A global workplace

an economic relationship and cultural harmonization during the globalization

(a case study of Swedish companies in Thailand)

Master Thesis in Work-Life Studies
Spring semester 2011

Supervisor: Lennart Carlsson
Student: Nithivadee Longjit
**Title:** A global workplace – an economic relationship and cultural harmonization during the globalization (a case study of Swedish companies in Thailand)

**Publish year:** 2013  
**Author:** Nithivadee Longjit  
**Supervisor:** Lennart Carlsson

**Abstract**

The globalization is the period of economic transformation according to the business competition. A number of multinational companies from industrial countries have to move their productions to a new emerging country which has a lower-labor cost, a strategic location, as well as an access to production material.

Sweden is one of those countries that decide to re-locate their business center in other countries. The capital of Swedish companies has been distributed especially in Asian countries. Thailand is one of destinations that Swedish companies prefer to put the capital because of its labor cost, human quality, and strategic location.

The objective of this thesis is to present the consequence of multinational companies from Sweden in Thailand as the main purpose. The economic relationship and cultural harmonization between these two countries will be discussed.

This study is a qualitative research which requires qualitative methods to analyze data. Qualitative interviewing, case study and second data analysis has been the main approaches for data collection.

The result of the study brings the conclusion that the capital movement from Sweden to Thailand during the globalization brings the positive development to both sides. Sweden gains more business revenue both in Thailand and Asian region, while Thailand gains wealth and sustainable development from the Swedish investment.

**Keyword:** Globalization, multinational companies, economic relationship, social and economic development, cultural harmonization
Acknowledgements

This thesis has an aim to study about the effect from re-localization of multinational in Thailand during the globalization. In order to be successful, it requires helps from many persons. Thus, I would like to acknowledge for their kindness on this page.

First of all, I would like to acknowledge Lennart Carlsson, my thesis supervisor. He is an inspiration for me to research this article due to his knowledge. During the study period, he contributes his ability, as well as his advice for me to achieve the target.

Secondly, I would like to acknowledge all interviewees which contribute me great information to my thesis.

Mr. John Svengren, former Executive Director of Thai-Swedish Chamber of commerce, who gives me general information about Swedish companies in Thailand and a good discussion about it.

Mr. Fredrik Junestrand, Vice President of Swedish Trade Council, who gives me information about Swedish trade and investment and discussion about Swedish companies in the foreign markets, and Mr. Ongarch Phatanachinda, Consultant of Swedish Trade Council in Bangkok, who gives information about Swedish investments in Thailand.

Mr. Bo Palmqvist (Managing Director of Thai-Swedish Assembly Co., Ltd.) and Volvo management team, Mr. Apichat Saengsri (HR manager at Electrolux Thailand), and Ms. Kaewta Srinoi (Financial Controller at Munters Thailand Co., Ltd) who give me information about their companies.

Dr. Kriengsak Chareonwongsak, Thai scholar, who give me analysis about Thai economy.

Official organizations such as Board of Investment and Swedish Embassy in Bangkok who give me information about regulation practice.

Robert Widetof, Andreas Björk, and Martin Ståhlgren from Export academy who give me a possibility to participate the Swedish vocational program in Export for Swedish companies.

Last of all, I would like to acknowledge my mother who supports this thesis to be done.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>2</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>3</td>
</tr>
<tr>
<td><strong>1. Introduction</strong></td>
<td>6</td>
</tr>
<tr>
<td>1.1 The World during Globalization</td>
<td>6</td>
</tr>
<tr>
<td>1.2 The Critical Effects of Globalization</td>
<td>9</td>
</tr>
<tr>
<td><strong>2. Problem formulation</strong></td>
<td>12</td>
</tr>
<tr>
<td><strong>3. Objectives of Study</strong></td>
<td>13</td>
</tr>
<tr>
<td><strong>4. Background</strong></td>
<td>14</td>
</tr>
<tr>
<td>4.1 The Economic Development in Sweden</td>
<td>14</td>
</tr>
<tr>
<td>4.2 The Transformation during 1980s -1990s</td>
<td>16</td>
</tr>
<tr>
<td>4.3 The Change of Trade and Industry</td>
<td>17</td>
</tr>
<tr>
<td>4.4 The Economic Transformation in Thailand</td>
<td>18</td>
</tr>
<tr>
<td>4.5 The Investments from Sweden</td>
<td>20</td>
</tr>
<tr>
<td>4.6 Differences of Cultures between Thailand and Sweden</td>
<td>21</td>
</tr>
<tr>
<td><strong>5. Literature review</strong></td>
<td>23</td>
</tr>
<tr>
<td><strong>6. Theoretical Framework</strong></td>
<td>28</td>
</tr>
<tr>
<td>6.1 The Theory of Global Capitalism</td>
<td>28</td>
</tr>
<tr>
<td>6.2 The Competitiveness Advantages of Nations</td>
<td>29</td>
</tr>
<tr>
<td>6.3 Product Life Cycle Theory</td>
<td>35</td>
</tr>
<tr>
<td><strong>7. Methods</strong></td>
<td>41</td>
</tr>
<tr>
<td>7.1 The Common Concept about Qualitative Method</td>
<td>42</td>
</tr>
<tr>
<td>7.2 Data collection</td>
<td>42</td>
</tr>
<tr>
<td>7.3 Source criticism</td>
<td>47</td>
</tr>
<tr>
<td><strong>8. Results</strong></td>
<td>48</td>
</tr>
<tr>
<td>8.1 The Swedish Trade and Investment Today</td>
<td>48</td>
</tr>
<tr>
<td>8.2 The Factor of Establishment in Thailand</td>
<td>50</td>
</tr>
<tr>
<td>8.3 Swedish Companies in Thailand and Its Competition</td>
<td>53</td>
</tr>
<tr>
<td>8.4 Swedish Companies and Development in Thailand</td>
<td>61</td>
</tr>
<tr>
<td><strong>9. Discussion</strong></td>
<td>62</td>
</tr>
<tr>
<td><strong>10. Future Studies</strong></td>
<td>67</td>
</tr>
<tr>
<td>Literature References</td>
<td></td>
</tr>
</tbody>
</table>

Table of Content
Figure list

Figure 1: Development of the number of promotional certificates issued 19
Figure 2: Thailand classified by BOI zone 20
Figure 3: The number of Swedish investment from 1980 to 2010 21
Figure 4: Diamond Model 35
Figure 5: Product Life Cycle Model 36
Figure 6: The Change of Main Point in Product properties, Technology and the Need of Resources through Product Life Cycle 41
Figure 7: Sweden’s foreign trade with 2000-2011 49
Figure 8: Total export and import value by per cent 49
Figure 9: Foreign establishment process 50
Figure 10: Management Chart in Munters Thailand 55
Figure 11: Management Chart in Volvo Group 58
Figure 12: Management Chart in Electrolux 60
Figure 13: The number of local employment in Swedish companies from 1981 until 2010 61
1. Introduction

1.1 The World during Globalization

After Cold War, with the triumph of the Free-World, idea of liberalism has been introduced to the world community along with the development of information technology. Free mobility has become the more powerful and more satisfied factor; new innovated stuff, increasingly world-wide, social, political, economic and cultural hierarchies are daily built and rebuilt. Era of globalization has then started in every corner of this new world. According to Garrett¹, who wrote an article ‘‘The Causes of Globalization’’, the most important causes of globalization differ among the three major components of international market: trade, multinational production, and international finance. The information technology revolution has made it very difficult for governments to control cross-border capital movements even they have political restrictions. Nevertheless, the governments can still control the multinationalization of production, but they prefer not to do that because of national benefits. In the case of trade, he continued, the increasing interest of exporters in growing domestic markets has had a powerful impact on the trend to liberalization. Cross-national variations in market integration still endure. But Garrett argued that these are more the product of basic economic characteristics than political factors.² Joseph Stiglitz mentioned in his book ‘‘Globalization and its discontents’’ that the opening up to international trade has helped many countries grow far more quickly than they would have done. International trade helps economic development when country’s export drive its economic growth. Export-led growth has the centerpiece of the industrial policy that enriched much of the third countries and left millions of people there far better off. Because of the globalization, many people in the world now live longer than before and their standard of living is far better.

Globalization has reduced the sense of isolation felt in much of developing world and has given many people in the developing countries access to knowledge well beyond the reach of even the wealthiest in any countries a century age.³ International economic activity grew at increasingly rapid rates over the period, and the rates of growth were faster in liquid markets such as foreign exchange, Foreign Direct Investment, and trade. In 1970, export and import together were roughly one quarter of worldwide gross domestic product.⁴ Growing economic globalization has increased international business competition and international economic interdependence.⁵ With production in each industry concentrated in a few large

¹ Dr Geoffrey Garrett is the Dean of the University of Sydney Business School and former CEO of the US Studies Centre.
firms, each with heavy investment in plant and equipment, the need to maintain its hold on its share of the market, and increase it if possible, became the principle objective of the individual firm’s market policy. It should be reasonable for the firms to invest outside the countries in order to gain more return by the establishment of subsidiary. This is because raw material can be provided easier and cheaper. It might be not only cheaper to manufacture than to export the products in other countries; this means an anxiety for competition with others has also been a significant motive.

Year 1965, investments in the manufacturing industry (included oil refinery) was 39 per cent of all American investments abroad. According to a research, it was argued that four-fifths of the American manufacturing companies that run their operations in Canada had not been affected by local production. There were some signs about that American direct investments overseas have stimulated rather than obstructed. The climate of overseas investment have been furthest favorable latter, in particular when the return and expansion rate in the automobile industry intended worth among other industrial countries during 1950-1965. The outlook to higher profits and larger markets has also encouraged British investments abroad, followed by Germany and France subsequently. Unlike the American investments, those industrial countries have seldom got even high return. During 1960-1964, the interest between net gains and net assets in the British industrial companies was 8 per cent, compared with 7.2 per cent at home. The multinational companies’ significant character was illustrated on a striking means of conditions so that overseas investments of American companies increased twofold between 1946 and 1967. The incomes of British companies abroad stepped up from under one-thirds in 1950 to over two-fifths in 1966. The modern economic relationship promoted the growth of multinational companies and, at the present, the most of European companies have to be active across national border in order to be able to grow.

For Sweden, one of the powerful industrial countries has become extremely dependent on world’s market since 1930s. Yet, the trend of overseas investment happened latter than USA and other European countries. The internationalization of large-scale companies has increasingly taken place in 1990s with several grand fusions. According UNCTAD survey in 1999, the number of multinational companies has increased from 24,000 in 1990 to 53,000 in 1997. The foreign investment of Swedish companies increases rapidly during the globalization period. Most of them have a possibility to build up the subsidiary abroad, even purchase the whole or a part of companies outside country. Whilst the Swedish foreign investments overseas are plus, the proportion of employee in the Swedish associated companies has grown at the same time during the last decades. Nowadays, it become more than 600,000 employees according to a text in “The company’s internationalization process” (Företagets internationaliserings process). If we look at the development from 1965, we

6 Lundgren, Nils (red.), *De internationella koncernerna och samhällsekonomin: en antologi*, Rabén & Sjögren, Stockholm, 1975, pp.43
7 Ibid., pp.43
8 Ibid., pp.44
9 Ibid., pp.44
10 Ibid., pp.44
would discover that the Swedish multinational companies had staffs more than 65 per cent in Sweden, while about 30 per cent are in other countries. Then, in the middle of 1990s, the number was in reverse. There was approximately 40 per cent of employee that worked in Sweden, and about 60% abroad since the productions have moved overseas. An employment within Research and Development also grows up from 9 to 25 per cent outside the country. At the same time, the Swedish export continues changing; from a higher standard product to be more complex technical products and services. The rapid shift of Swedish export is according to comparative advantage within high-technology production and intensive-knowledge service. That’s the main reason why Sweden has become a leading country in the world’s economy. It means, meanwhile, that the Swedish economy is dependent on export and international trading.

During the globalization period, while the effects of international commerce in Western Europe (including Sweden) become stronger and stronger, the explosive growth of economies in Asia is also powerful for the global incomes. Frank B. Tipton commented in his book ‘‘The Rise of Asia’’ that five of ten largest holders of foreign exchange in the world today are Asian nations, and such trend shows no sign of slowing. This is very possibly that the most important change is taking place. For some, Asian growth appears an impending apocalypse, and for others, the Asian growth becomes an approaching millennium. He also explained that for all countries in the modern world, therefore, industrialization has required a process of technology transfer. Asia today, there is no one deny that it become a great economic giant which lead by Japan, South Korea, China and South East Asian Nations.

Thailand was, then, one of the most interesting countries in economic development. After World War II, the Thai government began promoting economic development as the national policy. At that time, state enterprises were sold to private investors, and established economic organizations such as Bureau of Budget, Office of the National Economics and Social Development Board and Board of Investment in order to stimulate economic activities. Thailand increased opportunity for foreign investment, reduced import-duty, pushed down the labor cost that made Thailand to magnetize investment capital from other countries. In the 1960s, when the world confronted the recession, Thailand had to adapt economic policy through the investments in manufacturing companies. Export industry became successful in the 1970s, especially under Prime Minister Prem Tinsulanonda who created a good relationship with private sector. And the most important phenomena were that the strength Japanese currency caused products from Japan became more costly. Thus, the Japanese government realized a necessary to re-localize the manufacturing industry abroad in order to decrease production costs. Thailand was one of the destinations for Japan because of its labor cost, nice investing environment and good relationship between Thailand and Japan since the World War II.

12 Frank B. Tipton wrote ‘‘The Rise of Asia’’, a book that presents the Asian economics, society and politics. He is Associated Professor at the Department of Economic History, University of Sydney.
During the 1980s, Thailand got benefits from investments from Japan, USA and other industrial countries. A number of entrepreneurs from new businesses like real estates, telecommunication, and financial institute were increasing, that made economy of Thailand become conspicuous among other countries in Asia. Thailand was then called as ‘‘The Fifth Tiger of Asia. Thailand, according to Swedish Embassy in Bangkok, is Sweden’s largest trade partner in South East Asia. Major Swedish export sectors are telecommunication equipment, power generation and transmission equipment, vehicles and parts, packaging, steel and forestry products. Swedish multinational companies such as Ericsson, Volvo, Electrolux, ABB and Tetra Pak dominate Swedish exports. Some Swedish companies have invested in production facilities in Thailand. A few examples are ABB, Mölnlycke Health Care, Electrolux, Eka Chemicals, Perstorp and Volvo.13 Import from Thailand to Sweden, however, is larger, almost double the size, and especially within engineering products and food.14 The economic relation between Sweden and Thailand seems to be positive, from the governmental level to individuals. According to a local newspaper in Thailand, Sweden would like to increase the investment in Thailand, especially environmental technology. Furthermore, Electrolux, one of the largest home appliances, plans to build a refrigerator factory in Thailand, which makes trade and investment between two countries be more efficient.

1.2 The Critical Effects of Globalization

There are two main critical effects of globalization which have been discussed for long time; one is economical effect, another is sociological effect.

For the economic effects, the author would like to start with economic structure in industrial countries. According to Michael J. Piore and Charles F. Sable who wrote ‘‘The Second Industrial Divide’’, the high interest rates, the world recession and the debt crisis during the 1970s causes the industrial world to be into a deep, prolonged economic crises. The developing world had to follow and refinanced in order to maintain its economy. The most significant development during postwar period was the saturation of consumer-goods markets in the industrial countries. By the late 1960s, domestic consumption of the goods had reached its limits, especially in United States in where there was one car for every two residents in 1979.15 Ninety nine per cent of American households had television sets in 1970, compared with 47 per cent in 1953. Similarly, more than 99 per cent of households had

---

refrigerators, radios, and electric iron, and more than 90 per cent had washing machines, toaster, and vacuum cleaners.¹⁶

This saturation became more difficult to increase domestic economies of mass production. In order to reach a successful development of mass production, these industrialized economies had to compete in other markets, included the developing world. Piore and Sable presented the statistics about export of the main industrial countries that the American exports increased to 12.9 per cent of GNP in 1980 from 4.9 per cent in 1950. At the same time, Japanese exports increased to 15 per cent in 1980 from 11 per cent in 1955, while Germany increased its exports to 28.5 per cent in 1980 from 11 per cent in 1950.¹⁷ The main export markets for such consumer goods were in developing countries. As the income of the developing countries rose, they would have increased the market for mass-consumption goods. Thus it could solve the problem of saturation of industrial countries. Instead of limiting themselves to the exports of low-skilled-labor products, many developing countries trained labor, imported technology, created financial and marketing institutions, and revised the tax and tariff regulations. That encouraged the growth of domestic industry.

When the industrial development in the developing world occurred in 1970s, most of industrialized countries lost their jobs. In UK, the manufacturing works decreased to 19 per cent in 1992, compared with 35 per cent in 1970.¹⁸ Other countries like Japan and Italy, the proportion of manufacturing has declined relatively little. Many multinational companies have exported jobs from developed countries to the developing ones through foreign investment by the support of its governments. This seemed to be a negative consequence for the developed countries. Most of people today are working in service. According to the Economist, early of 1900 America and Britain already had more jobs in services than in industry. Even at its peak, early in the 20th century, employment in manufacturing never exceeded one-third of America’s workforce. What is new is the recent absolute decline in factory employment. Although manufacturing has long been shrinking as a proportion of America’s expanding workforce, the number of industrial jobs stayed more or less the same between 1970 and the late 1990s. Since then, however, manufacturing employment has fallen in every year.¹⁹

Another globalization effect is the sociological change, especially the cultural one. The culture matters for globalization in an aspect of the whole process of complex connectivity. There is a discussion about cultural matter in globalization. Water stated that the cultural is the nature of symbolic exchanges means which is less limited by place than material or political exchanges. According to Water, he argued, material exchanges are the root in localized markets, factories, offices and shops because of the practical necessity or the cost

¹⁷ Ibid., pp. 185
advantage of physical proximity in the production and exchange of good and services. Cultural symbol can be created anytime and anywhere, not many factors that constrain production and reproduction. Hence, the culture is, by Water’s thought, more globalizing on the mobility of products. The obvious examples are the impact of multinational corporations, the international division of labor, financial and commodity trading, the international agreement.

A cultural harmonization from native cultures and local cultures is also important in order to keep a long-term relation between mother country and host country of enterprise. Kavoosi mentioned that globalization process has contributed to an easier and improved cooperation toward forming a common organizational culture namely crossvergence, which is developed by the fusion of different cultures and ideologies. For example, within multinational enterprises, it’s natural that the culture of the parent companies influences a new establishment located abroad. At the same time, the presence of trade partners influences the functioning of the firm. The relationship between the headquarters and their subsidiaries is not free from conflict. One major issue of conflict is outlined as the control of the subsidiary. The concept of control is not merely the detection of the vacancies between the performance and preset standards. Control is related not only to what goes on within the organization, but also to what the organization does in its external relations.

The internationalization of company is not a simple process. It means that the companies need to make a survey in an unknown and unavailable area; market knowledge where there are the specialties of the customers, suppliers and the competitors. Some studies presented that the companies meet obstacles on the way, and it’s significantly difficult to resolve at the same time. The interactions among individuals from diverse national and organizational cultures are also one of the main contributors to the process of crossvergence. Kavoosi continued his explanation in his book that the cultural differences between the team members still are an obstacle, which strongly affects the perceptions, judgments and inter-personal relationships within intercultural groups, complicating working toward reaching the goals. It’s very important to understand the effect of such obstacles in group interactions, which are mainly the product of unconscious minds.

It's not only cultural perspective that includes in the cultural harmonization, it should be also laws, norms, customs and social practices that make the multinational companies live longer in outlying countries. However, the companies encounter specific problems in the developing countries due to the special environment, for example governments in developing countries are comparatively more involved in the planning of economy and it’s regarded as the prominent actor influencing market behavior. This involvement is considered a strong

22 Ibid., pp. IX
23 Ibid., pp. IX
environmental factor in these countries. The developing countries differ in size economic structures and mixture of capitalism and socialism, so the governments relate to the enterprises according to these factors. The interventions of the host government are not uniform and vary from country to country. The policies of governments are becoming increasingly directed towards controlling and monitoring the performance of the multinational companies and to integrate their activities into the country’s objectives. The fact of being a multinational company in developing countries is often sufficient grounds for attracting host government intervention. To cope with the policies of the host government the companies can choose to be either aggressive or defensive.

The policies of the government in the developing countries in respect to foreign investment are not comparable to the policies issued by the industrialized ones. The policies of developing countries encourage foreign investment, and at the same time encompass very strict regulations in order to direct the activities of the international companies in accordance with the priorities of the country. The subsidiary, by being in the center of action and also being active in responding to such unfamiliar environment from headquarters, is in the position to decide effectively. The headquarters policy to standardize procedure in order to gain efficiency can be an encumbrance for the subsidiary’s decisions. The normal procedures of companies do not pay any attention to cultural differences and concentrate mainly on the financial analysis. Therefore, the failure of company investments in developing countries can be associated with their disregard of this important factor.

2. Problem formulation

In the globalization period, the world is focusing on economic competition and cooperation. The traditional industrial countries from Western Europe and USA introduce new marketing strategies in order to expand the activities and find possibility in the new markets, while new industrializing countries in Asia, Africa and Latin America attempt to increase their capabilities in the world market. Thus, every country needs to be dependent on each other for economic prosperity.

The cooperation between Sweden, an industrial country, and Thailand, a developing country, is one of other examples. Once, the relationship between these two countries seems to be long-term since Swedish international companies transfer all knowledge from management level to their personnel. It’s a sustainable development for the country. Sweden and Thailand are not only trading partners, we are the cultural partners as well. Every year there are a lot of tourists from Sweden come to Thailand, experience Thai culture, or even settle their lives there while there are a lot of Thai people that come to live in Sweden. We

---

25 Ibid.,pp. X
believe that our cultural backgrounds cause that we become harmonized and more satisfied if compare with other cultures in the west. This leads to questions as below.

1. What are motives that Swedish companies are interested in trading with Thailand, or even come to establish production activities in Thailand during the globalization?
2. How does the cultural harmonization between Thai and Swedes in the companies look like?
3. How do Swedish companies help to develop economy in Thailand?

The results of the study are completed by three empirical methods which are qualitative interviewing with different persons in different organizations, case studies of some Swedish companies, and secondary data analysis. Incidentally, the methods and results will be presented latter in Chapter 7, respectively Chapter 8.

3. Objectives of Study

The global workplace: an economic relation and cultural harmonization during the globalization is a study about the economic transformation in the world during the globalization period. Many countries have to adapt themselves in order to remain in the world market. That brings us to be dependent on each other in order to exchange the advantage. This study includes a few of theoretical descriptions that affect an economic change. And in order to maintain a good economic relation, the multinational companies have to adapt themselves in the local culture.

Truly, the topic about a global workplace is very huge. But the author would like to highlight the economic relation and cultural harmonization. The author has studied a case of Swedish international companies in Thailand and compare with the other trading partners. So, the main objectives of this study are to understand the economic transformation that persuades the industrial companies in developed countries to enhance their business strategies in the world of globalization. Besides economic perspectives, this study aims, strongly, to understand the cultural differences and the process of cultural harmonization between multinational companies and host countries.
4. **Background**

4.1 The Economic Development in Sweden

Under 45 years from the beginning of 1930 to 1975, the growth in the world economy reached the high achievement which it had never done before. Productions of the industrial countries grew over 4 per cent per year on average. It was the period of enormous growth and a culmination in industrial development, which meant that the production and the consumption in different countries had increased within a short time.

The high economic growth and the moderate inflation, in general, required the offer of production work and capital. The expansion of industries and service sectors attracted the labor from many places. After world war, the countryside got a higher rate of development and occupation within agriculture was automatically decreased. The relocation to those densely build-up areas increased not only within the countries, but it also expanded internationally to other countries.

Sweden, during 1930-1980, met also one of countries with the highest economic growth in the world. It concentrated mostly in the heavy and workshop industries; mine and steel industries grew in a high rate with enormous investments and became more important for the shipbuilding and car factories. At the same time, pulp and paper industries were developed increasingly under a higher demand, as well as the electronic industry- high voltage technology, household appliances and telephones had a strong expansion across the board.\(^{26}\) From the middle of 1930s, the industrial companies were enlarged. The employees within factories and offices have increased, especially in the chemical and machine-workshop industrials. They had a growth over 7 per cent per annum. The workshop industrials weighted more heavily than the chemical ones. Electronic equipment, machines, vessels, automobiles, office machines, radio and refrigerators were expanded most obviously. The chemical industries had less significant, but had a fast growing in production. Lennart Schön explained in his book ‘‘*A Modern Swedish Economic History*’’ (*En Modern Svensk Ekonomisk Historia*) that the first petroleum refinery was started in Nynäshamn, within the color industrials they produced quick-drying cellulose lacquers, within the detergent industrials they increased the production of soda-based washing powder, and within the rubber manufactures the volume of tire also redoubled. On the other hand, heavy base-industry such mine, iron, steel and paper industrials had a respectable growth, as well as building-oriented soil and stone industrials. For the consumed products such food industry, textile industries and cladding industries had a lower growth but still around 3-4 per cent.\(^{27}\)

---


During the Great Depression in 1930s, Swedish export was hit relatively by economic decline. So, Sweden introduced meaningful strategic products into markets. Germany became the most expansive market-place for Sweden. The German empire has duplicated its share of Swedish export during the decade, from 10 per cent to 20 per cent of export value. That was the exclusive result of the German demand in Swedish iron ore, which was to develop the German renovation of military power and infrastructures. And in 1939, more than 50 per cent of the iron ore in Sweden exported to Germany. Not only Germany that was the most important trading partner with Sweden, Great Britain and the Scandinavian countries also supported Swedish export. That brought economic development in Sweden grew up strongly.

With the liberalization of the world trade and the growth in the industrial countries during 1950s, the Swedish export developed rapidly until the beginning of 1970s. The export volume heightened about four times. Swedish economy became more dependent of the world than before. And the international specialization became the most significant forces behind the rapid growth of economy. During Second World War, many of Swedish industrial companies were expanded to be great international working companies. By the way, at the beginning of 1950s, the Swedish export was embossed by domestic raw materials, wood and iron. The commodities and semi-manufactures such timber, sawing wood, pulp, iron ore and steel, as well as paper and elementary-processing metal articles were, together, approximately two third of the export.

At the beginning of 1960s, the expansive investments within Swedish industries were culminated. After that, the international competition became increasingly felt. The dilated industrialization and the revolutionary progress within transport and informational system began to be effective. The need of huge rationalizations in order to low the costs appeared also in the growth industries. A big scale with concentration of both ownership and factory operation became a means of competition. Spread of innovations in many large development blocks culminated, however, in 1960s. The employment within industries reached also the highest level both in absolute and relative terms. In the middle of 1970s, the industrial sector had achieved the highest productivity among many sectors when measuring out of the value added per employment at the current prices. About the investment and development’s pulley at that time, the strong developing productivities within the production of materials was dependent mostly on capital equipment in the production department. Thus, the capital investments reached the historic record highs.

The development of iron and steel industries as well as metal works increased during 1955-1965, that brought the growth in Sweden up to 8 per cent per annum. The volume of steel works was expanded, and new process was introduced. It happened the same with

29 Ibid., pp. 335
30 Ibid., pp. 421
mining industries as well. At that time, the manufacture of automobiles got breakthrough. The production was more than fivefold in Sweden of Volvo and SAAB, the leading companies after the world war. Particularly, Volvo business germinated progressively and became Sweden’s greatest company in 1970 together with ASEA based on number of employees. The other huge automobile industry was SAAB (Svenska Aeroplan AB). SAAB was established in 1937 with the purpose to build a domestic aircraft industry. After the war, however, the production of automobiles started up at the factory in Trollhättan and became SAAB’s primary operation then.

During 1960s, electronic revolution also occurred within lighter industries. The international integration and the increasing specialization, with the further requirements on precision and standard, prepared the market for multi-function working machines in the Swedish workshop. For material management, industrial robots were introduced into the industrial as well, along with the Information Technology branch on a leading position. From the innovation of IT and Robot, it supported to the expansion of the electronic equipment for household. And Electrolux belonged to that expanding area. Nevertheless, the economic race during late 1960s changed the development character. The competition increased, while the profitability within economic market went down. At the same time, the accelerated reformation aimed to public sector instead of private companies. Then, in 1970s, the world structural crises came to hit the stability which Sweden has had in 20 years.

4.2 The Transformation during 1980s -1990s

The development during the ergot ten-year period, which followed by devaluation in year 1982, meant a new investment cycle with large structural and institutional changes both in Sweden and in the world. That period was, however, a great debated and criticized segment of Swedish economic development. The devaluation policy has been the subject for a high reflection. Particularly, the devaluation in 1982 was partly so strong, partly built prelude to an expansive development in 1980s. The devaluation has been commented in order to slow the transformation through the protection against the foreign competition and at the same time increase the profitability for existed companies. Those would thereby have prevented and obstructed a necessary structural adjustment.

Furthermore, the aftercare for the devaluation became poorly with an over expansive economic policy. That supported to a quite high demand on work craft, together with low flexibility in labor market and led to countervailing salary increases, which embedded new cost crises. Together with deregulation of credit market and the pretty-late implemented tax reform, the inflation climate was created, which hid systematic fault and contributed to speculation and leveraged consumption. In that surrounding, the investments thronged during

32 Ibid., pp. 495
the transformation aside by political favoritism activities, which created rather strong competition in both capital market and labor market. The consequence of those shortages in expansion was revealed during 1990s. That crisis was viewed as the result of blunders within economic policy and banking in 1980s.

4.3 The Change of Trade and Industry

The fast development of new accretion direction in the beginning of 1990s came as the criticism which was heightened by a pretty tenuous Swedish structural transformation. The point of view about Sweden has slid and transformation has been tenuous during 1980s were expressed inter alia with background in theory of product life cycle. Swedish industry was considered in a pretty high grade that to be concentrated on products that went through their most expansive stage and the standardization of manufactures has reached high there. Nevertheless, the proportion of high-technology products decreased. At the same time, the average growth would even worse.

During the last ten years of 1900 century, the Swedish companies and economy accelerated to internationalization in the explosive speed. The Swedish development was a part of international trend against globalization with an increasing flow of uppermost information, capital and products over the national borders. But there were two reasons that the changeover in Sweden was more significantly than other western countries. The first one was that the regulation of capital market has been driven relatively long in Sweden. Consequence was that many in financial sectors lacked of experience of a free market, which made the changeover be more furious during 1980s. Another reason was that Sweden had relatively many large and fortunately industrial companies within any function that became less national-based and more transnational. However, there were many great barriers for companies to internationalize in Sweden. So, in 1980s, the uncertainty about the Swedish posture to EU and a lot of large companies wished to provide positions in the European market, which caused further the internationalization of entrepreneurship. We could realize that Swedish companies step in a new stadium of integration the in the world economy during 1980 decade. A lot of large-sized companies had been found during the second industrial revolution at the end of 1800 century and already led a certain international expansion before the First World War. The transformations during world war, new strategic positions have been created which added the foundation for a significant expansion in the global market after the Second World War. Companies such as Alfa-Laval, ASEA, LM Ericsson, Sandvik, SKF, AGA, Swedish Match, Electrolux and Atlas Copco were then international in the view that they managed their production outside Sweden. In 1980s, the international dimension of companies entered deeply. The cooperation increased, more companies went internationally, especially the financial and information services.

The result of the internationalization of Swedish trade and industry was that Swedish foreign investments grew up dramatically during 1980s. After World War to the beginning of
1980s, Swedish direct investments abroad were quite stable at one level with 0.5-1.0 percent of GDP. After 1985, the Swedish investment activities in other countries, however, stepped up increasingly and reached over 5 percent of GDP in 1990. Because Swedish economy during that period was considerable worse to attract foreign investment, it supported the capital flow naturally to increase the pressure on the relative-high Swedish currency in the beginning of 1990s. Partly, an aborted Swedish investment contributed to deepen the Swedish crises and the depreciation of Swedish crown. Through the crises and depreciation of Swedish currency, the enterprises and properties in Sweden became, however, cheaper in the international market and during 1990s, the capital inflow increased in Sweden instead of. Swedish financier optimistic attempted to extend their ownership abroad which led, therefore, to a higher-number foreign ownership in Sweden. That was a part of internationalization.

4.4 The Economic Transformation in Thailand

Since the 1960s, the economic liberalism – which led by USA – has spread out around the world. Thailand has got an effect and attempted to operate properly. Hence, the Thai government introduced ‘‘The Economic and Social Development Plan’’, while USA provided an economic assistance in order to enhance the completion ability to Thailand. As the result, the national economy of Thailand has demonstrated the economic capacity during that period. Furthermore, Thailand had the ability to expand and maintain price stability with a growth rate of over 7 per cent annually. In agriculture, the rate of almost 5 per cent was sustained. The agricultural base has been enlarged and diversified with more striking achievement in agricultural industry, where the growth rate yearly was over 10 per cent. The growth of economy was accompanied by significant structural changes after the addition of the non-agricultural sectors, including manufacturing, construction, trade and services, into the Gross Domestic Product (GDP),

Since 1974, Thai economy has been hit by a recession as similar as many other countries. This economic recession can be attributable to changes in the global economy starting with international monetary crisis, which includes the successive devaluations of the US dollar, the sharp rise in world prices of foods and raw materials coupled with the oil crisis which resulted in worldwide stagflation. Latter, in 1975, Thailand went to a period of political and social transition which is started by domination of the political changes in neighbor countries such as Laos, Cambodia, and Vietnam. Domestic political instability, brought on by frequent changes of government and labor during 1975-1976, also contributed to the slackening of economic activities. By that reason, the government introduced the strategies for the acceleration of economic recovery in the Forth National Economic and Social Development Plan which was valid from 1977 to 1981.

34 Ibid., pp 514
During 1977-1981, the manufacturing sector expanded at the high rate of about 9.3 per cent annually\textsuperscript{36}, its production structure has high import content. Later, since the Plaza Accord in 1985, the economy of Thailand has been involved by the global economy and the investment of the foreign capital has increased swiftly. In accordance to this trend, the Board of Investment (BOI), one of the governmental organizations which aimed to promote investment into Thailand, reinforced their spatial policy in 1987. The government accepted export-oriented economy and set up so-called free trade areas in the country. The BOI classified 76 provinces of Thailand into three categories of tax incentives. Zone 1 composed by Bangkok Metropolis and five adjoining provinces called Vicinity has least tax incentives aspiring to adjust the excessive concentration to Bangkok. Zone 2 consists of 12 provinces surrounding the Zone 1 except for Phuket Province famous for tourism located in the Southern Region. The rest of 58 provinces are labeled as Zone 3 where maximum tax incentives are provided. This BOI spatial policy has influenced the decision-making of enterprises for their location of investment to a certain extent and therefore recent studies concerning Bangkok and other large metropolises in ASEAN region tend to focus considerably on the urban growth and the location of foreign direct investments stimulated by spatial policy of each government.

4.5 The investments from Sweden

According Board of Investment (BOI) report in May 2011, international organizations ranks Thailand as one of the best countries for business. Rating surveys show that investors are interested in Thailand because of its strategic location as a gateway to the fast-growing Asia market, efficient infrastructure including world-class industrial estates, strong government support business such as incentives offered by BOI, and vigorous economy. The country’s friendly people, sophisticated education and good health care are also significant for investors to make the decision to establish their companies in Thailand. Sweden is one of those countries that have had a strong economic relationship with Thailand. The relations are relative comprehensive and cover a wide goods index. The economic decline in 1997, which enforced a transaction with IMF about a credit 17.2 US dollar, caused a more serious business climate for most of the foreign exporters and investors. Nevertheless, the Swedish export to Thailand grew up again in year 2006 with 2.8 billion, 11 per cent
higher from year 2005. The greatest export products are telecommunication and machine equipment, paper, pulp and vehicles. About the Swedish investment, it has appeared obviously since 1980s. The companies such as ABB, Electrolux, Eka Chemicals, Swedish match, Autoliv, Munters, Scania, Perstorp and Volvo have laid huge investments during that period. At the same time, Mölnlycke Health Care expanded their producing local in year 1998, doubled the capacity in year 2002, since then a factory in Mexico was moved to Thailand. According to the Swedish Embassy in Bangkok, there are about 10 Swedish manufacturing companies here in Thailand, approximately 50 subsidiaries/representative offices, and many private companies which came to invest in Thailand during these 30 years.

Figure 3: the number of Swedish investment from 1980 to 2010

Source: Board of Investment, May 2011

4.6 Differences of Cultures between Thailand and Sweden

When the companies make the establishment in foreign country, they should have local knowledge like culture, regulation and business climate in order to be successful in their business activities.

As everyone knows, Thailand is a ‘‘Land of Smile’’ which locates in the tropical zone surrounded by natural beauty. Thai people are hospitable and opened-mind. The main
concepts and values in Thai culture, according to Communicaid, are Family, Hospitality, and Indirect Communication.\textsuperscript{37} \textit{Family} is very important and has a great value in Thai society. Thai families are close and might stay together in one house, with the oldest male being the head of the household. The power structure of the family is mirrored in the organizational environment. \textit{Hospitality} is the essence of Thai nature. It appears obviously in both social and professional contexts. Thai people always welcome all guests to their house and offer good services to them. That is highly valued and given with a sense of modesty. The last one is \textit{Indirect Communication}. Being subtle and indirect is a valued characteristic in Thai culture. In communication, a considerable part of the information lies in the underlying messages or in the non-verbal cues. Not to lose face, Thai people avoid direct confrontations and criticism, if given at all, is delivered indirectly.\textsuperscript{38}

According to research of Communicaid, they state about Thai business manners that Thai business mirrors the society since the hierarchy and respect for seniors are very significant in the organization. And women have less power in the business world, especially in the managerial level. Nevertheless, this business manner has been changed. More women hold a professional management, but some inequality is still found generally in the society for example women are not totally accepted to work in man-majored job like engineer, bus driver and militarly services. Communicaid comment that in the business world Thai people are not confident to make decision. They need very intensive consult before their determination. Thus, it might take long time to sign contract with Thai companies.

Thai regulations might be sometimes a barrier for investors from other countries. The most popular comment is about land proprietorship. In Thailand, foreigners have right to occupy land not more than 49 per cent. On the other hand, they have right to occupy 100 per cent in real estates. By the way, this is a national policy to maintain the land for Thai people.

For the Swedish culture, the main cultural concepts and values concern on Security, Equality and Environmental friendliness. In Sweden, \textit{Security} is the first priority in their lives from birth until the last minute of life, and realized into a system of ‘‘Welfare Society’’. This value is embedded in Swedish law as well as in the mentality of Swedish managers. More about the security of life, Sweden is a nation of concern for safety. Swedish drivers must keep their highlights all the times, for example, and Sweden is mandated to use seat belt generally. \textit{Equality} is promoted highly in the Swedish society. There is not large differential gap between man and woman, child and adult, young and old, employee and employer. Everyone has the same rights. They can even exchange their opinion without conflicts. It’s the important value that applied in every Swedish organization. Finally, \textit{Environmental friendliness} is a highlight value in Sweden. Swedes are serious about conserving, reusing, preserving and recycling. Every single Swede feels it’s their obligation to Planet Earth to be conscientious of the environment. Swedish companies also follow the environmental policy obviously. The products that manufactured in any factory are based on environmental

\textsuperscript{38} Ibid.
concern. The Swedish producers have a good will to reduce the emission as much as possible. This leads to a main organizational responsibility.

It seems Thailand and Sweden have cultural differences. But this difference goes on a positive way. According to information from Thai-Swedish Chamber of Commerce, around 350,000-400,000 swedes travel to Thailand every year because of its culture and natural destination. At the same time, a number of Thai people that come to live in Sweden increased every year. The people relationship between Thailand and Sweden leads to a good cooperation from business level, governmental level until Royal Family level, from the past to the future.

5. Literature review

Indeed, there has been not even one study about Swedish investment in Thailand, but only records. By the way, there are similar writings about capital flows from which affect social economy and cultural diversity. One is ‘The International Concerns and Social Economy’ (De internationella koncernerna och samhällsekonomin). This book was edited by Nils Lundgren and published in 1975. Some information in statistics is not up-to-date, but the theories and comments from this book are still usable at the present period. In this case, the author would present some points which found in this book.

John H. Dunning wrote an article about the capital flows during 19th century. He stated that there were many reasons for the international concerns to invest the capital in other countries. One reason was the world was divided to be the capital- exported countries and the capital imported countries, whose needs and possibilities on the idealistic means completed each other; a rapid-increasing demand in credit from a group of states with the initial of industrial development was balanced by an expansion of saving capital in the industrial countries, that could be defined as foreign investments. Another reason could be found as good as during that time of development which had no barrier for the production movements and were encouraged by the borrowing and lending countries. The third was there were few problems of currency exchange and no difficulty about transference because of pegging currency to gold. At the same time, the institutional devices for international investment were better enhanced and equipped. The fourth should be the capital flows that took place parallel with a least-liked conspicuous population movement and a catchy

---

40 John Harry Dunning, (June 26, 1927 – January 29, 2009) was a British economist. He researched the economics of international direct investment and the multinational enterprise from the 1950s until his death. In the 1980s, he published the eclectic paradigm or OLI-Model/Framework as further development on the theory of internalization.
41 Lundgren, Nils (red.), De internationella koncernerna och samhällsekonomin: en antologi, Rabén & Sjögren, Stockholm, 1975, pp. 194
42 Ibid., pp. 194
expansion of trading between borrowing and lending countries. While the population movement stimulated further the foreign investments, the expansion of trading facilitated the international interest payments and repayments.\textsuperscript{43} The last one was a term with outstanding politic stability, together with a revolutionary development in ocean-traffic area.\textsuperscript{44}

Dunning also stated that more than one third of net capital flows from the capital-exported countries in the later years have been made up by private long-term investments. The proportion of gross capital exports stepped up to approximately three-fifths. At least, three-fourths of that private net export and more than four-fifths of the gross credit export were direct investments. The European companies have now become dependent on foreign markets for their accretion and prosperity in an inestimable extent. We always compared with the company size from the United States in order to realize that the activities of international companies from other countries are meaningful for their economy or not. Dunning continued explanation that the European companies have to seek a market outside their nations in order to promote the growth of international enterprises in the modern economic relationship. And that have to be accelerated by the changing international demand and supply conditions; in the demand side, everything have been more and more international and standardized because incomes has risen and communications were enhanced. In the supply side, the development of capital intensive technology and the increasing budgets for research and development have reinforced the company’s need to expand their markets. Partly, those needs are fulfilled by export, but increasingly, the circumstances have supported the establishment of local production unit which substitutes for export. In addition to the transportation costs, custom barriers, the formation of regional economic organization, the significance of adjustment to local market and services after sales and many more have appeared in that trend. The investments of company variegate naturally to the model according to the local situation and the policy of parent company. A part of instance presents that wholly own companies are desirable, while another part recommends to be as shared ownership with a local company.

In the chapter 8 of the book, the author Paul Streen stated that the foreign investments were sources which fulfill the domestic account. At the same time, the investments contributed to assist the poor countries out of unemployment and the poverty because the multinational companies were able to create new workplaces and increase the employment. Moreover, the multinational companies support even technological knowledge to developing countries because of their poor explication. The multinational companies might transfer, sometimes, either foreign unsuitable technology or adapt the technology and new innovations in order to create a more suitable technology. The entrepreneurship is more than a knowledge which can be taught and learned. The firms could contribute the emergence of local business man through contract with subcontracts, the repair shop, component producers and many more. A significant contribution, which often cited, is capability of the

\begin{footnotesize}
\textsuperscript{43} Lundgren, Nils, “Kapitalrörelser under nittonhundratalet”, \textit{De internationella koncernerna och samhällsekonomi: en antologi}. Rabén&Sjögren: Stockholm, 1975, pp. 22

\textsuperscript{44} Ibid., pp. 22
\end{footnotesize}
multinational companies to create contacts with foreign banks, market channels, suppliers and other institutions which otherwise will be unknown among the domestic companies.

The second book that relates my study is ‘‘The Second of Industrial Divide: Possibilities for Prosperity’’ by Michael J. Piore and Charles F. Sabel. This book present about the rise of American mass production since the end of World War II. The main concept of mass production is to offer those industries in which it was developed and applied enormous gain in productivities. Progress along this technological trajectory brought higher profits, higher wages, lower consumer prices, and a whole range new product. American ways of using technology, organizing corporations, deploying labor, and controlling macroeconomic fluctuations defined the standards of industrial efficiency. Industrializing countries ranging from France, Germany, and Italy in the west, to Russia and Japan, in the east emulated the United States. Most of countries were attracted by American technology and the rising standard of living that American model offered. The mass production model of shop-floor control was introduced and became an influence in firm’s corporation in other countries. The predominant American system of shop-floor control consolidated in the mass-production industries in 1950s. It depends on two central concepts: a job is a defined aggregate of well-specified tasks; and seniority is a standard in allocation of jobs. Worker’s income, employment security and degree of degree of autonomy, all of those depend on the definition of their jobs and on seniority. Therefore, the struggle for control on shop floor is a struggle over task classifications and allocated rules.

In France, the country went furthest the U.S. system. It was a paradox because in the nineteenth century France had seemed the most committed to the opposite production principles. But after World War II, the emergence of a dominant mass-production sector in France depended on an alliance between the state and large firms, which were imitating the American models. The system of shop-floor control, were the result of a specific corporation among French management traditions with the syndicalist and socialist politics of a movement of labor who was weak at the plant level. France, unlike USA, the shop-floor control was introduced into industry by the engineer and administrator, Henri Fayol, in the early decades of twentieth century. Fayol was not concerned with finding the one best way to organize the flow of production among stupid and habit-ridden workers. Fayol’s system of control was instead based on theories, which rooted in long history of the French republic service, of how to organize an administrative apparatus.

During nineteenth century, Germany was primarily a supplier of customized capital goods to world markets. The need of machine-tool industry keeps alive the practice of craft organization in a national economy dominated by mass-production, so Germany’s role in the international division of the labor has depended on and reinforced the dominance of the craft paradigm within the nation’s industry as a whole. The craft system of production in Germany

---

46 Ibid., pp.111
was associated with a pattern of shop-floor control and a labor movement that encourages and challenged this system. On the other hand, welfare capitalism which is similar to the American form grew up with the first large German firms. However, in Germany, the early industrial magnates modeled themselves with the combination of feudal baron and modern welfare-state bureaucrat. The reason might be that German’s predisposition to take care of their employees could make it easier for them to recognize how the provision of housing and insurance served economic interests.

In the eastern country like Japan, Japanese corporate form recalls the federation of specialized firms in France; the Japanese system of labor control resemble the American system of the 1920s and the plant communities in Germany; and the Japanese stimulation of domestic demand is similar to American Keynesian. But Japan is unique in history: the nation’s place in the world order, the timing of its economic development, its cultural ideas, and its vicissitudes of war that fused characteristics shared by other nations into a distinct Japanese economic character. In any case, the Japanese had created an industrial structure flexible enough to move rapidly from the mass production of one high-quality good to another. Such mass production was due to a production and labor-control system which built largely on craft principles. Thus, this shop-floor theory of mass-production is one of cultural argument in different societies.

A good answer for such argument can find in my third book **“Organization Theory and the Multinational Corporation”**. John Van Maanen mentioned that the firms which do business in different countries under different conditions throughout the world must enter into relations with people such as customers, employees, and suppliers from distinct national cultures. This multinational character creates varying degrees of cultural complexity, confusion, and conflicts when group who do not share the same underlying codes of meaning. These troubles may remain over time and lead to a good deal of distrust, disorder, hostility, and unraveling of corporate or local agendas.

A case study of Disneyland, Disneyland originally opened in America, July 1955. It has been a remarkable economic success and become something of national institution. The symbolic attractions at Disneyland which help illustrate cultural experience to its American customers are the presentation of “it’s a small world”: the cuteness and adorableness in the park is particularly clear in this attraction. Disneyland is made up of thousands of hyper-cultural statements such as friendliness, optimism, the civilization of the frontier, the ultimate victory of good over evil, the beauty and power of America, the importance of efficiency, cleanliness, the importance of staying in line, the triumph of modern technologies, and so on. What is celebrated at Disneyland and what is being taught come under patriotism, cultural superiority, and the trivialization of differences across the globe. America shines and spreads its light on the world.

In Tokyo, Disneyland’s international operation in Asia claims to be a near-perfect copy of Disneyland production. There are some recognized modifications about the
management. In term of organizational control, the Oriental Land Company, a Japanese development and property management firm took full control shortly after the park was built and now provides Walt Disney Enterprises with 10 percent cut of Tokyo’s Disneyland profits from admissions, food, and merchandise sales. A small American management team is displayed in Japan as advisors and consultants to keep the park in tune with Disney doctrine. Moreover, the firm hires a handful of non-Japanese employees, mainly Americans, as a case members strategically scattered throughout the park. This is the cultural flow from the West to the East.

By the way, there is still the difference between original Disneyland and Tokyo Disneyland even they have similar organizational control. Main Street USA, for example, has become the World Bazaar in Tokyo. The World Bazaar is quite simply an enormous, modern, up-scale shopping mall where many of products of the five continents are brought together in a postmodern Disney collage. Tokyo Disneyland serves as something of a shrine in Japan to Japan, an emblem of self-validating beliefs in the cultural values and superiority of the Japanese. It maintains self-and-other contrasts consistent with Japanese cultural rules. Only Japanese employees wear name tags in the park while the foreign employees do not.

Nevertheless, in the cracks, Tokyo Disneyland offers some intriguing lessons in culture flow beyond the mere fact of its existence. First, the representation of ‘the best in America’ in Japan breaks some new ground, and contributes to what is called postmodernism, by combining cultural elements in new ways and allowing customers and workers to develop the logic of their relationships. Second, such cultural flows are ongoing matters. Mickey Mouse has been hanging around Japan for a long time. Many of the distinctly Japanese characteristics of the park were absent when the gates were thrown back. Third, the people become more aware of their own culture and increase their awareness of the other culture. People are active in relation to culture; they receive it, transmit it and express it. They also create it, and a new meaning may emerge as cultures interpenetrate one another. The family entertainment, safe thrills, and urban leisure will never be the same in Japan since Tokyo Disneyland has opened.

Cultural influence moves strongly along the track of massification; mass media, mass production, mass marketing, and mass consumerism. While the world is certainly shrinking as communication and transportation technologies grow increasingly and trade barrier are reduced, we are close to intelligibility or homogeneity. The cultural diversity has been, of course, decreased. Disneyland is one of good examples to present the cultural change both in organization and societies. The question is how we can manage the flow of culture properly in order to maintain the institutional structures.
6. **Theoretical Framework**

6.1 The Theory of Global Capitalism

William I. Robinson stated that the capitalist world-economy that began in 1500 century was absorbing in the process of new global systems; establishing market and production networks that brought people around the world into a single worldwide structure. Then, in 1900 century, there was the capitalist world system, a true global enterprise. The key structure of the capitalist world system, according to Robinson, is the division of the world into three great regions. The first one is the traditional powers and developed centers from Western Europe, North America, and Japan. The second is the regions from old colony which include Latin America, Africa, Asia, the Middle East and Eastern Europe. The last one is the semi-periphery, comprised of those states and regions that were previously in the core and are moving down in this hierarchy, or those that were previously in the periphery and are moving up. The global capitalism is an emphasis on the long-term and large-scale nature of processes that have caused in globalization, and it is the main factor of global economic structures. Robinson has developed a related theory of global capitalism in three planks; transnational production, transnational capitalists and a transnational state. The power shift has happened with the transition of the world economy. It is a like among countries through trade and finances in an integrated international market. The new transnational stage of the world capitalism involves in production process which breaks down and functionally integrates into new global circuits. Globalization creates new forms of transnational class relations across borders, and then these new forms of class spread globally, within countries, regions, cities and local communities in quite different ways from the old national class structures.

INTERNATIONAL WORK DIVISION

The debate about the possibilities for developing countries to rapid economic growth and development were released in the book The Stage of Economic Growth of Walt Whitman Rostow, an American economist, which the point is that a majority of those developing countries had never experienced any industrial revolution. At the same time, during 1970s, dependency theory was dominated by Andre Gunder Frank, Celso Furtado and Samir Amin. In that theory, it was argued that any industrial development was possible for developing countries as long as they were grouped in an international division of labor, which dominated by the rich western countries. ‘The third world’ became a synthesis concept for those

48 Ibid.
dependent countries, whose industrial revolution held back because of the industrial countries’ insatiable profit requests.

Since then, it has had a rapid economic development in many of those ‘developing countries’ and some of them have already taken the step into the industrialized world. Its growth-rate has been preciously high-higher than what it ever was in the Western Europe during the industrial revolution’s period in 1800s. Between 1970 and 1981, the countries as South Korea, Taiwan, Malaysia and Thailand had an annual growth approximately 10-15 per cent, while Brazil and Mexico had a growth 8.7 and 7.1 per cent respectively.\footnote{Magnusson, Lars, Den tredje industriella revolutionen - och den svenska arbetsmarknaden, [Ny utg.], ePan, Stockholm, 2004, pp. 37} Many of those NIC-countries (New Industrialized Countries) in Asia and Latin America have, in relative terms, a greater industrial sector than the most-developed economies in Europe and North America. The fast industrial development out of the previous dominant countries has above all created conditions for labor division among the nations. As many critics have forecasted, the effect of such speedy industrial development in the countries outside the West would lay behind industrial decline and unemployment in a part of the World. Nevertheless, the ‘old’ industrial countries still own the principle part of the industrial production, even if the proportion in developing countries has increased. Of the fifteen greatest industrial countries – measured in production– there were still ten that held in the rich old World (Western Europe, North America, and Japan) in 1994. The list has been replaced by countries as South Korea, Brazil, Argentina, China, and Taiwan.\footnote{Ibid., pp. 38}

The fluctuation in this case has been gigantic. Year 1953, the previous industrial countries owned 95 per cent of the World’s industrial production, but year 1994, their shares have fallen to 80 per cent.\footnote{Ibid., pp. 38} Though the advancement of industrial products has increased highly, an international labor division has been sliced to be more delicate; a part of simple-product within consume industry (textiles and food), and some parts of heavy industry – such as manufactures of steel, metal, vessel, component and so on – have reduced in the West. Instead, a number of new industrial countries have got a heavier scale of production, even simple mass-production of components. On the other side, the production in agricultural sector in those developing countries has declined, and it causes inequality within the countries.

\subsection*{6.2 The Competitiveness Advantages of Nations}

This theory of competitiveness is developed by Michael E. Porter, and introduced in his book ‘‘The Competitive Advantages of Nations’’ from 1990. The concept is fundamentally both from theory of localization and the idea of trading. The Porter’s theory, which proceeds from the nation and the elemental performance, is that the relationship in its own nation, home-based, is of critical significance for company’s capacity to create and maintain international competitive allocation. Porter realizes that a nation’s competitiveness

\begin{thebibliography}{99}
\footnotesize
\bibitem{Magnusson} Magnusson, Lars, Den tredje industriella revolutionen - och den svenska arbetsmarknaden, [Ny utg.], ePan, Stockholm, 2004, pp. 37
\bibitem{Ibid} Ibid., pp. 38
\bibitem{Ibid2} Ibid., pp. 38
\end{thebibliography}
depends on a capacity of its industry to innovate and upgrade. Company gains advantage against the world’s best competitors because of pressure of challenge. They benefit from having strong domestic rivals, home-based suppliers and demanding customers. According to Porter’s point of view, in the world of increasingly global competitions, nations have become more important. As the basis of competition has shifted more and more to the creation and assimilation of knowledge, the role of nation has grown. Competitive advantage is created and sustained through a highly localized process.

The means that industrial companies do also makes the basic conditions to the understanding of home-based role in that process. Porter states that origin of competitiveness much varies between or even within different branches. The nation’s influence on company’s competitiveness has to, therefore, be isolated through study tightly strategy of industrial segment. There is overall for the whole industry available to national source for the competitiveness, such as labor market or possibility to scale production. Porter continues that the globalization of industrial companies doesn’t exclude the importance of home country for competitiveness. However, the character is changed. The home-based is the platform for the global strategy, where benefits descendent from the nation combined with the benefits which extract through the company’s international- integrate position.

Company overcomes and keeps international competitiveness through innovation, improvement and upgrading within market, products and production process. The competitiveness grows up through both from great breakthroughs and accumulation of many small steps. The process often leads to a successive movement to a more sophisticated industrial segment. Therefore, new process has to be promoted. A country’s competitiveness benefit for industrials should be discovered in that capability to stimulate such an innovation and improvement process. Company that reaches competitiveness benefits doesn’t do just to comprehend new market or technological potential, but to exploit rapidly and aggressively.

The diamond model of Michael E. Porter for the Competitive Advantage of Nations offers a model that can help understand the competitive position of a nation in global competition. In the traditional economic theory, the factors for competitive advantage for regions and countries were land, location, natural resource, labor and local population size. But Porter argues later that sustained industrial growth has hardly ever been built on those mentioned basic inherited factors. Abundance of such factors may actually undermine competitive advantage. Thus, he introduced a concept of “clusters” or groups of interconnected firms, suppliers, related industries, and institutions that arise in particular locations.

As a rule, Competitive Advantage of Nations has been the outcome of four interlinked advanced factors and activities in and between companies in these clusters. These can be influenced in a pro-active way by government.
(1) FACTOR CONDITIONS

Each nation possesses what economists have termed factors of production. Factors of production are nothing more than the input necessary to compete in any industry, such as labor, arable land, natural resources, capital, and infrastructure. Porter states that while the terminology may be awkward to some, it is so deeply embedded in the language of economics, and so vital to the theory of trade. The standard theory of trade rests on factors of production. According to the theory, nations are endowed with different stocks of factors. The nations will export those goods which make intensive use of the factors with which it is relatively well endowed. Porter has presented an example in USA has been a substantial exporter of agricultural goods, reflecting in part its unusual abundance of large tracts of arable land.

Porter continues that a nation’s endowment of factors clearly plays a role in the competitive advantage of a nation’s firm while a rapid growth of manufacturing countries with low-cost labor such as Hong Kong, Taiwan, and more recently, Thailand is confirmed. The most important factors to competitive advantage in industries, especially the most vital industries to productivity growth in developed countries, are not inherited but are created within a nation. Thus, the stock of factors at any particular time is less important than the rate at which they are created, upgraded, and made more specialized to particular industries. The mix of factors, known as factors proportion, employed differs widely among industries. A nation’s firms gain competitive advantage if they possess low-cost or uniquely-highly factors of the particular types that are significant to competition in a particular industry.

A final point that Porter introduces is that human resource, knowledge and capital factors can be mobile among nation. Skilled people move among nations, as scientific and technical knowledge. This mobility has been enhanced by greater international communication and easier movement. Factor availability in a nation is not an advantage if the factors leave.

(2) DEMAND CONDITIONS

According to Porter, the second broad of national competitive advantage in an industry is home demand conditions for industry’s product and service. While home demand can confer static efficiencies, its important influence is dynamic. It shapes the rate and characters of improvement and innovation by nation’s firms. Porter emphasizes that three broad attributes of home demand are significant: the composition (or nature of buyer needs) of home demand, the size and pattern of growth of home demand, and the mechanism by which a nation’s domestic preference are transmitted to foreign markets. The quality of home demand is more important than the quantity of home demand in determining competitive advantage.

54 Ibid., pp. 74
55 Ibid., pp. 86
Porter comments that the composition of home demand is at a root of national advantage, while the size and pattern of growth of home demand can amplify this advantage by affecting investment behavior, timing and motivation. But there is a way in which home demand conditions contribute, through mechanisms by which a nation’s domestic demand internationalizes and pull a nation’s products and services abroad.

*Mobile or Multinational Local Buyers* is significant as well. If the nation’s buyers for a product or service are mobile or multinational companies, an advantage is created for the nation’s firms because the domestic buyers are also the foreign buyers. Porter cites that mobile customers, who travel extensively to other nations, provide a base of often loyal customers in foreign markets. More important in many ways is that their existence highlights the opportunity of establishing overseas presence to a nation’s firms and may well provide the conviction to pursue such a presence by lowering the perceived risk. A similar set of arguments applies where home buyers are multinational, with subsidiaries or operations in many other nations. Multinationals frequently prefer to deal with suppliers of products and services based in their home nations, particularly in the early years of operating abroad but often long after their international position is established. These preferences stem from ease of communications, a desire to reduce a risk, and the efficiencies of employing consistent inputs everywhere. Buyer’s preference from home grown suppliers provides and early impetus for suppliers to move abroad and a base of foreign demand.  

*Influence on Foreign Needs* is another way that can pull through foreign sales when domestic needs and desires get transmitted to or in foreign buyers. One obvious way is when foreigners come to a nation for training. They are taught approaches and values reflecting local conditions, and have a tendency to carry them back home.  

(3) RELATED AND SUPPORTING INDUSTRIES

The third broad determinant of advantage in an industry is the presence in the nation of supplier industries that are internationally competitive. Porter indicates that the presence of internationally competitive supplier industries in a nation creates advantages in downstream industries in several ways. The first is via efficient, early, rapid, and sometimes preferential access to the most cost-effective inputs. Porter argues that mere access or availability of machinery and inputs is not the most significant benefit of having a home-based supplier industry that is international successful. In global competition, components, machinery, and other inputs are available on global markets, and availability is much less important than how effectively inputs are utilized. More significant than access to machinery or inputs is the advantages that home-based suppliers provide in terms of ongoing coordination.
Establishing a linkage need to be facilitated by having the essential activities and senior management of suppliers nearby. According Porter, foreign suppliers are rarely a complete substitute even if they have local subsidiaries.

**Competitive Advantage in Supplier Industries**

The most important benefit of home-based suppliers, maybe, is in the process of innovation and upgrading. Competitive advantage emerges from close working relationships between world-class suppliers and the industry. Suppliers help firms perceive new methods and opportunities to apply new technology. Firms gain quick access to information, to new ideas and insights, and to supplier innovations. They have an opportunity to influence suppliers’ technical efforts as well as serve as test sites for development work. The exchange of R&D and the problem solving lead to faster and more efficient solutions.

**Competitive Advantage in Related Industries**

According Porter’s research the presence in nation of competitive industries that are related often leads to new competitive industries. Related industries are those in which firms can coordinate or share activities in the value chain when competing, or those involved products that are complementary. Sharing of activities can occur in technology development, manufacturing, distribution, marketing, or service. The presence of an internationally successful related industry in a nation provides opportunities for information flow and technical interchange, much like the case with home-based suppliers. Proximity and cultural similarity make such interchange easier than is the case with foreign firms.

Domestic companies in related industries often share activities and sometimes forge formal alliances. Porter comments that international success in one industry can also pull through demand for complementary products and services. Complementary products or services provided by firms based in the same nation may be more cost effective. National success in an industry is likely if the nation have competitive advantage in a number of related industries. The most significant are those important innovations in the industry or those that provide the opportunity to share critical activities.

(4) **FIRM STRATEGY, STRUCTURE, AND RIVALRY**

The fourth broad determinant of national competitive advantage in an industry is the context in which firms are created, organized and managed as well as the nature of native rivalry. The goal, strategies and ways of organizing firms in industries vary widely among nations. Porter indicates in his research that national advantage can result from a good match between these choices and the sources of competitive advantage in a particular industry. He

---

61 Ibid., pp.105
62 Ibid., pp.108
also present that the pattern of rivalry at home also has a profound role to play in the process of innovation and the ultimate prospects for international success.

The way which firms are managed and choose to compete is affected by national circumstances. While no nation exhibits uniformity across all firms, the national context creates tendencies that are strong enough to be readily noticeable by any observer. The differences in managerial approach and organizational skills create advantages and disadvantages in competing in difference types of industries, according to Porter. Labor management relationships are particularly significant in many industries because they are so central to the ability of firms to improve and innovate.

Many aspects of a nation influence the way in which firms are organized and managed. Some of those are attitude toward authority, norms of interpersonal interaction, attitude of workers toward management and vice versa, social norms of individualistic or group behavior, and professional standard. These in turn grow out of the educational system, social and religious history, family structures and many other unique national conditions. The willingness and ability of firms to compete globally is partly a function of other determinants such as pressure from domestic market or local rivalry. Language skills and attitudes toward learning new languages are also significant in influencing whether firms adopt a global outlook. Government policy always plays a role as an obstacle for internationalization of domestic firms and the type of industries in which they success.

Porter cites that domestic rivalry stimulates firms become “national champion” when improvement and innovation are recognized as the essential ingredients for competitive advantage in an industry. The rivalry among domestic competitors is different from and usually takes forms far more beneficial to nation than rivalry with foreign firms. In a close economy, monopoly is profitable. On the other hand, in global competition, monopolies or cartels will lost to firms from more competitive environments.

According to Porter, domestic rivalry creates pressure on firms to approve and innovate. Local rivals push each other to lower costs, improve quality and service, and create new products and process. Not only that, the domestic rivalry also stimulates the firms to upgrade the competitive advantage. The presence of domestic rivalry nullifies the types of advantage that come simply from being in the nation such as factor costs, access to or preference in the home market, a local supplier base, and costs of importing that must be borne by foreign firms.

---

64 Ibid., pp.118
65 Ibid., pp.118
6.3 Product Life Cycle Theory

This theory was developed by Raymond Vernon in 1966, and seems to explain the various stages that a product of one firm goes through after it enters the market. The original objective of this theory is to increase the comprehension of the international trading and production by, then, American transnational companies’ operation. In the new product stage, the product is produced and consumed in the US. No export trade occurs. In the maturing product stage, mass-production techniques are developed and foreign demand expands; the US now exports the product to other developed countries. In the standardized product stage, production moves to developing countries, which then export the product to developed countries. The model demonstrates dynamic comparative advantage. The country that has the comparative advantage in the production of the product changes from the innovating country to the developing countries. The life-span will be affected by the product’s properties, competitors and customers’ endurance. The life curve of products is able to provide the signals if it’s suitable to introduce a new product to the market or to take out the old product from the market. Usually, there are four stages in a product's life cycle: Introduction, Growth, Maturity and Decline.  

INTRODUCTION

The curve of Product Life Cycle starts when product is introduced to markets, and when the first customer pays for it. The sales volume develops slowly, and has less competitor. The firms need to lay down a great number of resources in order to advertise its product and necessity to the customers.

GROWTH

After the introduction, most of the customers know the product and its properties. The sales increase totally faster. The company is able to do the forecast for the products they have sold in the market. Many products, during the growth period, are slacken but naturally profitable. Nonetheless, during this period, the first competitor with low-price product appears in the market. It’s normal that the firms introduce different variations of products in order to confront the competitors and to increase the volume. The cost for marketing is still high.
MATURITY

The product is now well-known and sales volume is high. Naturally, this period, the product stays longer than precedent, and firms get more profit. The reason is that firms are able to reduce the cost of marketing. The competition grows further. The firms have to confront a difficult competitive condition with more different products in order to reach another customer group or market.

DECLINE

Sales of product grow at a decreasing rate and then stabilize. At this point the market reaches saturation. Producers attempt to differentiate products and brands are keys to this. Price wars and intense competition occur. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and be used by a greater variety of media.

The growth of market and production

Generally, according to the theory, new products and processes will be developed in the industrial countries where the demand arises; that is in the countries with high income level and high labor cost. As same as the theory above, when the home market grows and production with a huge scale happens, the marketing part becomes less than the starting point. Once the home market is saturated, the firms start looking for new markets outside the countries. And when the demand in such countries increases, it’s very profitable for the firms to produce its product there. Then, the firms make foreign investments. When the markets have been so huge that it’s possible for the firms to manufacture with a competitive price by relocating manufacturing section to that market, and export its product from thence instead of the original country.

Product competition

Lundquist states that the different stages in Product Life Cycle are supposed to be dependent on product and process technology. As the result, products which appear in different stages have big differences in demand on production factors such as technology, capital and work craft. It could be expressed in terms of a gradual shifting from product competition in the introduction stage to a price competition in the decline stage. During the introduction period, the contents of unique technological product, performance and design are more significant properties than prices. The production process is characterized by small-scale and customization of technology, which related to product, which is developed rapidly as the customer demand. Technology and knowledge in product are usually more important than process. The consequence of the increasing Research and Development is that the companies have more demand in resources for example high-educated work craft.

68 Ibid., pp. 40
coordination with Research institutes, special component manufacturer and advance service companies.

*Price competition*

When products appears in markets for one period, the properties and production process cause the change in the need and demand on resources in the production factors. Generally, the change of main point happens from product technology to large-scale process technology because the Product Life Cycle always continues. The technology, at the decline stage, has been standardized completely, product properties are not unique. And the competitiveness of companies depends on the price. The production cost is supposed to be as low as possible. Low-cost work craft becomes more important than education level.

*Localization of manufacture*

According to Reymond Vernon, firms in a developed country don’t differentiate obviously from others companies in other developed countries when it’s about access to scientific knowledge and ability to understand scientific principles. This is because every firm is able to provide all existing knowledge within physic, chemicals, and biology even it’s difficult but it’s not secret.69 Vernon argued if every business man is presumed that they are equally conscious about possibility, the classic comprehension about the dominated role of price will be totally relevant for resource allocation. There are, however, good reasons to believe that business man’s consciousness and accessibility for commercial possibilities are a function of communication standard. And that communication standard is a function of the geographic presence.

The fact, which is looking for knowledge, is a standing component in the decision-making process. And the facility to apply knowledge which could affect the decision are now affirmed through empiric research.70 It means that the producers in a market understand better about possibilities to introduce new products in that market than other producers in other markets. Vernon has raised an example in the American market which offers unique possibilities for ones who are in such situation conscious about those possibilities.

*First of all*, the American market at that time lasts of consumers with higher average income than other national markets. Whenever the new products are manufactured, the chance will be found in American market. *The second*, the American market is characterized by high cost of work craft per unit and relative irregular access to capital if compared with other markets. That is a fact that affects demand on consumption and investing products. Vernon’s hypothesis is that when it comes to consumption product, the high costs of laundry maid deceive the rise of non-iron shirts and washing machine for household. When it comes to industrial products, the high costs of work craft have led to timeous development and

---

69 Lundgren, Nils (red.), *De internationella koncernerna och samhällsekonomin: en antologi*, Rabén & Sjögren, Stockholm, 1975, pp. 112

70 Ibid., pp. 114
usage of conveyor belt, fork lift, and automatic control system. The follow of this phenomenon comes with demand on low-labor-cost products in the world market. Vernon believes that American producers firstly discover possibilities for high-income or labor-saving products, and many large American companies have more possibilities to relocate the manufacturing sector in other countries than before.

Vernon states that if the future producers would like to make localization because of low cost of production, the US will not always lose in general. The costs of international transports and import customs can be high. By this moment, there are a number of empiric works about factors which affect the localization of industry. Many studies attempt to explain localization pattern with conventional theories for the cost minimization through implicit or explicit reference to labor cost and transportation cost. Partly, explicit communication problem and external effects will enforce localization factors. First of all, the product can be unstandardized at a time, inputs, manufacturing process and product’s final design can be vary within widely margin. But when the demand on one product increases, the standardization also enhance in parallel. At the same time, product differentiation is intensified by competitive companies which try to avoid the effect of price competition. For instance, the radio devices got finally specialized to be clock radio, car radio, travel radio and many more.

Such transformation is a consequence for localization. If the demand on product has high income elasticity or if it is a satisfactory substitute for expansive work craft, the demand will grow quite rapidly within short time in the relative developed countries like Western Europe. When the market in that developed country expands, the business men start making a plan to set up a local production unit. And it takes time to do that. When the producers in US would like to locate a new production unit in an import land, they are forced to consider marginal production and transportation cost for products they export from US whether it’s lower than averaged cost in that import market they would like to set up the industry. The difference between the production units in USA and other developed countries depend on the production cost between the size of production areas and labor cost. Vernon comments that if the producer is a multinational company with many production units in other countries, the capital costs between different places do not much segregate. But if large-scale operation is fully taken advantage, it’s believable that the difference between two places depends on labor costs. On the same way, it’s rational for international companies to begin providing their products from new production places for the third countries. If the difference in labor cost is large enough to cover transportation cost, they can even export to USA in return.

71 Lundgren, Nils (red.), *De internationella koncernerna och samhällsekonomi: en antologi*, Rabén & Sjögren, Stockholm, 1975, pp. 116
72 Ibid., pp. 119
73 Ibid., pp. 120
The standardized product and developing countries

According to Vernon, the developing countries can offer competitive advantages when a product is strongly standardized. Whenever we will foretell the export pattern in the developing countries, we cannot disregard the fact that information is expensive and the investors is not prone but rather they, further, pay the costs in order to research foreign markets with unknown dimensions and possibilities. He continues that if we can start from strong-standardized products which is well-identified, easy accessible international market and distribute in a good price, consequently, those kinds of products will not extend acute trouble for developing countries. 

Naturally, the foreign investors who looking for the optimal local, they don’t need to pay much attention about market issue. They have probably a good tactic about marketing in their organizations; they are just looking for low production cost. Thus, a cheaper work craft can be the number one to attract the investor to developing areas. Vernon assumes that the manufacturing process which builds from significant contribution from that local economy like educated work craft, menders, reliable energy operators, spare part, raw material with exact quality standards become poorer in the developing countries than those who don’t set up the requirements. The industry which produces a standardized product has the easiest condition to avoid problem through production on the basis of a vertical integrated self-sufficiency. According to Vernon’s hypothesis, the future export product from developing countries is presumably relative determined and economic characteristic one. Their production use demand a large labor inputs, otherwise there is no reason to expect low production cost in the developing countries. Moreover, such those standardized products don’t require production in advanced manufacturing environment.

Summarily, the establishment of subsidiaries in other countries can be motive of similar reasons. The companies are searching then country-specific localization advantages which hang with the possibility to low the production and transportation costs. The most of direct investments happen, however, with the need of closeness or the competition within the same industry. When the product in one market in developed countries comes to the decline stage, the firms will start looking for new markets in developing countries and make product to be one standard, easy to access, and cheap to purchase. Thus, this kind of production circle causes the firms in industrial countries still exist in the international market even they confront a severe competition with other emerging economies.

---

74 Lundgren, Nils (red.), *De internationella koncernerna och samhällsekonomin: en antologi*, Rabén & Sjögren, Stockholm, 1975, pp. 124
7. **Methods**

This study is completely initiative research of social and economic relationship between industrial and developing countries which has Thailand and Sweden as a case study. The main inspiration to study is that the author would like to present how the globalization affects the business activities around the world. We become more dependent on each other; Thailand is partly dependent on Sweden, and Sweden is partly dependent on Thailand. The author believes that this study might be a part to enhance social and economic cooperation between both countries. In order to achieve the intention, the author spends long time to collect and analyze information from every source by three empirical methods which are interview with different persons in different organizations and case studies of some Swedish companies and secondary data analysis. These three methods are inclusive in the qualitative research method which emphasizes on a profound analysis in order to get a qualitative result.
7.1 The Common Concept about Qualitative Method

This study is one of subjects in social sciences which aim to provide general explanation for ‘‘Why?’’ question. So, the author realizes that Qualitative method for social sciences should be a suitable one for this study. A scientific method is a system of explicit rules and procedures upon which research is based and against which claim for knowledge are evaluated.\textsuperscript{75} Nachmias state that the system is neither unchangeable nor infallible. Rather, the rules and procedures are constantly being improved. The social scientist looks for new means of observation, analysis, logical inference and generalization. As these are developed and found to be congruent with the underlying assumptions of scientific approach.

Field research is one of the methods that are able to apply to this study because it’s defined as the study of people acting in the natural courses of their daily lives. The field worker ventures into the worlds of others in order to learn firsthand about how to live, how they talk and behave, and what captivates and distresses them.\textsuperscript{76} A field work is characterized by its location and by the manner in which it is conducted. Moreover, a field research is also the way of emphasizing with the understanding the subjective meanings of the people or culture being studied.

7.2 Data collection

Due to this study is a qualitative research which aims to comprehend about economic relationship and cultural harmonization, the effective ways to analyze data is to use a qualitative interviewing, case study and second data analysis.

7.2.1 Qualitative interviewing is a face-to-face, interpersonal role situation in which an interviewer asks respondents questions designed to elicit answers pertinent to the research hypotheses.\textsuperscript{77} The interview, according to Chava and David, which approaches and get closer to the sources is The Nondirective Interview since it’s the most flexible form of personal interviewing. Here the researcher does not employ a schedule to ask a prespecified set of questions, nor are the questions asked in a specified order. The interviewer can clarify the questions and probe for additional information with a little or no direction. In this case, the respondents are encouraged to relate their experiences to describe whatever events seem significant to them, to provide their own definitions of their situations, and to reveal their opinions and attitudes as they see fit. The interviewer has a great deal of freedom to probe various areas and to raise specific queries during the course of the interview.

Clive Seale mentions in his book ‘‘Researching Society and Culture’’ that qualitative interviewing is particularly useful as a research method for accessing individuals’ attitudes and values. Open-ended and flexible questions are likely to get a more considered

\textsuperscript{76} Ibid., pp. 281
\textsuperscript{77} Ibid., pp. 232
response than closed questions and provide better access to interviewees’ views, interpretation of events, understandings, experiences and opinions. Therefore, according to Seale, this approach tends to be used by those who come from ontological positions which values people’s knowledge, values and experiences as meaningful and worthy of exploration. What an interview produces is a particular representation or account of an individual’s views and opinions. Seale agrees with Chava and David that an advantage of using qualitative interviewing as a research method is its flexibility in allowing research topics to be approached in a variety of ways. Issues that might be of a sensitive nature can be approached with sensitivity to open up dialogue and produce fuller account. However, Seale comments that the most compelling advantage of qualitative interviewing is, probably, that it is able to achieve a level of depth and complexity which is not available to other approaches. The non-standardized interview enables the researcher to become attuned to subtle differences in people’s positions and to respond accordingly. Thus, due to the advantages from a number of references, the author decides to use qualitative interviewing in order to collect in-depth data with flexible questions.

Theme of the interview: The interview questions are generally about the situation of Swedish companies in Thailand. This includes the reasons which stimulate Swedish companies to localize subsidiaries in Thailand for instant: “How does Sweden, as an export-dependent country, prepare themselves for this kind of economic transformation in order to be successful in the world market? The government promotes trading policy TO DOUBLE THE EXPORT. How does your organization help to realize that policy? Why does Swedish company prefer to set up a subsidiary in Thailand? What are the difficulties and weakness that you meet? Are there any special case? and What do you think about Sweden in the future?” This kind of questions is supposed to ask Swedish Trade Council, Thai-Swedish Chamber of Commerce and Swedish Embassy in Bangkok.

7.2.2 Case study is the most central strategy for this study associated with the interview method since there is no study about economic relationship between Thailand and Sweden. Basically, according to Chava and David, a case study is an in depth study of a particular situation rather than a sweeping statistical survey. It is a method used to narrow down a very broad field of research into one easily researchable topic. In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study. Case studies, in their true essence, explore and case study as a research method to investigate contemporary real-life phenomenon through detailed contextual analysis of a limited number of events or conditions, and their relationships. By unique it is meant that only a very small geographical area or number of subjects of interest is examined in detail.

Similarly, Yin defines a case study for his purposes as an empirical inquiry that investigates a contemporary phenomenon within its real-life context. This is especially

---

79 Ibid., pp. 182
when the boundaries between phenomenon and context are not clearly evident, and that
difficulty of distinguishing between phenomenon and context means that the technical
definitions needs to include that there will be many more variables of interest than data point,
which means that multiple data sources will be required. The use of case study is that it has
often been cast in the role of at best preliminary to the main research, according to Outhwaite
and Turner. They continue that the merely preliminary role has commonly been suggested by
the authors who treat those as low-level contribution to the real, hypothesis-testing research,
and use this to dismiss the utility of case studies. The hypothesis-testing research cannot
start without some sense of what realities are that need to be accounted for, and this is best
created from general knowledge which come from personal experience.

The author decides to use case-study method together with qualitative interviewing
since this study is the first initiative research for social and economic relationship between
Thailand and Sweden. It requires specific information from many experienced person in
different organizations. Then, the author will relate that information to the theories.

Theme of case study: Most of data for this study is from the interview with different
companies. For case study about Swedish companies in Thailand, the theme of questions
would be different from personal interview. The data which collected is more specific in
order to understand the current situation. This includes questions about the internal
management, market situations, difficulty to do business in Thailand, cultural difference and
harmonization for example ‘‘How long has the company run the business in Thailand? How
is the market situation in your company? What is the difficulty to compete in the domestic
market? How does the internal management look like; any conflict in the organization?’’

7.2.3 Selection of Interviewee: For the Personal Interview Method, the author
chooses to interview person who is on duty at Thai or Swedish authorities for example Board
of Investment, Swedish Trade Council, Swedish Embassy in Bangkok, and Thai-Swedish
Chamber of Commerce in order to gain the information about investment situation in
Thailand and governmental policy that impacts multinational companies in Thailand. Those
persons could share their experiences from the situation they have met.

For case study, the respondents are selected by random contact. The author has
contacted a lot of Swedish companies in Thailand by sending e-mail to them, and made a call
after that. Some companies have a good feedback. Finally, the author chooses three Swedish
companies like Munters, Thai-Swedish Assembly Co., Ltd (AB Volvo) and Electrolux. Most
of the interviewees are in the management position, both Thai and Swedes. The purpose is to
gain information about the company’s culture in Thai society in order to analysis cultural
harmonization. The author has chosen three of all Swedish industrial companies in Thailand
because this study is a qualitative one, and it should be more efficient than if the author
interviews a lot of companies.

81 Outhwaite, William & Turner, Stephen P. (red.), The SAGE handbook of social science methodology, SAGE,
London, 2007, pp. 103
82 Ibid., pp. 112
LIST OF INTERVIEWEES

Undisclosed interviewees

- Company: Munters (Thailand) Co., Ltd
  Interviewee’s Position: Financial Controller
  Date of interview: Thursday 17th March 2011
- Company: Thai Swedish Assembly Co Ltd. (AB Volvo)
  Interviewee’s Position: Managing Director
  Date of interview: Friday 25th March 2011
- Company: Thai Swedish Assembly Co Ltd. (AB Volvo)
  Interviewee’s Position: Chief Financial Officer
  Date of interview: Friday 25th March 2011
- Company: Thai Swedish Assembly Co Ltd. (AB Volvo)
  Position: Human Resources Manager
  Date of interview: Friday 25th March 2011
- Company: Electrolux Thailand Co., Ltd
  Position: Human Resources Manager
  Date of interview: Friday 22nd April 2011
- Organization: Embassy of Sweden
  Position: Commercial Officer
  Date of interview: Wednesday 27th April 2011

Anonym interviewees

- Dr. Kriengsak Chareonwongsak
  Position: Thai scholar and politician
  Date of interview: Friday 18th March 2011
- Name: Mr. John Svengren
  Position: Former Executive Director of Thai-Swedish Chamber of commerce
  Date of interview: Thursday 7th April 2011
- Name: Mr. Fredrik Junestrand
  Position: Trade Commissioner, Swedish Trade Council
  Date of interview: Tuesday 11th December 2012

Most of the interviewees, especially in the companies don’t prefer showing their name in this study since they feel uncomfortable during an interview if a consequence appears when this study releases. On the other hand, the interviewees from different organizations are pleased to write his or her name here since they believe that the information they give is valuable and they can contribute more information if there is someone interested in it. Nevertheless, the author has more comment about interviews and writes it under the head “Source criticism”

Implementation of interview: About the interview plan, the author has to make an interview schedule about two months before going to Thailand. It takes long time to contact the companies and organization. The author begins from sending an e-mail to everyone that
would like to interview, but not many companies reply back. The companies and organizations should be in the same or near area in order to avoid the unexpected costs.

In the interview process, the author uses a dictating machine to record the conversation between the author and the respondents. The conversation time per person is around 25-60 minutes. This depends on how much each respondent can contribute his or her knowledge or experiences to the author. Other reason could be that the respondent doesn’t have much time to discuss and most of information can be found on the webpages. After the interviews, the author will write all the records in a notebook as the references.

7.2.3 **Secondary data analysis** is one of other method that author uses for this study since it has a rich intellectual tradition in the social sciences. There are two reasons that the author use **Secondary data analysis**. Firstly, it’s the conceptual-substantive reason. From a conceptual-substantive point of view, **Secondary data** is the only data available for the study of certain research problems. Social and political historians must rely almost exclusively on secondary data. With the aid of such secondary sources, we can better understand the historical context; by analyzing data collected in different times on similar issues, we also describe and explain change. Another reason is an economic reason. Primary research is costly undertaking. A survey of a national sample of 1,500-2,000 individuals can cost 200,000 USD. This is a prohibitive sum for university professors, independent researchers, and students. It’s considerably cheaper to use existing data rather than to collect new data.

**The Searching for secondary data:** The secondary data analysis, the author has found literatures mostly in the public library of Stockholm County. A disadvantage of this public library is that it doesn’t have some book that support the study such as *Organization Theory and the Multinational Corporation, The competitive advantage of nations: with a new introduction, The international concerns and social economy* and *The second industrial divide: possibilities for prosperity*. In this case, the author has to purchase those mentioned books in order to finish this study. About other fact documents, mostly, are from the governmental organizations, for example Swedish Embassy in Thailand, Office of the National Economic and Social Development Board, and Thai Board of investments.

**The Length of Thesis:** The study about economic relationship and cultural harmonization during globalization is included in economic-history topic which requires a very comprehensive study from different sources. The theoretical and empirical parts should be clarified as much as possible in order to present a comprehension on the study. This thesis contains totally 70 pages which is not too long if compare with other theses in the same subject.

Generally, the length of master thesis is approximately 15,000 to 20,000 words or 30 to 40 pages according to the Swedish standard. But in other countries, the length of master thesis within social sciences can be approximately 80 to 100 pages. Thus, I believe that it

---

84 Ibid., pp. 307
should be valuable to orientate the Swedish standard to others in order to comprehend the contexts of economic relationship and cultural harmonization.

7.2.4 Data processing and Analysis: The data is processed and analyzed by “Thematic coding” which is a multi-stage procedure. This procedure is developed by Uwe Flick against the background of Strauss. According to Flick, the research issue is the social distribution of perspectives on a phenomenon or a process. The underlying assumption is that in different social words or groups, differing view can be found. In order to assess this assumption and to develop the theory, Flick has modified the procedure in order to increase the comparability of the empirical material.

The first step addresses the cases involved, which are interpreted in a series of case studies. At this step, the author will describe each case. But firstly, the author will provide the statement which is typical for the interview. A short description about the person will be mentioned. Finally, the central topic mentioned by interviewees will be summarized. The coding paradigm is a starting point to following key questions.

- **Condition**: Why? What has led to the situation? Background? Course?
- **Interaction among the actors**: Who acted? What happened?
- **Strategies and tactics**: Which ways of handling situation; avoid or adapt?
- **Consequences**: What changed? Consequences, results?

The developed thematic procedure of Flick can compare cases and correspondences. Thus, the author is able to analyze the situation under study.

7.3 Source criticism

The interview: This study is required a number of interviews from different official organization such as Board of Investment, Swedish Embassy in Bangkok, and Thai-Swedish Chamber of Commerce. The information from those respondents is quite compact. The respondents sometimes seem apprehensive to contribute the information because of organization’s rules; for example, at Swedish Embassy in Bangkok have a rule that only the ambassador can give a recording interview. The author, as an interviewer, interviews with an economic officer but is not allowed to record any conversation. That officer informed that “I don’t like you to record the conversation, and it’s also the organizational policy. You can write it on your paper about information I give.” That causes quite a great problem to analyze the study. At the same time, when the author interviews a former Executive Director of Thai-Swedish Chamber of commerce, he cannot give much negative comments about Thai politics that influence the foreign investments neither. That means it might be a problem for him if the author write his personal opinion in this thesis. About Board of Investment, the author also confronts a difficulty since the respondent doesn’t have enough time to give an interview. The author is forced to finish the interview as soon as possible and recommended to find information from internet instead of.

---

To interview the management in the multinational companies is more flexible than official organizations such as Swedish Embassy in Bangkok since they are open to contribute knowledge to the author. But, at the same time, the information from those companies still lack of various views. Indeed, the author aims to interview both Swedish and Thai officers that work in such multinational companies. Yet, in some companies like Munters and Electrolux, the author has an opportunity to interview only Thai officers because of the loss of communication inside the companies. So, it can be realized that the study might be one-side point of views.

Secondary data analysis is a major source that the author uses for this study. The most important is that some data is not up-to-date; for example, a book named ‘The international concerns and social economy’ was published in 1975. Hence, some information cannot be used nowadays. The same as ‘The competitive advantage of nations’ which published in 1996, the statistic information is not up-to-date. In this case, the author has to find out new information again. And it takes time.

Not only literatures that the author faces a problem, but also the national statistics. Because of long business relationship between Sweden and Thailand since 1970s, it takes long time to get information at Board of Investment of Thailand. Some numbers disappear from the record. It is a great problem to manage a figure of Swedish investment in Thailand. Thus, the author resolves a problem by estimating a rational number to make a figure.

8. Results

8.1 The Swedish Trade and Investment Today

Sweden has a long history about an export-dependent country since 1800 century. Trading with other countries is the largest of national income to enhance social welfare system. Globalization creates new possibilities for Swedish companies and individuals to grow over border in new emerging countries. According Statistic Sweden, both export and import tend to follow cyclical in economic situation which presented in graph below.

As the picture present, during the economic crisis which began in 2008 the fall of Swedish export and import were obvious. About the trading partners, Germany is Sweden’s largest trading partner; Sweden exports most of products there, and imports most of the products from there as well. It corresponds to 10 per cent respectively 18 per cent in 2011. Norway is in second place in terms of both exports from Sweden, 9 per cent and imports to Sweden, 8 percent. The entire 42 per cent of exports to Norway were engineering goods while imports consisted mainly of energy products and food.

In order to increase the possibility of export, Sweden pays more attention to developing markets in the Newly Industrialized Countries (NICs) like Asia, Latin America and Africa. To promote the Swedish economic interest and image of Sweden is the main task...
for the whole foreign management. Trade, Investment and Sweden promotion hold intimately with the governmental work for better game rules in EU market and more free trade globally.

Image of Sweden is represented by export from more than 100 Swedish companies. Consequently, the Swedish economy depends on the companies’ success. To broaden the export base, both to encourage more businesses to export and export to more markets is
essential for Sweden. The government has approved a large credit in order to stimulate organizations and Swedish companies to realize its projects in order to create competitive conditions to prosperity. The Export Credit Board (EKN) is one of organization that responsible for the promotion of Swedish exports by the guarantee to protect against the risk of loss in exports and investments abroad. Moreover, EKN unifies the goal about under-writing for the Swedish export industry on favorable terms with the constraint that operations must be self-supporting in the long run. AB Swedish Export Credit (SEK), is one of the financial organization for export. The operations of SEK are primarily designed to provide medium and long-export financing. The company will primarily promote the development of Swedish industry and the Swedish export industry, even engaging Swedish and international financing activities on a commercial basis.

Swedish Trade Council (Exportrådet) is one of the governmental organizations which owned by state and Swedish Trade and Industry (Svenskt Näringsliv). The main mission of this organization is to increase Swedish export by giving assistance to Swedish companies, from small to large, out to international market. The success of companies in foreign markets is based on effective process that Swedish Trade Council could offer; from researching possibilities to developing the company affairs abroad. (See the figure 9)

Every year, Swedish Trade Council helps approximately 2,000 Swedish companies from every industrial area to establish and to expand in the international markets. However, the largest market for Swedish companies is still in European countries.

8.2 The Factor of Establishment in Thailand

The Swedish government has a policy “To double the export”. Thus, the foreign-related organizations in Sweden, especially Ministry of Foreign Affairs and Swedish Trade Council, are the first vanguard to realize the national policy. A possible activity is to expand the markets in the emerging countries, including Thailand, since the European markets now stop growing because of the economic crisis, according to an interview with Mr. Fredrik Junestrand, Vice President at Swedish Trade Council in Stockholm. Mr. Junestrand continues that even Thailand is far away and have cultural and language difference, the business in Thailand is growing. So, the Swedish companies need to learn how to grow there.
It’s very difficult to do business in Thailand; far away, different culture, different language, there are also trade barriers. But it’s growing. So, we have to learn. It will take time. It doesn’t happen overnight.

Mr. Fredrik Junestrand, Vice President at Swedish Trade Council in Stockholm
11 December 2012

At the same time, Sweden has a good relationship with Thailand. A lot of Swedes travel there every year, and Thailand is the second biggest travel destination for Swedish people. He indicates that from the point of travel destination makes Swedes interested on Thai people, and there are a lot of opportunities to do the business in Thailand.

Mr. Fredrik Junestrand, Vice President at Swedish Trade Council in Stockholm
11 December 2012

By the interview with Mr. Junestrand, it is corresponding with Mr. John Svengren, former Executive Director of Thai-Swedish Chamber of commerce. He comments that one of the best for the foreign investor is that Thailand named as a friendly and rich culture. Thai people have gained a well-deserved reputation throughout the world for its gracious hospitality. The friendliness of Thai people and the diverse nature of Thai culture make visitors feel safe and comfortable as home in Thailand. And it is a good chance to start the business there.

Mr. John Svengren, former Executive Director of Thai-Swedish Chamber of commerce
07 April 2011

Mr. Svengren mentions that the Swedes enjoy a strategic location since Thailand is connected to other Asian countries – home to what is today the largest growing economic market. The country also offers convenient trade with China, India and the countries of the Association of Southeast Asian Nations (ASEAN), and easy access into the Greater Mekong sub-region, where newly emerging markets offer great business potential. Moreover,
Thailand is a ‘Hub of ASEAN’ which was one of the founding members of ASEAN and has been instrumental in the formation and development of the ASEAN Free Trade Area (AFTA). AFTA entered into force on 1 January 2010 for the six original ASEAN (ASEAN-6) members (Thailand, Singapore, Malaysia, Indonesia, Philippines, and Brunei), thereby reducing import duties to zero; the so-called CLMV countries (Cambodia, Laos, Myanmar and Vietnam) will follow suit in 2015. Thailand has forged close economic cooperation with other ASEAN member nations, and Thai manufactured products and services have access to their markets, which includes all 10 ASEAN countries. ASEAN is home to more than half a billion people, GDP in excess of US$1.5 trillion and total trade of well more than US$1 trillion per year.

[...] Thai link in the integration with ASEAN. It’s going to have an impact for sure. And China is a part of that. So, I believe that company can maybe look at Thailand, come here, and use Thailand as a hub; set up production here; and use it as a base for trade and export to the ASEAN for example [...] 

*Mr. John Svengren, former Executive Director of Thai-Swedish Chamber of commerce*
*07 April 2011*

Education and healthcare services is a good advantage for the investors to locate their business activities here since the education standards in Thailand are accepted by many international examining bodies, and a great number of international schools and colleges offer world-class education, while its universities are outstanding. Moreover, the compulsory and vocational educations keep increasing during the 50 years under Social and Development Plan. That causes labor have more skill levels. According the interview with Mr. Svengren above, the author can conclude that, most of Swedish people, as well as Swedish companies in Thailand enjoy their social and economic privileges here. In the future, the relationship between these two countries will be improve, especially economic cooperation. And it should be right since Sweden has been successful to expand their sophisticated products in Asia, the greatest market in the world. According to the local news in Thailand, Swedish companies such as Volvo AB and Electrolux have a plan to put more capital in Thailand in order support an increasing consumption in this region.

[...] I think one of really main thing in all of these is education. Thailand is not the cheapest place to produce. And I don’t think people come for that reason. It’s good anyway. Here you come if you want to come to add value to products. And that means you need more skilled people to work for you, whereas IT or camera factory, whatever it is. I think education is crucial. And again, Thai side is very well [...] 

*Mr. John Svengren, former Executive Director of Thai-Swedish Chamber of commerce*
*07 April 2011*
Summarily, according to the interviews, Swedish companies enjoy advantages in Thailand even there are some ruling problems. But they mostly appreciate Thai culture and economic strategy. Moreover, Thai education, workforce, as well as healthcare are reliable for the Swedish companies to make a great investment here.

8.3 Swedish Companies in Thailand and Its Competition

Many Swedish companies decide to establish their subsidiaries in Thailand with a dream to expand their business activities locally and other countries nearby. In this research, I would like to qualitatively analyze three Swedish companies with the current situation, the difficulties and the possibilities in the future, as well as the harmonization within the organization.

Case Study 1: Munters (THAILAND) Co., Ltd.

Munters is a global leader in energy efficient air treatment solutions and restoration services based on expertise in humidity and climate control technologies. Evaporative cooling pad is one of efficient products that been sold in Thailand with a large scale from 2005. Cooling pad is used in systems where high efficiency cooling is required. It can be used for many different cooling purposes but is particularly suitable for many different of livestock buildings and greenhouses when higher air velocity is required. This qualification of product has considered being workable for agricultural industry in Thailand which have a number of closing farms. Thus, year 2000, Munters established a sales office and a production plant in Thailand in order to distribute its product locally and other ASEAN countries.

The growth of Munters in local market, according to Financial Controller in Thailand’s office, 80 per cent of Munters’ production in Thailand was distributed to Thai market in year 2000, and other 20 per cent was sent to the neighbor countries like Vietnam, Myanmar, and Laos. In Thailand, the products are sold at the hand of specific local distributors while there are the sales representatives take the responsibility in neighbor countries. She continued that Munters would not sell to the final customers, and this is a fair business both for local distributors to gain profits and for them that don’t need to lose energy to find the final clients.

[...] Actually, Munters Thailand distributes 80 per cent domestically and 20 per cent to neighbor countries; Vietnam, Myanmar, Laos, Indonesia, Malaysia. By the way, we don’t sell to them directly, but we have a local distributor each market. Even in Thailand, we don’t have our own shop. What we do is to let local distributor sells to end user. […]

Financial Controller at Munters Thailand Co., Ltd. 17 March 2011

Due to cheaper product is an advantage during globalization, many countries are able to offer products with acceptable quality in a good price. China, Thailand and Vietnam have begun manufacturing since 2005 and distributed domestically and export to neighbor
countries. It is clearly that goods from China are approximately 50 per cent cheaper than other competitors in Thailand. That is a big challenge for Munters Group in Thai market since they have more competitors with harder marketing situation. With less revenue, higher cost of production, a good solution of the company is to close the manufacturing plant in 2009, and moved it to China in 2010 in order to survive in the world market. Thus, the company in Thailand has been downed size to be a representative office with, approximately, 19 employees.

The move of producing plant causes a more difficult problem for the company to maintain the local market. This is because the production lead-time, including the delivery to Thailand, takes around 3 months. Most of local customers for Munters have to looking for a new supplier which is able to provide the products within short time, according to financial controller’s interview. She continued that even though the trend of China has hit the growth of Munters Group, the product’s brand name still remains in Thai market because of high-quality. The company has to change the marketing strategy, for example to control costs but that doesn’t mean they will reduce the price of product to be as same as the competitor. Instead, they will improve the product’s ability in order to convince the customers that Munters’ products are different from other companies.

[...] We were getting the order. The customer asked that when they would receive the products, and we answered 3 months. Then, the customer cancelled the order. No one would like to wait for it. That was very difficult for sales representatives... We try to find every way to survive in Thai market. Indeed, it’s disadvantage for the multinational companies, especially from Sweden which have social welfare for all of the employers. That makes the production cost becomes higher. By the way, we will not down grade our product and make it to be cheaper. On the other hand, we would like to develop product capability and convince the customers that why they will choose our stuff. [...] 

Financial Controller at Munters Thailand Co., Ltd. 17 March 2011,

General information in the organization, Munters Thailand have employees now, approximately, 25 persons after the production sector is moved to China; 5 at the warehouse in Rayong; and 19 at the representative office in Bangkok. All of them are local employees, which there is a financial controller as a head of the office. This person, financial controller will take the whole responsibility from the financial issue, employees, administration, and until the problem within the organization. Since Munters is a small organization, it is not complicated for manager to manage the company.

About the cultural issue, previously before delocalization of production plant, Munters had a Swedish Managing Director (MD) that took care of the activities. The relationship between Swedish MD and local employees got on well, no conflict, according to the interview. Then, in 2010, there was a re-organization after delocalization in Thai office. The Swedish MD has moved from Thailand to other country. Chinese MD comes to take
position while he is sitting in China. This kind of remote management from a Chinese Managing doesn’t make a gap between MD and local employee in Thailand. He comes to the office in Thailand quarterly in order to have a meeting and take the responsibility about Thai official issues. And if there is any issue need to discuss when the Managing Director (MD) is not at the office in Thailand, a transnational conference will be occurred. The progress of technology makes the cooperation with the group easier. The relationship among the group is positive even some mistakes happened. But through the negotiation, it causes the internal cooperation goes smoothly, and the cultural differences haven’t been the big issue although the Munters is a Swedish-based company.

![Management Chart in Munters Thailand](image)

Case Study 2: Thai-Swedish Assembly Co., Ltd (AB Volvo)

Thai-Swedish Assembly was, truly, founded in 1976 with a purpose to assembly Volvo cars in different models, trucks and buses. The company, then, was an assembling plant which was owned by Volvo Car Corporation (VCC). When VCC was sold to a Chinese car industry, new owner became to be Volvo Trucks and Buses (AB Volvo) while the company continues assembling the cars. AB Volvo is one of the leading transport vehicles which distributed throughout the world, including Thailand. The main purpose of AB Volvo in Thailand is to get the market share in this region through distribution of commercial
vehicles and aftermarkets in the Philippines and Indochina as well as Thailand. Year 2011, Volvo is planning to make Thailand its regional truck and bus production hub.

According to information from a local newspaper ‘The Bangkok Post’, combines with interview with Managing Directors at AB Volvo, they has delivered 256 trucks year-to-date, up by 60 per cent year-on-year. First-half sales in Asia saw 6,470 trucks delivered, up by 51 per cent year-on-year. Volvo expects to sell 500 trucks in Thailand this year on top of 150 buses from the Swedish manufacturer. Bus chassis are directly supplied by Volvo to the Cherdchai Group, which then builds the bodies in Nakhon Ratchasima province. Volvo delivered 236 trucks locally year 2010. Volvo in Thailand assembles truck tractors and rigid trucks for the local and neighboring markets. About 500 trucks will be shipped to the Philippines and Indochina this year. Overall truck demand in Thailand is sound this year, with competition not much of a worry considering market growth of 13 per cent year-on-year in the first seven months. Industry sales of truck tractors and rigid trucks will exceed 10,000 units this year for the second consecutive year, growth of more than 13 per cent.

The significant advantage of Volvo Trucks and Buses is its Research & Development (R&D). AB Volvo is a vehicle expert that emphasizes in safety and environmental friendliness. Thus, the capital for R&D is respectively high in order to make its products to be more sophisticated than other competitors like Japan. Trucks and Bus from Volvo has reached European Emission Standard while the Japanese has not done. That is a positive marketing strategy for Volvo in the local market. Surely, the price for a truck or bus with Swedish, together with European, standard is approximately two times higher from truck or bus from Japan according to the interview with CFO Manager. Even AB Volvo has less sales volume than other competitors; the company still gains more profit margins to maintain its operation in Thai and ASEAN market.

[...] About technology, the Swedish truck is more advanced than Japanese ones. All of the vehicle from AB Volvo would pass European Emission Standard (EURO V), which is R&D cost. That’s the reason why Swedish truck is more expensive than the Japanese. A good thing of Japanese truck is cheap for domestic market. So, they can distribute in a big volume. On the other hand, they gain a little profit if compare with the production cost, while AB Volvo gain higher profit per a selling unit (per one truck) even the price is higher than Japanese truck 2-5 times. The gap between marginal cost and marginal revenue is large. Thus, the AB Volvo still survive in Thai market. [...] 

CFO manager at Thai-Swedish Assembly Co.,Ltd.(AB Volvo) 25 March 2011

Inside the organization, as I mentioned above, Thai-Swedish Assembly is now a subsidiary of AB Volvo from Sweden. Since its establishment in 1976, there are several reorganizations within the company which is interesting to study.
At the beginning, Thai-Swedish Assembly was managed by VCC. In the late 1990s, the American giant, Ford, took over Volvo Car segment. Ten years later, in 2010, Geely Automobile from China has bought VCC after ford to its own management. Such a shift of management has affected internal management within Thai-Swedish Assembly, an affiliated company of VCC. Since the merging of automobile companies among Ford, Geely and Volvo, Thai-Swedish Assembly has been administrated 100 per cent by AB Volvo (Volvo Trucks and Buses), but still operates the assembly line for VCC. Substantially, the organizational management within Thai Swedish Assembly is complicated because of the cultural difference; American culture from Ford and original Swedish from Volvo. During the change of ownership in VCC, according to the interview, the management within Thai-Swedish Assembly was disordered since Ford in Thailand (namely Auto Alliance) tried to control VCC assembling factory from the general administration to the financial issue. Ford claimed that VCC was a part of Ford Motor. But finally, Thai-Swedish Assembly responded by not to accept direct management from Ford, and has kept its “Swedish Heritage” to rule the factory.

[...] Around year 1996, Ford bought a share of Volvo car segment. Volvo car, then, departed from AB Volvo to be under Ford family. That was a great cultural change, from the Swedish to the American. After the merging of companies, Ford cooperation, which is one of the most powerful in car market, tried to make shortcut to control VCC in Thailand by assigning Ford Thailand to look after VCC. But in VCC Thailand, we still would like to maintain Swedish Heritage, and responded to Ford that our mother was VCC Sweden. If you have any case to discuss, you have to talk to our mother. We would not cooperate with you directly[...]

_CFO manager at Thai-Swedish Assembly Co.,Ltd.(AB Volvo) 25 March 2011_

For Volvo Trucks and Buses, the administration is smooth since the factory is controlled 100 per cent by AB Volvo, original Swedish company. The advantage of “Swedish Heritage” in Thai-Swedish Assembly is, firstly, good planning. Since Sweden has long winter, most of people need to plan their activities for the whole year. From that way of life, it can be applied to business management. Business forecasting is a main managing strategy that Thai-Swedish Assembly has in order to control local markets and internal financial issue, according to interview. At the same time, Secondly, equality is another advantage in the company. Thai-Swedish Assembly promotes parity between man and woman, as well as foreign and local staffs. According to interview with Chief Financial Officer (CFO), they try to get more women to sophisticated work, for instant color garnishing, in production line. The equality between foreign and local staffs is obvious. They could have opinion exchange and idea sharing conveniently in the meetings or other kinds of cooperation. This is a basic reason that average service year per one local employee is more than 10 years, and the relationship between foreign and local staffs goes positively even there is rotation of foreign staff every three years.
Since the weather in Sweden is cold, mostly the whole year. The people need to plan to prepare firewood, food and whatever they need, and from that way of life, they apply to the organization. Swedish people have a good planning in business. They always look forwards and make a forecast every month… About the equality in organization, there is always no problem since the Swedes are open-minded and have respect. We always have a serious discussion and debate, but everything goes well. There was no conflict after that. In this case, everyone enjoys working here.[…]

*CFO manager at Thai-Swedish Assembly Co., Ltd. (AB Volvo) 25 March 2011*

---

**Case study 3: Electrolux Thailand Co., Ltd**

Electrolux is one of the international companies in Home Appliances, which has factories around the world, including Thailand. In 1977, Electrolux Thailand was established in Eastern Seaboard in order to export the end products such as laundry system – both home and professional laundry system – to Europe, America, and some of Asian countries. The main purpose of the company is to decrease the production cost, which is 20 - 30 percent lower than European manufactures.
Electrolux established in Thailand because of its low cost. The capability of work force in Thailand is also high. If compare with European countries, our labor cost is around 60 per cent cheaper than it is in Europe. At the same time, the company locates in Eastern Seaboard which is near main seaport to Europe and America. The shipment from here is always cheaper. Total cost from Electrolux Thailand is 20-30 per cent cheaper than other places in European countries.

HR manager at Electrolux Thailand, 22nd April 2011

Due to the manufacturing exporter and a higher product prices, the main purpose for Electrolux Thailand is not to support the local market. By this reason, Electrolux doesn’t have much market share in Thailand; Thai people consume Electrolux’s products only 10 percent. But during 2010-2011, Electrolux has promoted the marketing plan within the country through free TV, Billboard, and cutout. Nevertheless, the possibility in the local market for Electrolux is a great challenge since the laundry system from Japan and Korea is cheaper than the Swedish ones, even 50 percent. If Electrolux need to gain more market share in Thailand, the company should promote and convince the advantage of their products. In the international market, Electrolux has distributed 90 percent of their products to Europe, America, and other Asian countries. Due to the economic situation at the present, Electrolux adjusts the strategy to increase the market share and productivity 10 percent per annum.

The local management is very interesting since Electrolux Thailand has been separated in three factories; home washing machine factory, home dryer factory, and professional laundry system for hospital, hotels, and commercial laundries. The total local employee is approximately 900 persons, and 2 are Swedish plant managers. Electrolux Thailand is managed directly by the policy from headquarter in Sweden, while combine with the local regulation. So, the Electrolux’s management is not complicated at all.

As the Swedish company, Electrolux emphasizes the Human Resource Policy; all of employees will gain the best benefit which provided by the organization such as health insurance, transportation, food expense, over time, and proper salary. In term of salary, there’s an annual survey within Eastern Seaboard Area, divided by position and department. For Electrolux, the base salary has been ranked at 5th in this industrial zone. In this case, the employees are happy to work and have long-service year; 5-6 year in average, according HR manager. Based on the interview, the career development is possible within Electrolux Group.

HR manager at Electrolux Thailand, 22nd April 2011
since Electrolux have promoted career path and talent management; if you are productive, you can grow up in your career path both in Thailand and in international stage.

About the cultural difference within the organization, it’s not a big issue in Electrolux. All of the employees, both Swedes and Thai, have good relationship. They have to learn each other, especially the Swedes since they are living in a new environment. At the beginning, for the Swedes, Electrolux will provide a cultural training in order to learn about a good practice and cultural differences in Thailand; what they should do; and what they should not do. Then, they will socialized can live happily in the society. As same as the management, HR manager would advise them to adapt to the local organization which have local employees as a majority. The local management in the future will decrease the dependence of manpower. Electrolux Thailand tries to promote and learn about “role model”. That means Electrolux Thailand will use the advantage of ICT in the organization. Human Resource Department is an example; HR department from these three factories in Electrolux factories will be gathered to be one unit, then the system will be expanded to another departments.

[...] The foreigners who come to work in Thailand, we will firstly send them to cultural training, to know the cultural diversity and practical manner in Thailand, what they should do, what they should not do. I cannot control them, but guide them. If they do something wrong, just tell the solution; for example, if you do that, you will get the result like this. It depends on them which one they prefer […]

*HR manager at Electrolux Thailand, 22nd April 2011*

---

**Figure 12: Management Chart in Electrolux**

![Management Chart in Electrolux](image-url)
8.4 Swedish Companies and Development in Thailand

Sweden is one of the first countries that invest in Thailand, according to BOI; Volvo has put a great capital 30 years ago, while ABB has established in Thailand since 1913. Not only that, the Swedish leading companies such as Electrolux, Atlas Copco, SKF, Ericsson, Alfa-Laval and, recently, IKEA become business partners with Thailand. But if we compare with other industrial countries, the capitals from Sweden are very small. This is because of the economic geography in Sweden. If compare all of the capital investors of Thailand, Japan is one of the greatest investor that help to develop Thai economy from recent decades, respectively ASEAN and USA. It should be rational that the share of Swedish labor market in Thailand is also tenuous. Swedish companies have employed, from 1981 until 2010, approximately 48,000 people. The figure 13 will present the number of local employment in Swedish companies. Most of them are the labor in manufacturing and the service unit, especially health care services; Electrolux, Volvo, and Mölnlycke Health Care. Nevertheless, the numbers of local employment in Swedish companies has a small quantity if compare with other countries. At the present, Thailand is Sweden's largest trade partner in South East Asia according to Swedish Embassy in Bangkok. If we look at the trend of Swedish investment in Thailand, it should be positive in the future the economic partnership should be more strongly.

The appearance of Swedish companies and a good relationship between these countries can drive Thailand to reach the sustainable development since Sweden has contributed both social and economic assistance to Thailand; trade and investment in EU, regulation practice, technological knowledge, employment, education, health care, until the exchange of cultures.

Figure 13: The number of local employment in Swedish companies from 1981 until 2010

Sources: Board of Investment, May 2011
The trade between countries also seems to be a kind of development in some way. The purchasing agreement between Royal Thai Air Force and SAAB on Gripen, multi-role fighter aircraft, would be a good sample. According to an interview with Mr. Svengren, he comments that it is a good choice for Royal Thai Air Force to purchase Gripen from SAAB of Sweden since Sweden is one of big fighter-aircraft manufactures. At the same time, he continues, when Royal Thai Air Force gets the aero plane from SAAB, they will get full training and inside into the system. That is the whole package that Swedish company offers. On the other hand, the Thai workforce in the Swedish companies could bring the competences to the organization through culture and local knowledge for long term prosperity.

While the result of Swedish companies in Thailand goes in a positive way, there is an economic bilateral cooperation between these two countries. According to interview with Swedish Embassy in Bangkok and a document study, this bilateral relationship emphasizes on sustainable development in agriculture and forestry, defense and military cooperation, design, education science and technology, energy and environment, information and communication technology, and tourism and health care. All of these are devices for Thailand to enhance the economic advantage in order to attract the foreigners, mostly swedes, comes to invest in the country. For example the cooperation in education science and technology, which is mostly required in Thailand, Sweden and Thailand agree to improve academic mobility in a higher education level including R&D projects. At the same time, these two countries will examine possibilities to reinforce cooperation in science and technology through technology transfer and the exchange of experts, researchers and students in areas of mutual interest. By this, Thailand has a higher competence in the world market.

9. Discussion

Globalization is the process of denationalization of markets, politics and legal systems, i.e., the rise of so-called global economy. The consequences of this political and economic restructing on local economies, human welfare and environment are subject of vigorous debate among business of all sizes, various international organization, governmental institutions and the academic world. By the way, it seems the economic cooperation becomes a burning issue at the present.

The establishment of Swedish companies in Thailand has several purposes; such as to expand the market shares in local and regional markets - Munters and Volvo for example- since Thailand is one of the leading ASEAN countries; to use Thailand as a manufacturing hub, and export to other countries, such the Electrolux case; to use Thailand as home business, and service to both Thai people and the foreigners, such the private companies. From the interview, the author can conclude that most of the Swedish companies are appreciated to settle their business in Thailand because of the market strategies, the governmental policies, and business privileges, such as Exemption of import duty on machinery. Even the political
instability happened last few years (2009-2010), most of companies still enjoyed the business privileges which provided by the government.

With the high possibility for Sweden to increase the national revenues, the Swedish government has invested a huge capital investment in order to support the export projects, including Research and Development. Swedish Trade Council was established to take care of export and establishment of Swedish companies outside the countries. Not only Swedish Trade Council that have got the assignments from the government, but also Swedish Trade and Industry (Svenskt Näringsliv) as well as Swedish Embassy have got the mandates to realize the national policy for a sustainable Swedish welfare.

About the cultural issue, even Thailand and Sweden have different cultures but the harmonization between Swedes and Thais in the organizations gets on well since it is created by the respect. As the author mentions before, for Thailand, *Family* is very important and has a great value in Thai society. The power structure of the family is mirrored in the organizational environment. Most of younger people respect the older ones, the junior officers respect the senior ones, and the short-experienced workers respect the long-experienced ones. Thai people avoid the conflicts. They try to compromise if some problems appear. That might be a good basis of Thai value. For Sweden, *Equality* is promoted highly in the Swedish society. There is not large differential gap between man and woman, child and adult, young and old, employee and employer. Everyone has the same rights, and this becomes an important value that applied in Swedish organization. The cultural harmonization within Swedish companies in Thailand seems to meet a balance point.

What Thailand gains from the establishment of Swedish companies are capitals from investment, local employment, and benefit share in European region in case that Thailand would like to expand the market. If look back to figure 3, the capital flow from Sweden in general keep increasing every year. From those investments, the government can spend in other projects such as social development and economic improvement. Moreover, the emerging of Swedish companies in Thailand has created an employment in the labor market, both skilled and unskilled. Thai people have a chance to enjoy a good work life, social privileges, and education which provided by the companies. In term of trade, to have a business exchange with Sweden and other European countries encourage the economic capability for Thailand. The nation will gain a better income, and Thailand’s economic position will be higher. Furthermore, Thai people will gain an advantage from education about technology, energy, as well as culture since this bi-cooperation encourages the human quality according to national policy which Thai government has emphasized. In the future, Thai people will be more efficient, and country will be more competitive in the international community.
SWEDEN—THAILAND AND THE THEORY OF GLOBAL CAPITALISM

As the Theory of Global Capitalism, the world becomes a true global enterprise which led by the system of capitalist. Every country, both developed and developing ones, is dependent obviously on each other through trade and finances in an integrated international market. Generally, Sweden is an export-dependent country. When the economic competition becomes more aggressive, Sweden has to realize the effects of this globalization trend and how to make the national brand names exist in the world market. In the recent years, Swedish government promotes investments outside the country, even outside EU. Inevitably, Asian countries, such as China, ASEAN and India, are ones of the targets for Swedish investment. Thailand is the largest trade partner in South East Asia since Thailand has good infrastructure, high-educated workforce and located in the strategic area in ASEAN. At the same time, Thai governments strongly promote the investments from the foreign countries and internally improve investment facilities in order to make a confidence for investor.

Sweden enjoys advantages that Thailand offers. Consequently, many Swedish companies put more capitals in the country, some companies has established their production sectors to Thailand in order to expand the market and obtain more benefits at the same time. Not only the industrial companies that satisfied advantages in Thailand, but also the service companies like travel organizers. The number of tourists from Sweden has increased during these ten years. Most of them enjoy natural geography and traditional cultures in different parts of Thailand from the north to the south. This trend seems to be expansive in the coming years.

The emergence of Swedish companies in Thailand has created a number of jobs for Thai people, especially industrial works. This is a kind of international work division. As the author presents in figure 13, the numbers of employment in Swedish companies, according to BOI, differ in every year which depends on the investment. The graph shows that in year 2000, which was the highest investment from Sweden, the number of employment was relatively high with 1638 people. After that, during eight years later from 2001 to 2008 (except 2004), employment of Swedish companies in Thailand declined because of less investment. But the number, again, stepped up with more than 1000 work forces from year 2010. And it seems to be more in the future. This re-localization and international work division of Swedish companies has transformed the social structure in Sweden, from industrial to service society.

The re-localization of Swedish companies does not only provide a number of jobs for Thai people, but also the technical and management knowledge. Most of the workers in the Swedish organization have got the opportunity to participate professional trainings which the companies provide. That is an investment in human resource, which is positive for personal and organizational development in long term.
SWEDEN AND DIAMOND MODEL

Swedish Factor Conditions: Sweden possesses extensive forest, large deposit of low phosphorus iron ore, and derives about 30 per cent of its energy from inexpensive hydroelectric power. Swedish companies could move into more sophisticated industries and industry and industry segments such as specialty steels and fine paper as well as into supplier, related or down stream industries such as roller bearing, rock drills and fabricated steel products.

Swedish Demand Conditions: The early core of the Swedish economy became sophisticated buyers that incurred many related and supporting industries. Internationally, the competitive Swedish industries are supporting for timber and paper products, iron ore and mining, iron and steel making, and some of chemical industries. A variety of conditions makes Swedish buyers demand sophisticated purchasers of industrial products with sophisticated demand for all types of transportation.

Swedish Related and Supporting Industries: The Swedish economy is an economy of related and supporting industries. Numerous Swedish industries are special in a down steam level such as mineral crushing and wielding machines. At the same time, they have international positions in pulp and paper industry, pulp machines, paper machines, drying machines, process instruments, wood handling machines, and specialty truck. Furthermore, Sweden has a strong position in hard metals for metalworking and mining equipment.

Swedish Firm Strategy, Structure and Rivalry: Swedish firms have organizational characteristics which is workable with technically sophisticated industries. They are very open to internationalization. Working abroad is normal and essential for the career because of limited domestic market. This is a main reason that most of large Swedish companies, for example Sandvik, Ericsson, ABB, SKF, Atlas Copco, and many more, expand their activities to other countries. That also means they have faced foreign rivals in many foreign countries in sophisticated-manufacturing areas, which seems to be an advantage for Sweden in the international market.

The Role of Swedish Government: Government plays a substantial role in the Swedish economy through offering many public services, especially international trading. Most of services, such as business development for small-size companies, export information and market research, stimulate Swedish companies to realize about significance of international trading which is the main source of national incomes. The government has established a number of organizations to facilitate Swedish firms like Swedish Trade and Industry (Svenskt Näringsliv), Swedish Trade Council (Exportrådet), Company Agency (Bolagsverket), Swedish Agency for Economic and Regional Growth (Tillväxtverket). At the same time, Swedish government cooperates with international organizations in order to find the possibilities for Sweden to develop its competence in the international markets.
SWEDISH COMPANIES AND PRODUCT LIFE CYCLE THEORY

The high competition in the world market also stimulates the Swedish companies to enhance its competitiveness. Multinational Swedish firms have modified its market strategies to suit the competitive conditions in other countries. Some fails, and some successes. But this depends on the external factors in the markets as well, for instant the local economy, cultural and purchase power per person. As the case studies of three Swedish companies in Thailand, the result after foreign establishment becomes obviously different. Thai-Swedish Assembly, which owned by AB Volvo, together with Electrolux have been successful and have a plan to expand their operations further in local market, while Munters has found the obstacles in Thailand and has been forced to go out of business.

These case studies can be explained clearly by the theory of “Product Life Cycle”. In the successful cases, the Swedish firms, Thai-Swedish Assembly for example, have driven an effective strategic marketing; long-life trucks and buses with environmental friendliness. When the Swedish market meets the maturity line, they, surely, try to expand to other market including Thailand and ASEAN. Even Thai market is small, demand on trucks and buses for local transportation are still high because of its function. The demand on trucks in Thailand is suitable for transportation of goods nationwide, from agricultural areas to industries and from industries to seaport or other national areas. At the same time, the demand of Volvo buses is high since most of Thai people prefer travel by buses than trains, boat or airplane. For the Electrolux case is different from Thai-Swedish Assembly, the competitiveness of company in the world market depends on a production cost since Electrolux doesn’t aim to distribute its product in local market but European markets. The production sector in Thailand can provide highly efficient manpower, but cheaper than European countries about 60 per cent. Furthermore, Electrolux in Thailand located in a strategic area near the national seaport, which is an extreme advantage for the company to avoid long-transportation cost. The company still gain high turnover even the transportation cost from Thailand to European countries is relatively high.

For Munters, an unsuccessful case, meets the condition of purchasing power in Thai market. Since the products from Munters is mainly for agricultural purpose, or another word relatively low-income purchasers, the possibility to expand the market is less than other cases even they have product with high quality. At the same time, the local purchasers have more alternative to use products from China, Vietnam, or even Thailand which is much cheaper than Munters. Nonetheless, the business competition goes continuously. Every country, even company, the world need to aware this. The economic prosperity is able to be done through international cooperation from the governmental level to individuals. The cultural exchange is one way to make a long-term relationship in the business world. To understand languages and cultures is a satisfactory advantage for industrialized countries to be successful in the emerging markets in Asia, Africa and Latin America since the world today become more dependent on each other. For Thailand and Sweden, even we have the cultural differences, Thais and Swedes have never had any conflict or misunderstanding within the organizations.
since they have respect to each other. The communication between them is based on equality between man and woman, Thais and Swedes, even employers and employees. This is the main reason that Thai people has long service years in the Swedish companies, while the social and economic relationship between Thailand and Sweden seems to be more sustainably.

10. Future Studies

This study is such a handbook for everyone to understand economic situation during the globalization which the world becomes a global workplace and has Sweden and Thailand as a case study. Indeed, this research is able to be developed much more in the future, for example the cultural harmonization in the multinational organization during the globalization, the possibilities for Swedish companies to expand its activity in other developing countries, or how Thailand gains more investment from Swedish companies in the future. For the first one, the cultural harmonization during the globalization is one of the most significant issues since, as mentioned, every country becomes dependent on each other more and more. To understand the difference in cultures is the most important for long business relationship between industrial countries and developing countries, or even developing countries and developing countries selves. The labor movement of the foreign companies concerns about harmonization of their management procedure in different cultures. The different viewpoints within the organization are the main obstacles to drive the business further. Hence, this is rational for every country to understand and learn the cultural diversity for a prosper cooperation in the future.

However, within the cultural framework, the Human Resource Management within Multinational companies should be promoted. Giving the globalization of the market place, the skill or competencies of global managers are becoming central to the development and dissemination of knowledge and the enhancement of learning throughout the global network organizations. A unique global mindset becomes specifically valuable when the structure of a global organization shifts from a multinational hierarchy to global network in order to support the change from multi-domestic to global and transnational strategies. Historically, the predecessor to the global organization has been structured as home-country-centered which foster long term expatriation and a planned repatriation process with predicable accompanying issue. Conversely, a global network organization comprised of loosely affiliated complex subsidiaries is structured more as a hierarchy with a reduced influence of the home country headquarters compensated by more dynamic transfers of host country nationals, third country nationals and inpatriated managers. Therefore, successful implementation of a corporate global strategy through a global network organization requires a commensurate change in the firm’s strategic global human resource management.

Secondly, a future study about the possibilities for Swedish companies in other developing countries is very interesting since there are a number of new industrialized
countries appear in the world after 1950s. How could Sweden, as the traditional industrial countries, win the global market? The emerging economies like BRIC (Brazil, Russia, India, China), Africa, Latin America and other Asian countries become both possibility and threat for Sweden to exist in the world markets. The Swedish government has to introduce a suitable strategy for economic competition as well as reinforce its own advantage for a sustainable welfare. The Swedish products are sophisticated which can distribute mostly in the European and Scandinavian markets. The difficulty for Sweden to expand the market is the high cost of production, including labor cost. So, this is a complicated question for Swedish government and Swedish firms, as well as further researcher, to find proper strategies to maintain the market position in the world of competition.

The last future study that would be possible is how Thailand gains more investment from Swedish companies in the future. As the author mentioned at the beginning, there are not many studied case could be found. Thus, the author self has to find the information in order to realize this study. With a dream to develop economic relationship between Thailand and Sweden, or any European countries, the author would probably continue studying about business strategy, regulation and barriers which obstruct business possibility between two countries. Since the information about international trading is disrupted, the author would firstly encourage the governmental organization such as Board of Investment (BOI) and Ministry of Commerce to yearly collect the information about bilateral trading in order to analyze the trend of trade and investment from Swedish companies, as well as to make a possibility to enhance both social and economic relationship in the future.
Literature References


**Internet References**

7. Sweden, *EU står för mer än hälften av den svenska utrikeshandeln med varor*, [http://www.scb.se/Pages/Article___336296.aspx](http://www.scb.se/Pages/Article___336296.aspx). (December 2012)

**Interview References**