

# Japanese Companies' Human Resource Development in ASEAN: Progress to Date and Future Prospects



ASEAN-Japan Business Week 2023, June 2023

# 1. Japanese Companies' Human Resource Development in ASEAN

## History of Japan's ODA

### 1954-1960s: Beginning of Japan's ODA

1954 Japan joins the Colombo Plan and starts providing technical cooperation.  
**1959 AOTS is established.**

### 1960s-1980s: Expansion and diversification of Japan's ODA

**1967 ASEAN is established (Bangkok Declaration).**  
**1970 JODC is established.**  
**1973 The ASEAN Synthetic Rubber Forum is held**  
**(The relationship between Japan and ASEAN begins).**  
**1973 Technology Promotion Association(Thailand-Japan) is founded.**  
 1974 JICA (Japan International Cooperation Agency) is founded.  
 1989 Japan becomes the top donor apart from the United States.

### 1990s: Action as a top donor

1992 The ODA Charter is established.  
 1993 The TICAD (Tokyo International Conference on African Development) process starts (ownership and partnership).

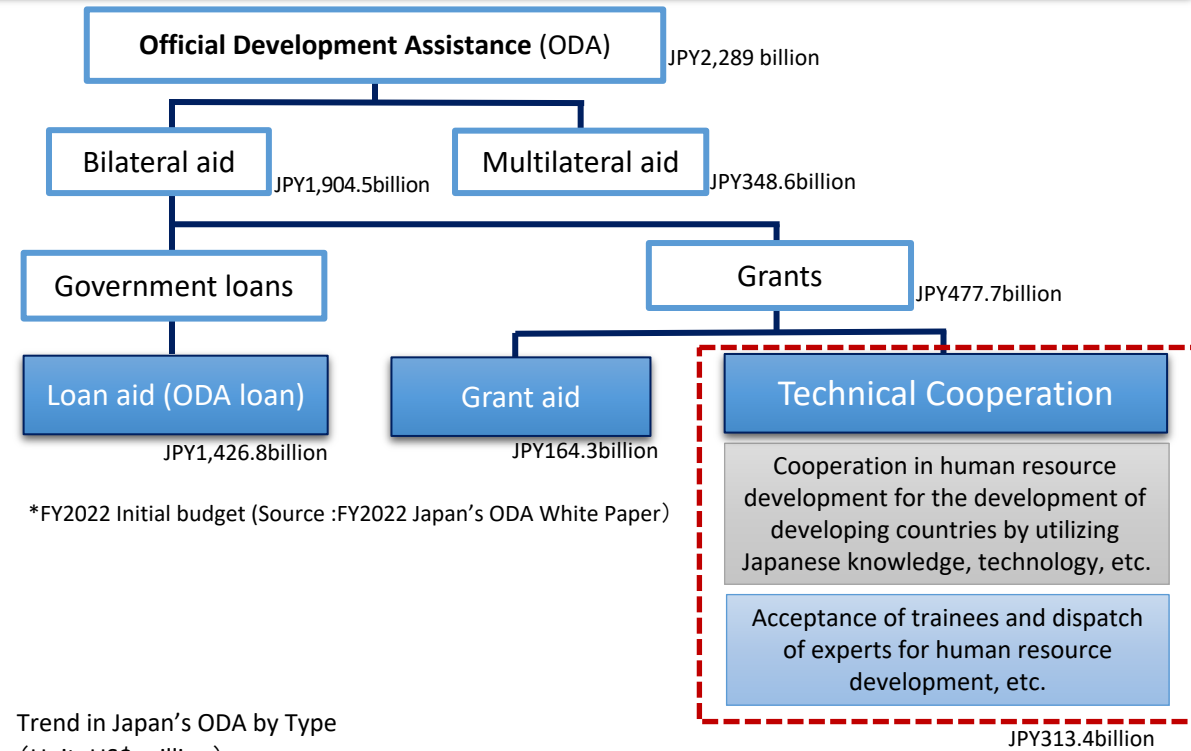
### 2000s onward: Addressing new development challenges in the 21st century

2003 The ODA Charter is revised.  
**2012 AOTS and JODC merge.**

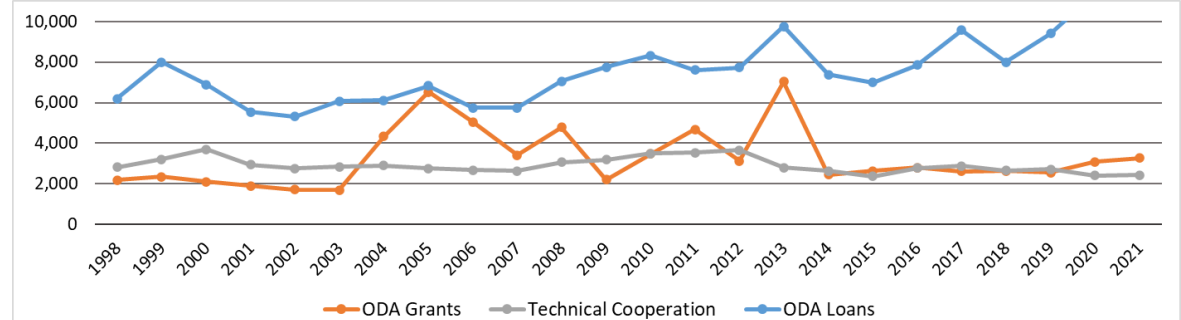
### 2014: 60 years of ODA

2015 The Development Cooperation Charter is established.  
 (The ODA Charter is revised.)

## Types of ODA



Trend in Japan's ODA by Type (Unit: US\$ million)



\* Reference: Materials of Aid Policy and Management Division, Ministry of Foreign Affairs of Japan

# Characteristics of Japan's Economic Cooperation

## ✓ Often offered as loan assistance (yen loans)

-> Support self-help efforts and build investment environments and foundations for development

## ✓ Place importance on technical cooperation

-> Develop human resources, emphasis "teach fishing", rather than "give fish", and help economic development

## ✓ Use the power of the private sector

-> Work in conjunction with FDIs and use private organizations (such as public interest cooperations)



**"Miracle of East Asia"**  
**"Great Progress of the ASEAN"**



They became leading markets or investment locations for Japanese companies.

# Comparison of Africa and Asia based on Macroeconomic Indicators

## Amounts of ODA money received by region

(Cumulative total: 1960 to 2020)  
In 1 million USD (current prices)

Asian region	763,274
African region	1,340,542

(Source: OECD. Stat)

In terms of ODA from around the world, Africa has received more money.

## Amounts of inward FDI in developing countries by region (2021)

In 1 billion USD (current prices)

	Flow-based amount	Stock-based amount
Asian region	619	9,130
African region	83	1,026

(Source: UNCTAD World Investment Report 2022)

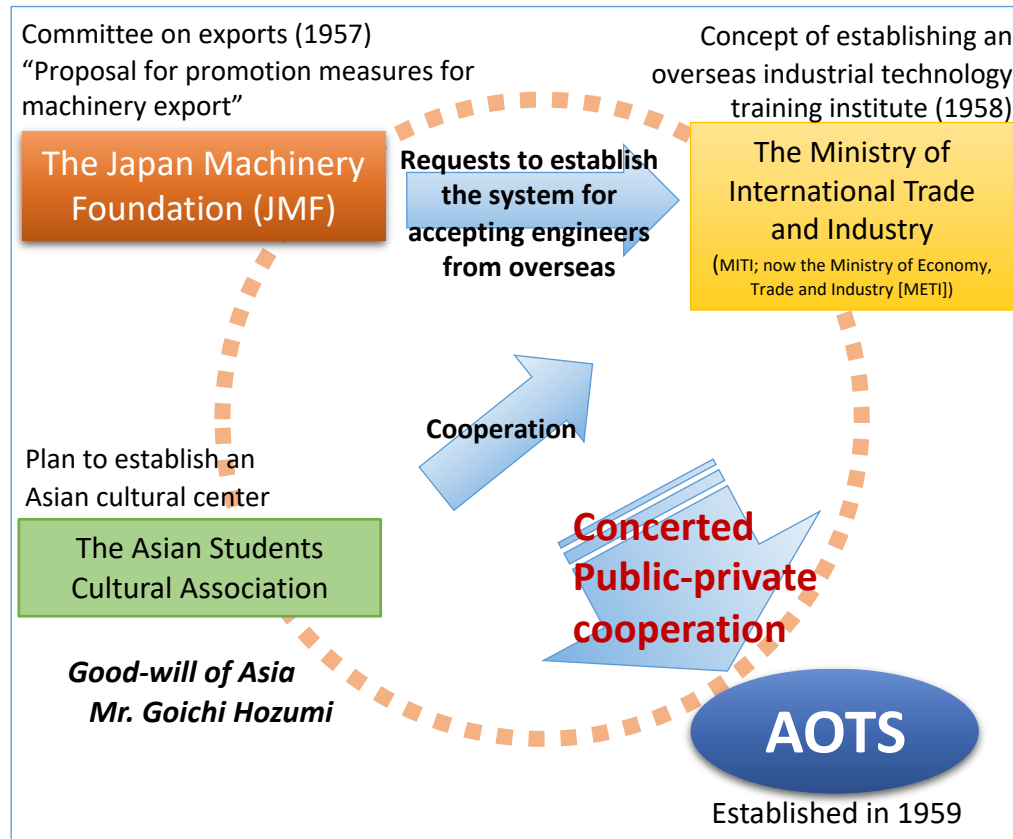
Asia received larger FDI from private companies.

# AOTS's Efforts to Promote HRD and Technology Transfer

## History of AOTS

After the first stage of post-war restoration was completed, export promotion became a prioritized policy target of Japan:

The Association for Overseas Technical Scholarship (AOTS) was created in 1959 as a result of concerted efforts of the Asian Students Cultural Association founded by Mr. Hozumi, the Japan Machinery Foundation, and the Ministry of International Trade and Industry (MITI; now the Ministry of Economy, Trade and Industry [METI]). It was the birth of Japan's first private-sector-based technical cooperation organization.



**The Association for Overseas Technical Scholarship**  
(Promoted technical cooperation through training programs since 1959)

AOTS has conducted training programs in Japan and abroad for 400,000 executives, managers, and engineers from 170 developing countries and regions.



**The Japan Overseas Development Corporation**  
(Promoted technical cooperation through expert dispatch since 1970)

JODC has sent 7,100 Japanese experts to 60 developing countries and regions to provide technical guidance.

**Merger in 2012**



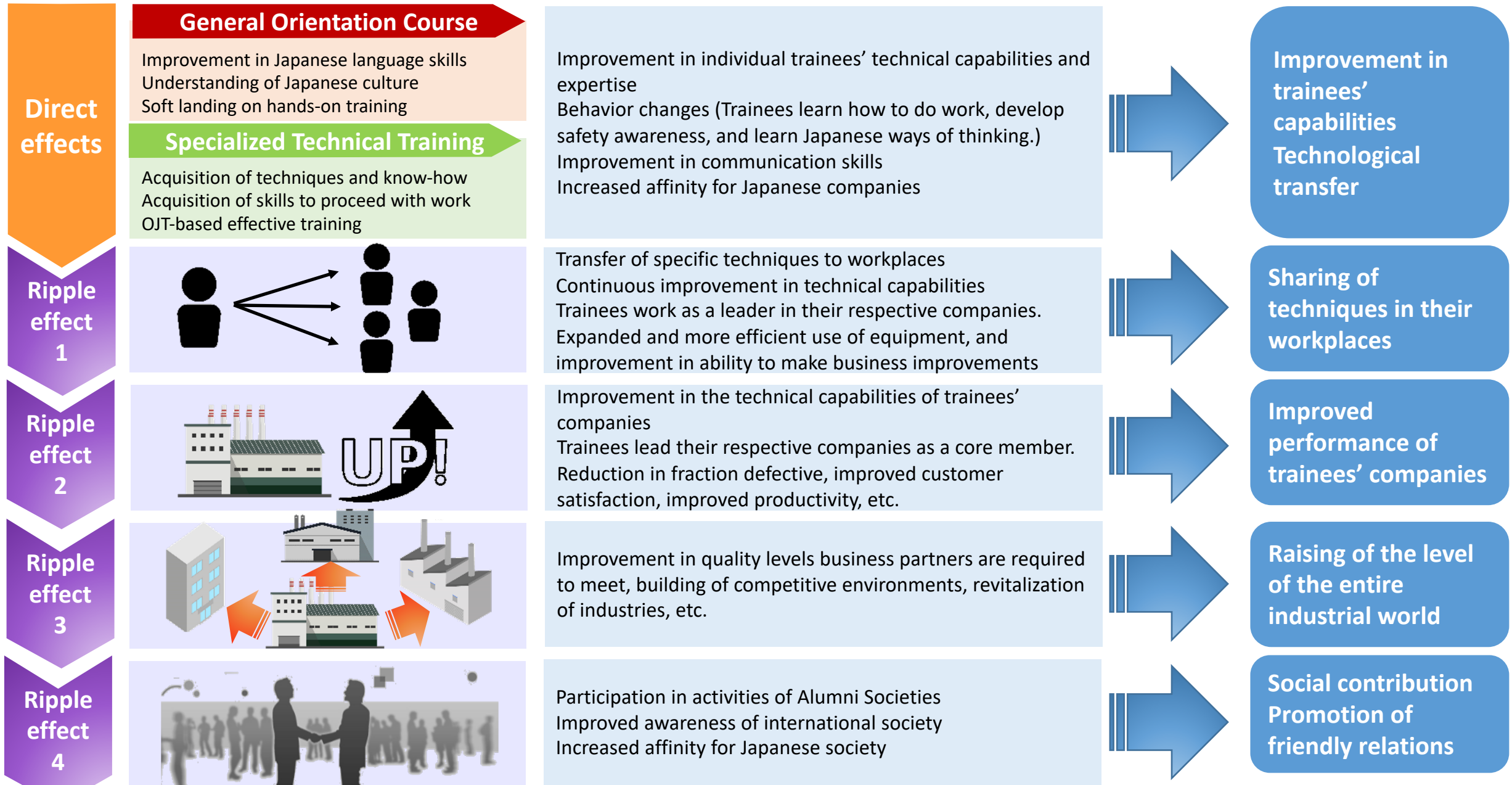
一般財団法人  
**海外産業人材育成協会**  
The Association for Overseas Technical Cooperation and Sustainable Partnerships

Scale of operations: Approx. JPY 5.9 billion (FY2023 budget)  
Number of staff : 133 (incl. fixed-term staff, as of June 2022)  
Offices in Japan : Tokyo, Osaka  
Overseas offices : Bangkok, Jakarta, New Delhi



# AOTS's Technological Transfer Mechanism

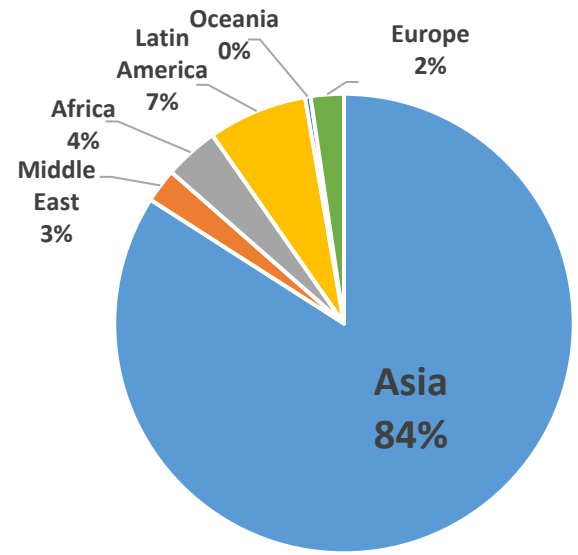
Source: Report on a Post-project Evaluation for AOTS Programs in the Technological Transfer Mechanism (FY2005)



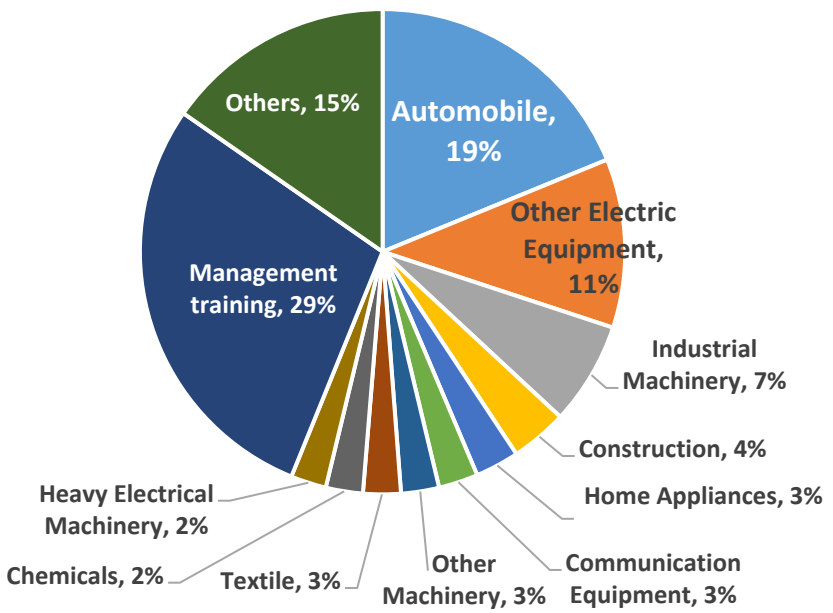
# Cumulative total of trainees (ODA-subsidized Program)

Training in Japan [Total: 139,492] FY1959-2021

**By Area**



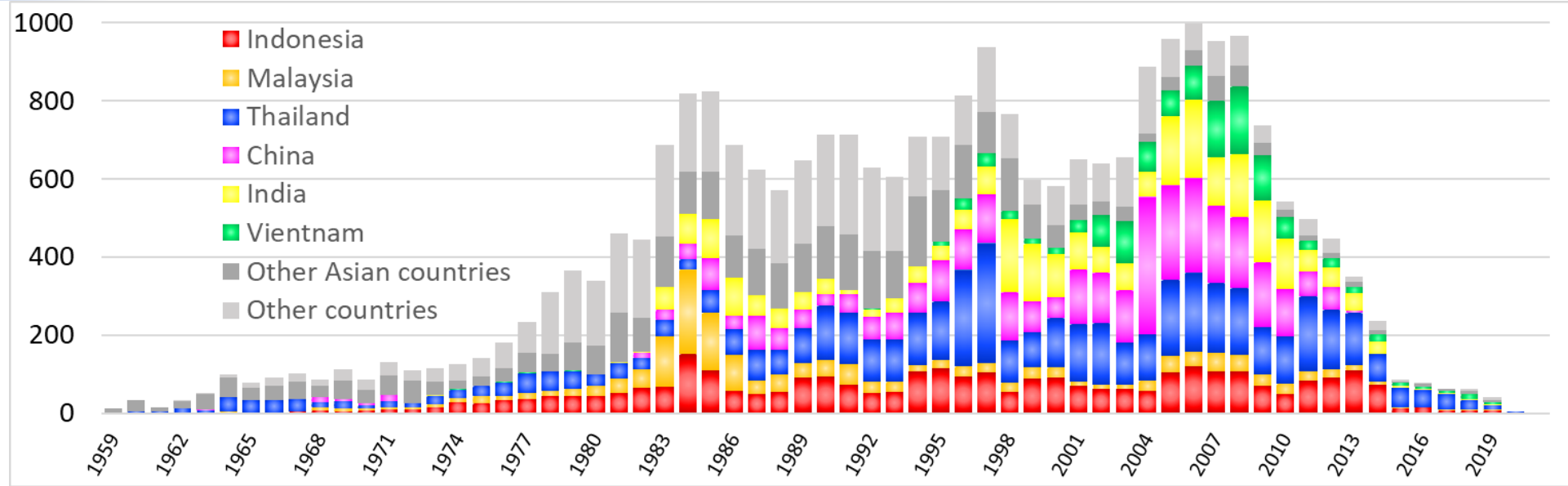
**By Industry**



From 1960 to 1980	Export promotion and trainees from wide-ranging industries
From 1980 to 2000	Trends toward local production/globalization, and increase in certain major industries (such as the automobile industry and the electronic equipment industry)
After 2000	Globalization of businesses by Japanese SMEs Increase in non-manufacturing industries (IT/service industries, etc.)

Mainly in the Asian region, programs have been carried out in response to the needs of the local industries and FDIs by Japanese companies. The programs produced results synchronously with the histories of economic developments in developing countries and overseas business expansion by Japanese companies.

# Changes in the Number of Trainees Accepted by Training Programs in Japan over Time – [Case] Support for overseas business expansion in the automobile industry



- Following the establishment of overseas production bases by Japanese companies in the 1980s, the numbers of training programs and trainees increased rapidly. There occurred a shift in the need for training. Specifically, instead of training on maintenance of exported cars, the need for training related to production processes grew.
- The histories of the development of the automobile industries in developing countries starting in Indonesia and Malaysia and the establishment of overseas bases by Japanese companies are reflected (Indonesia, Malaysia, Thailand, India, China, and Vietnam).
- In line with the policies and social situations of these countries and the trends in local industries, training programs have been conducted to meet their needs for human resource development.

Indonesia: In the 1970s, Indonesia banned the import of automobiles, adopted the policy of producing automobiles domestically, and started assembling automobiles in the country. The country announced the National Car Programme in 1996, and adopted a domestic production incentive policy, and Japanese manufacturers promoted domestic production.

Malaysia: In the early 1980s, under the national car project promoted based on the Look East Policy and the heavy industrialization policy, Proton, a domestic car manufacturer, was established, which promoted efforts to foster, develop, and expand automobile related industries.

Thailand: In the 1990s, the focus of the country's automobile industry policies shifted from protection and training to export encouragement. Following the abolition of various regulations, Japanese manufacturers started to construct new factories and expand production facilities, and the country's automobile production increased significantly.

Vietnam: In 1986, the doi moi (open door reform) policy was made, and in the 1990s, foreign automobile manufacturers started full-scale operation in Vietnam. In the 2000s, there were increases in the number of auto parts design training programs for trainees in Japan.

China and India: In India, foreign companies started business there one after another in the 1990s, which increased their awareness about reducing production costs and enhancing quality control. In China, Japanese automobile manufacturers started or expanded local production businesses one after another in the 2000s, which caused the need for training to grow.

● Since FY2011, there have been decreases in the number of trainees because of restricted use of assembled car manufacturers in ODA programs due to the requirements of policies, etc.

# AOTS's Overseas Network including ASEAN

73 AOTS Alumni Societies in 44 countries and regions

AOTS Alumni Societies that share the same philosophy as AOTS are voluntarily developing various grassroots activities based on their training experience in Japan

## Europe

- Bulgaria (1)
- Czech (1)
- Hungary (1)
- Macedonia (1)
- Poland (1)
- Romania (1)
- Slovakia (1)
- Turkey (1)
- Georgia (1)

## Northeast Asia

- China (10)
- Korea (1)
- Mongolia (1)
- Taiwan (1)

## Africa

- Cameroon (1)
- Egypt (1)
- Ethiopia (1)
- Ghana (1)
- Kenya (1)
- Nigeria (1)
- Sudan (1)
- Tanzania (1)
- Zambia (1)
- South Africa (1)

## South Asia

- Bangladesh (2)
- India (10)
- Nepal (1)
- Pakistan (3)
- Sri Lanka (1)
- Iran (1)



\*The 10<sup>th</sup> World Convention of AOTS Alumni Societies, August 2019, Tokyo Japan

## Latin America

- Argentina (1)
- Bolivia (1)
- Brazil (2)
- Chile (1)
- Mexico (2)
- Paraguay (1)
- Peru (1)
- Venezuela (1)

## Southeast Asia

- Indonesia (3)
- Malaysia (2)
- Philippines (3)
- Singapore (1)
- Thailand (1)
- Vietnam (1)
- Myanmar (1)
- Cambodia (1)



# AOTS's Overseas Network including ASEAN

## Development of activities of Alumni Societies

The Thai-Nichi Institute of Technology (TNI) established with ABK & AOTS Alumni Association (Thailand) as its parent organization serves as a bridge between Thailand and Japan.

**1973:**  
When anti-Japan movements were prevalent in Thailand, the Technology Promotion Association (Thailand-Japan) (TPA) was established in Bangkok with ABK & AOTS Alumni Association (Thailand) as its parent organization.

**2007:**  
Led by the members of the TPA, the Thai-Nichi Institute of Technology was opened. Since then, they have taught Japanese manufacturing and turned out engineers as supporters of Japanese companies in Thailand.  
Industry-ready engineers who graduated from the university are making a great contribution mainly to Japanese companies in the Thai industrial world.



Campus of the Thai-Nichi Institute of Technology



Then-Prime Minister Abe's visit in 2013

Modeled on the TNI, the Institute of Management and Technology (IMT) was established in Vietnam as a place for business exchanges or training. They are carrying out independent activities.



## Ex-trainees of the AOTS's training in Japan who are actively involved in political and business circles



Mr. Praphad Phodhivorakhun  
Chairman of the Board of Directors  
Kang Yong Electric PCL 【Thailand】



Mr. Win Aung  
Former Chairman of UMFCFI  
【Myanmar】



Mr. Warih Andang Tjahjono  
President Director,  
Toyota Motor Manufacturing Indonesia  
【Indonesia】



Mr. Hamdhani Dzulkarnaen Salim  
President Director, Astra Otoparts Tbk  
【Indonesia】



MR. Sudirman MR  
Former President Director,  
PT Astra Daihatsu Motor  
(Former Chairman of The Association  
of Indonesia Automotive Industries)  
【Indonesia】

# 2. Efforts to meet new needs for human resource development

## Promote non-face-to-face technological transfer using digital tools

Due to the spread of COVID-19, the cross-border movement of people was restricted. Even under such circumstances, with the aim of supporting Japan's, Japanese companies', and their overseas subsidiaries' continuous efforts to develop human resources, conventional technical training for trainees visiting Japan and technical training by instructors or experts sent from Japan, as well as online training, including technical training, as an alternative to overseas training have been proposed and carried out as government-subsidized programs.

	FY2020	FY2021
Number of participants in a partially or wholly remote training program	12,528	14,518



Using a 360-degree camera installed in a model factory in Japan, an instructor is explaining a crane in the factory.



An expert is giving remote training on hygiene management for learning HACCP.

## Provide training programs in new fields

**DX**



Develop and provide training courses on the subjects of “The Program on ICT Utilization to overcome DX-related Strategic Management Challenges” and “Program on IoT Utilization for realizing Smart Factory”

**Carbon neutral**



Develop and provide training courses designed to learn trends regarding CN and effective energy-saving measures as well as examples of approaches taken by Japanese companies and how to develop business strategies that allow trainees' companies to take advantage of CN as a business opportunity

**Resolve social issues**



Develop and provide training courses designed to enhance and improve insights, planning ability and leadership necessary to produce business innovations aimed at resolving social issues and to improve ability to promote changes in organization climates to realize such innovations

# AOTS Cooperation on Partner Country Policies

## Based on the agreement of Japan's government and Thai government

- In 2018, the Japanese Minister of Economy, Trade and Industry and the Thai Minister of Industry expressed the "Connected Industries" human resource development program. Development of trainers who are responsible for training system integrators, etc. has been promoted to build an automated system (Lean Automation) that thoroughly eliminates waste, which is the basis of Japanese-style manufacturing.  
(LASI : Lean Automation System Integrator)
- In addition, training of human resources who can support the introduction of robots and IoT and provide guidance for kaizen has been provided targeting SMEs in Thailand to promote IoT, robotization and automation that best fits their needs.  
(LIPE : Lean IoT Plant management and Execution / Smart Monodzukuri Support Team)



# Promotion of Automation Education in cooperation with a Local Educational Institution (SIMTEC)

- SIMTEC (Sumipol Institute of Manufacturing Technology) is a private educational institution for training engineers who will play a leading role in the development of the manufacturing industry, jointly organized by 14 public and private organizations, including Sumipol, a major Thai machinery and tool trading company with close ties to Japan, and Japanese sponsors.
- The Learning Factory is equipped with the latest industrial machinery and equipment provided by the sponsoring major Japanese manufacturer. This is a good example of how the training for manufacturing personnel that was once conducted by inviting Thai engineers to Japan can now be put into practice using the simulation line and actual equipment in SIMTEC's Learning Factory.

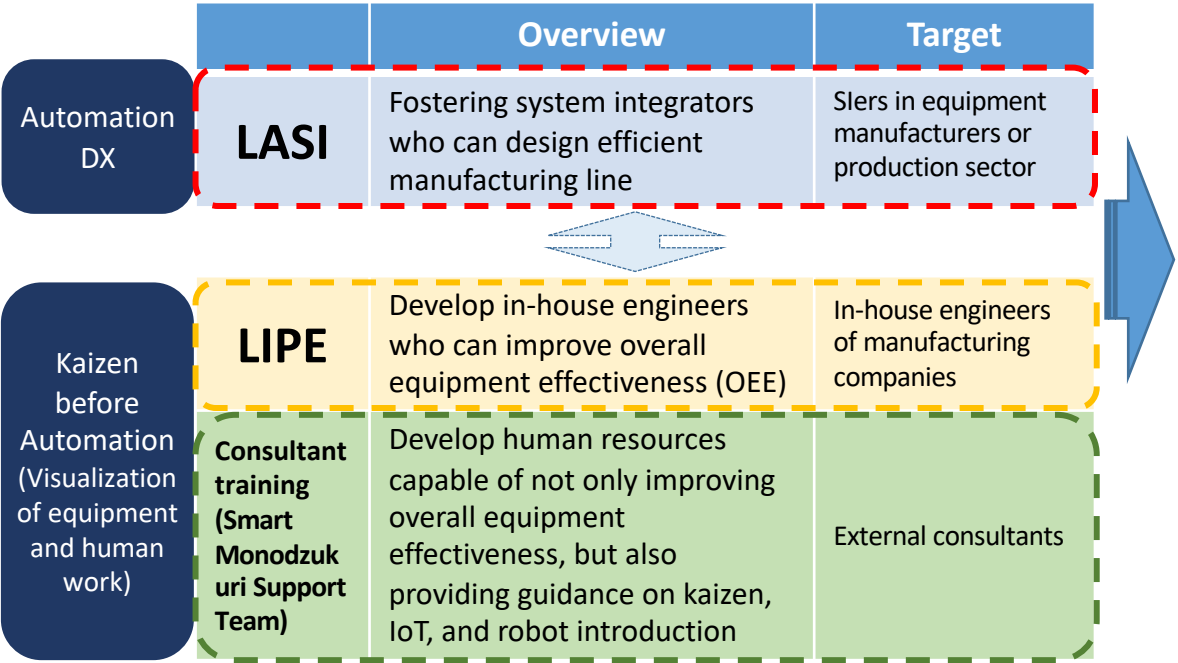


Exercises using the latest Japanese equipment

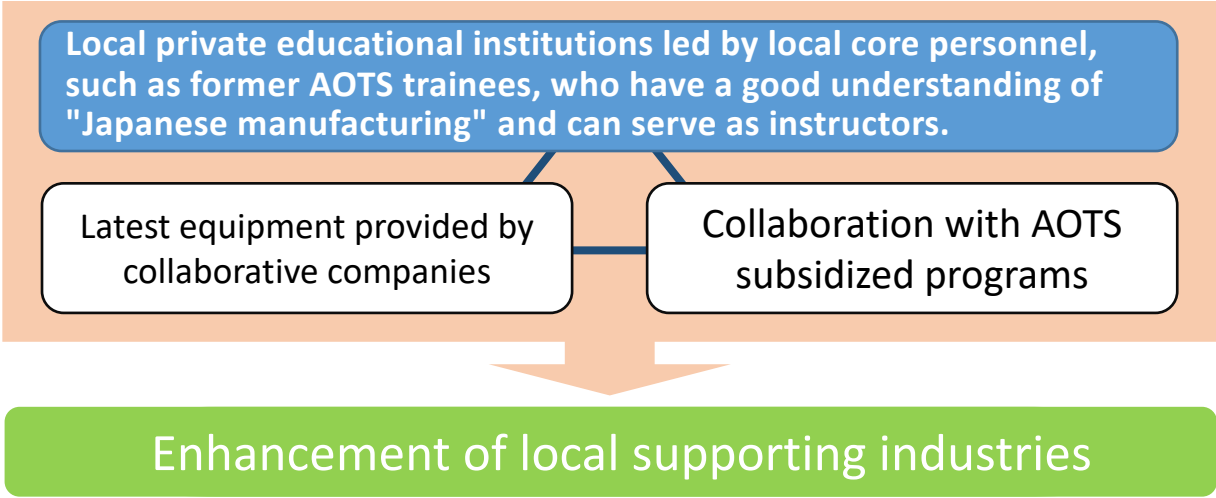


The latest equipment in the Learning Factory of SIMTEC

### <Multi-step technical cooperation initiatives for industrial enhancement>



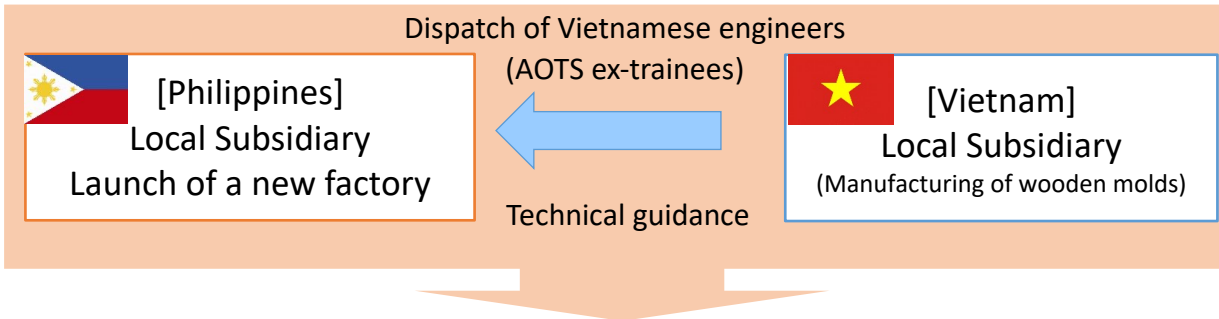
Realize DX manufacturing



# Secondary transfer of technology within the ASEAN region/ between ASEAN and Japan

From FY2022, the company has begun supporting HRD among its overseas bases, utilizing manufacturing sites and employees of subsidiaries in other neighboring countries outside of Japan for technology transfer.

- A small and medium-sized company that have already established a presence in Vietnam have established a new base in the Philippines.
- Engineers trained in Vietnam were dispatched to the Philippines to provide guidance
- Secondary transfer of the company's technology



Efficient technology transfer between subsidiaries to set up a new plant



Vietnamese engineer instructing Filipinos.

## Collaboration between Thai and Myanmar Alumni Societies



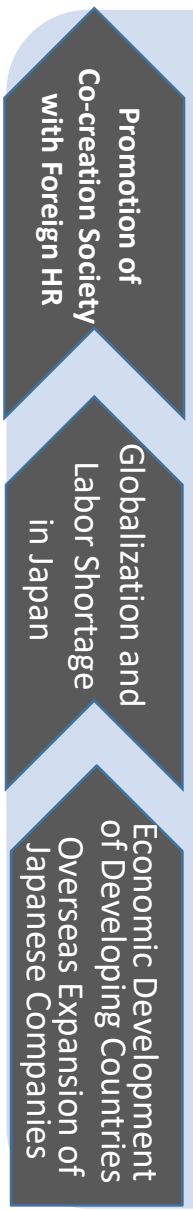
- A collaborative seminar was held by the Myanmar and Thai Alumni Societies.
- Aiming at the greater promotion and vitalization of Myanmar's SMEs, this seminar was planned to repeat the success of the OTOP (one-village one product) campaign in Thailand for product development and marketing.
- Such cooperation among alumni associations in human resource development and other areas is expected to increase in the future.



Lecture and workshop

# Toward the Realization of Co-creation Society

Social and Policy Issues



## Support for foreign HR working in Japan

- Japanese training for candidates for nurses and care workers under EPA
- Support for acquisition of Japanese language and software skills for foreign employees
- Development of Japanese language teaching materials for foreign students and industrial human resources working in Japan



## Realization of a co-creation society with foreign HR in Japan

- Measures to stimulate employment opportunities at Japanese and Japanese-affiliated companies (Endowed courses at local universities + internships in Japan, job placement, job fairs, matching events, etc.)
- Overseas internships for Japanese nationals
- Support for globalization of Japanese companies, local governments, etc.

circulation of competent HR

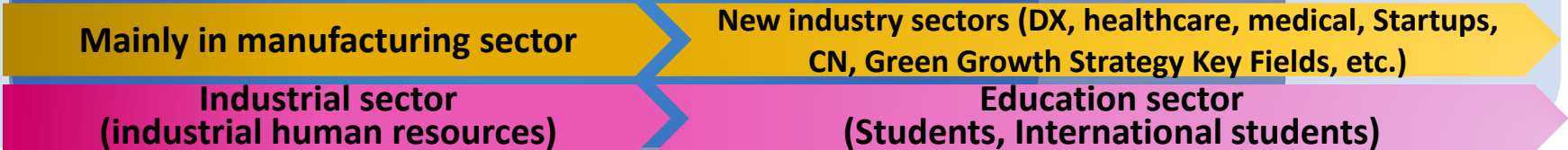
Formation of a co-creation society



## Developing overseas HR who can play an active role in the local market

- Training for local engineers and managers visiting Japan
- Technical guidance through dispatch of lecturers and experts overseas
- On-demand training at the request of local companies
- HRD that contributes to the development of overseas social systems and business environments, etc.

Expansion of areas and targets of support



Expansion of support coverage

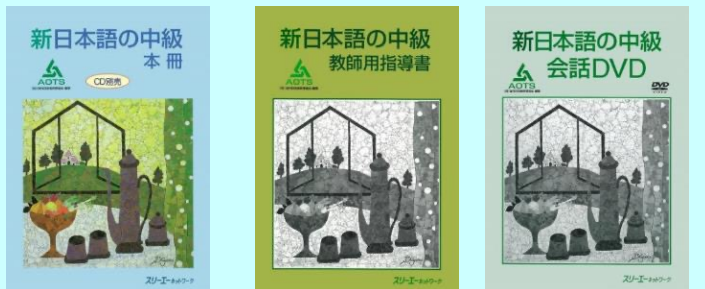
# Support for Japanese Language Education for Advanced Foreign HR from ASEAN and Other Countries

Affected by the shortage of industrial HR in Japan, the internationalization of Japanese companies, etc, there is a growing need for Japanese language education for foreign industrial personnel, who are in increasing demand in Japan.

## Japanese for engineers working abroad

From 1990

AOTS developed Japanese language teaching materials for technical trainees, including the "Shin-Nihongo-no-Kiso (New Japanese Basics)" series. This is the textbook on which "Minna no Nihongo" was based.

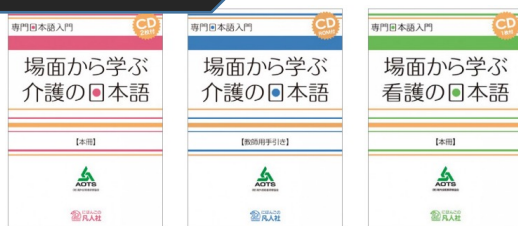


Japanese language teaching materials for industrial human resources developed by AOTS

## Japanese for international students and industrial HR working in Japan

Introduction to specialized Japanese for EPA nurse and care worker candidates

From 2007



Developed "Japanese for Nursing and Caregiving Learned from Scenes"

"Business Japanese for International Students" Series -Human Resources

From 2008



AOTS has been enhancing the support for Japanese language education to facilitate soft landing and employment of foreign human resources in Japanese companies, including local hiring, intra-company transfers, and technical training!

"Genba no Nihongo (Japanese on the Site)" series

From 2017



Intensive Japanese language course for advanced HR

From 2021



Development of Japanese language education materials that contribute to the acquisition of technical skills of technical trainees

From 2019

