning against "multicollinearity.") Subject to these

technical considerations, we now discuss some of the most useful statistical relationships obtained for a linear multiple regression equation with wages as the dependent variable.

The following equations are arranged in the ascending order of the percentages of variations in the dependent variable explained by the independent variable or variables, starting with education. (The percentage explained is measured by *R*-square.)

$$\text{Wages} = 450.04 + 183.28 \text{ Education.} \quad R^2 = 0.5043 \quad (1)$$

(6.22)

$$\begin{aligned} \text{Wages} = & -380.76 + 167.94 \text{ Education} \\ & (6.61) \\ & + 207.11 \text{ Length of service.} \quad R^2 = 0.6499 \quad (2) \\ & (3.92) \end{aligned}$$

$$\begin{aligned} \text{Wages} = & -1,057.27 + 155.67 \text{ Education} \\ & (6.50) \\ & + 141.30 \text{ Length of service} \\ & (2.83) \\ & + 38.24 \text{ Age.} \quad R^2 = 0.7082 \quad (3) \\ & (2.68) \end{aligned}$$

To start with education, this variable alone "statistically" explains 50 per cent of why some workers earn more than others. The second equation indicates that education and length of service together explain 65 per cent of the same problem. Thus, the two variables prominently illustrated on the previous figure do explain nearly two-thirds of inter-worker wage differences. The addition of age in the third equation raises the percentage explained to 71 per cent. The figures in parentheses attached to the regression coefficients in the above equations and those to follow below are *t*-values which indicate the statistical "significance" of those coefficients. Thus, education, length of service, and age are "significant" determinants of wages and together explain more than 70 per cent of why some workers earn more than others.

Some of the alternatives to equation (3) are the following, which further improve the percentage explained and in which all the regression coefficients are highly "significant."

$$\begin{aligned} \text{Wages} = & -1,057.27 + 139.37 \text{ Education} \\ & (5.56) \\ & + 449.75 \text{ Starting status} \\ & (2.59) \\ & + 41.66 \text{ Age.} \quad R^2 = 0.7083 \quad (4) \\ & (3.04) \end{aligned}$$

$$\begin{aligned} \text{Wages} = & 283.59 + 126.88 \text{ Education} \\ & (5.04) \\ & + 640.60 \text{ Starting status} \\ & (4.05) \\ & + 500.09 \text{ Sex.} \quad R^2 = 0.7294 \quad (5) \\ & (3.34) \end{aligned}$$

$$\begin{aligned}
 \text{Wages} = & -491.67 + 148.07 \text{ Education} && \\
 & (6.37) && \\
 & +203.73 \text{ Length of service} && \\
 & (4.36) && \\
 & +491.50 \text{ Sex.} && R^2=0.7338 \quad (6) \\
 & (3.37) &&
 \end{aligned}$$

Equation (4), compared with equation (3), indicates that starting status and length of service are rather good substitutes for our sample of Ameri-Thai workers. In addition to being highly correlated with each other, each results in an identical percentage of explanation for inter-worker wage differences when used in conjunction with education and age. However, why starting status and length of service should be so highly correlated as in our sample is not immediately clear. Perhaps those who were taken in as permanent workers without the uncertainties and doubts implied in "probation" may induce workers to reciprocate by steadfast loyalty to the firm.

The use of sex in lieu of age as in equation (5) improves the percentage explained of inter-worker wage differences quite perceptibly. The use of sex together with education and length of service as in equation (6) further improves the explanation of the dependent variable. This is the best explanation that has been found in our computer printout that is also consistent with the requirement that all regression coefficients be significant. Thus, translating equation (6), we may say that highly educated, long-service male workers tend to earn more at Ameri-Thai. In other words, if we were to name three most powerful determinants of wages at Ameri-Thai, we might say that they are education, long service, and being male. The other explanatory variable function as poor substitutes for these principal explanatory variables.

Before leaving the statistical experiment and to demonstrate the usefulness of this kind of experiment for getting at the relative ordering of explanatory variables in terms of their explanatory power, we present equation (7) below in which one additional variable fails to improve the percentage explained of the dependent variable and also fails to remain significant.

$$\begin{aligned}
 \text{Wages} = & -509.99 + 152.34 \text{ Education} && \\
 & (6.61) && \\
 & +182.02 \text{ Length of service} && \\
 & (3.77) && \\
 & +420.30 \text{ Sex} && \\
 & (2.78) && \\
 & +227.24 \text{ Marital status.} && R^2=0.7494 \quad (7) \\
 & (1.48) &&
 \end{aligned}$$

The additional variable is marital status, added to the three most powerful variables of equation (6). Thus, marital status may now be dropped as an explanatory variable.

C. *How the Workers Regard Their Jobs and Living Conditions*

We have examined how the Ameri-Thai workers came to be employed by

this firm and why they were paid different wages. It would now be useful to examine how they feel about their jobs and the levels of living that the earnings from their jobs help them maintain. According to our interview results, none of the Ameri-Thai workers are anxious to leave their present employer and few consider the possibility of leaving at all. The majority are satisfied with the wages and other benefits they receive. They are also satisfied with their work, working conditions, and their supervisors whom they describe as "good and just." These attitudes are shared even by those who see no prospects of further promotion and those who expect promotion but do not know how soon.

One wonders whether this strong attachment to Ameri-Thai arises out of traditional values or out of rational calculations. Let us examine those who say that the thought of leaving has entered their minds. One female operative, unusually lowly paid for her education (though this can be attributed in part to her low seniority), admits that she has considered leaving, but is now convinced that she should stay because going elsewhere today would mean starting anew at a lower level of pay and with lower welfare benefits. A high-wage maintenance worker, with technical education and considerable seniority at Ameri-Thai, would leave only if there were an opportunity to start up a business of his own. As an employee for someone, he says, it is better to remain where he is, since he has already put in so many years of service with the present employer. All the workers with the minimal elementary education strongly hope to remain at Ameri-Thai as long as possible. A few do say that it depends on how good new jobs are, but many tend to dismiss even the thought of it by retorting: "With my limited education, where do you think I can get a better job?" If this sort of verbal counterattack expresses an underlying embarrassment about not having thought about alternatives seriously, it is entirely understandable for workers who have long since made up their minds about the question of job change and are, at the point of interview, strongly committed to the present employer. At Ameri-Thai, therefore, it should not take too much effort on anyone's part to "calculate" that one would face a great loss by leaving Ameri-Thai.

All the workers hope that annual increments in wages, though conditioned upon performance with a minimum available to all, will continue, but several explicitly entertain hopes about promotion in rank and status. Two unskilled production workers, with four years of education each, hope to rise to the position of group leader in the future. One semiskilled production worker, with ten years of education, sees the possibility of rising to the position of assistant foreman. Three production workers, respectively skilled, semiskilled, and unskilled, mention foreman as their career goal at Ameri-Thai. Their educational qualifications are respectively seven, thirteen, and four years. One maintenance worker, presently assistant foreman, naturally hopes to be full foreman in due course of time. As these examples of aspiration indicate, upward status mobility at Ameri-Thai seems open to all workers as seen by workers themselves. Workers also have a rather clear sense of how far up they can go subject to the constraint of their educational qualifications. Surely, open mobility does not imply that everyone becomes company president; actual accomplishments are always

conditional upon many factors and goals are also differentiated, not absolutely equalized. Interestingly enough, our interviewer ran into seven supervisory personnel in the course of interviews at Ameri-Thai, and six of them were known to have had only elementary education. The seventh was assistant section manager (presumably on his way to the position of full section manager, which would not be beyond his reach for the level of education he had—technical school, thirteen years in all, though two additional years in a technical college would have been more normal). With the exception of this last one, most workers can aspire to rise up to foreman, which is also what we previously learned from the personnel manager of Ameri-Thai.

In addition to the upward status mobility of the kind mentioned above, there are also opportunities for job changes within the firm some of which indicate the existence of "lines of progression" from less desirable to more desirable jobs. All told, there are rational grounds for expectations of socioeconomic improvements at Ameri-Thai as a function of length of service in these forms; i.e., (1) annual wage increases, (2) upward status mobility, and (3) transfers to better jobs. The "internal labor market" is alive and well at Ameri-Thai. Of course, in order to avail oneself of the opportunities arising in this market, one obviously has to remain in the employ of the firm and to stay awake to the changing conditions. Long-term commitment thus becomes an objective rationally sought after.

Almost all Ameri-Thai workers are either indifferent or unfavorably disposed toward labor unions. (This was so during a period of rising and vigorous labor movement in Thailand, that is, before the October 1976 Coup.) Though unorganized, Ameri-Thai has a functioning joint consultation committee composed of representatives of workers and managers. A few workers dispose of the union question by simply saying: "The firm is already generous enough." The generosity of the firm is demonstrated by high wages and extensive welfare arrangements. Particularly prized is the provident fund which provides one-third of annual earnings from the firm's side alone at the end of three years of service, and one-half likewise at the end of five years. A bonus, "thirteenth-month pay," is automatic for all. A credit union is also available for a loan up to 75 per cent of monthly pay at 1 per cent of interest per annum. Recreational trips and parties are paid for by the firm. Two sets of work clothes are given to each worker, and there is a canteen at subsidized price where all managers and workers eat in undifferentiated manner (no special rooms for managers). The JCC acts as an overseer of all these benefits.

Under these circumstances, it is not strange that the Ameri-Thai workers see no need for labor unions. However, one may suspect that the negative attitude toward labor unions is due to ignorance of the true meaning of unionism rather than a product of reasonable analysis of the issues involved. More than a half of the interviewed workers do not regularly read newspapers or other types of public opinion periodicals, pleading that they are too busy to do that. Predictably, reading these things is highly correlated with the level of education. Nevertheless, most of the workers are politically alert; twenty-six of them express

support for one political party or another. An overwhelming proportion of them (twenty-two workers) support the Democratic Party. Three support the Social Action Party. One supports the New Force. Thus, it is clear that the political orientation of the Ameri-Thai workers is quite sensibly moderate. A moderate political temperament is often a necessary condition for rational economic thinking, just as political extremism of one form or another yields rash actions in violation of canons of rationality.

We now summarize the Ameri-Thai situation. At present, life at Ameri-Thai is peaceful and cheerful by all accounts. Industrial relations are amicable and constructive. On the management's side, something like McGregor's "Theory Y" seems to be the guiding spirit. On the workers' side, there is a noticeable trust in the management. The Ameri-Thai situation is far better than what prevails in other firms as generalized in the preceding part of this paper. Ameri-Thai has somehow succeeded in striking a right balance between social democracy and functional authority in the work-place inter-personal relations, between formal and informal work relationships, and between organizational structure and procedural flexibility. Ameri-Thai is a young enterprise. Therefore, it is difficult to assess too clearly how viable this kind of "enterprise culture" in Thailand is. One does not even know a generic name for this sort of system, but one might call it "paternalistic democracy." A young Thai scholar with whom the authors discussed the Ameri-Thai situation remarked that the somewhat unusual degrees of social democracy and mutual interest in one another among workers of this firm could be due to the firm's being an American-Thai joint venture taking its cues from American ideals and practices. He said that managers and workers at Ameri-Thai perhaps felt that they should behave differently now that they were in an "American firm." This is an interesting speculation about the powers of the environment to shape value orientations and daily practices. If true, the speculation may yield a hypothesis that may be useful for detecting and explaining differences in management styles and industrial relations in various firms by the nationality of the firm's ownership, control, or affiliation—a point only dimly perceived and obliquely handled in a previous paper by us. A new interesting researchable topic suddenly looms large.

III. CONCLUSION

If we date the ongoing spurt for industrialization in Thailand to about 1960, not even a full generation has elapsed since its inception. Horrors of industrialization at comparable stages of economic history of the now well-established industrial countries have been widely known. But modern industrialization in Thailand has largely avoided them. The techniques of production and management that accompany today's industrialization in "late-comer" countries like Thailand are incomparably advanced in comparison to those that were available in earlier experiences of industrialization. This certainly represents a fruit of whatever we imply by "progress," on a global scale. The "late-comers" consciously or unconsciously have learned lessons from the historical blunders of

older industrialized countries. This learning is particularly noticeable in the field of education. Instead of throwing out unprepared and uneducated children into the open labor markets characterized by unbridled competition, late-comer countries are intent upon first educating and, in some ways, preparing their children before they are allowed to join the labor force. Today's children, whose age of entry into the labor force is everywhere subject to a legal control, usually have the image of what industry is and of what an industrial society should be. Hopes, discipline, discretion, and willingness to make efforts, which are generated by the fact and prospect of living in an industrial or industrializing society, are widely shared by the populace and act as the source of standards that any enterprise styling itself as "modern" or "industrial" must fulfill. Putting people to work in physically hazardous and disagreeable "sweat shops" at "slave wages" under the despotic management of "capitalist employers" is no longer a thinkable way of industrialization. Although they still exist in some quarters, especially among more traditional types of enterprises. Thus, a principal lesson from the past is that it has no relevance to the required style of industrialization today.

It is true that certain aspects of the sociocultural tradition of a late-comer country like Thailand may run counter to a rational utilization of the forces of industrialization. But what is even more remarkable is that "culture" or "tradition" is so enormously flexible that self-transformation, if appropriately managed, is a very strong possibility. Paradoxical though it may seem, any culture seems to have a way of its own to change itself. Although cultural evolution has so far been left to its own course in any society, the understanding of society and culture has perhaps reached the stage of reliable accuracy that enables people to manage culture change in ways compatible with desired objective like industrialization. This basic suppleness and change potential of "a culture" perhaps requires a renewed appreciation. In any case, it seems patently wrong to consider "a traditional culture" as an immutable solid state which either has to be smashed to pieces if new ways of life must be instituted or must obstruct all changes in economy and society if allowed to continue. Even in a most culture-bound area like work force management, which for that very reason has a high conflict potential with respect to the forces of production and technology, we have ascertained, in the case of Thailand, a great latitude of adaptation and innovation that does violence neither to technology nor to the culture itself. The non-negligible, though still hypothetical, possibility of mutual accommodation and reinforcement of traditional culture and modern industry in the setting of industrialization in late-comer countries deserves more attention than it has so far received.

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