GENDER AND AGRIBUSINESS PROJECT (GAP)

CASE STUDY
CARGILL SUN VALLEY (THAILAND)

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CASE STUDY, CARGILL SUN VALLEY (THAILAND)

Part A: The Employment Problem

In 1995, Viroj Suwan, Human Resource Director of Sun Valley (Thailand) Ltd. (SVT), sat in his office considering a major staffing problem that was hindering productivity, profitability, and growth. SVT, a subsidiary of Cargill, was the third largest poultry processor in Thailand and accounted for about 10% of the country's poultry exports. Though successful since beginning operations in 1990, SVT experienced problems in the human resource management (HRM) area that threatened this success. Chief among these was a high voluntary turnover rate among its largely female workforce. In 1995 turnover was 100%. Such high turnover rates were not unusual for manufacturers in Thailand, especially those operating in rural areas such as Saraburi Province, where SVT's production facilities were located. Most production jobs were simple, but required practice time to master. Employees often required a training and practice period of a month or more before being fully qualified to perform their jobs. Moreover, for ergonomic reasons, there was considerable job rotation during the workday to avoid physical injuries resulting from repetitive body motions. This meant that employees needed to be trained to master multiple jobs. Thus, voluntary turnover was costly to the firm, because the investment in training was not always fully recouped and frequent changes in the composition of work teams were disruptive and created additional production inefficiencies.

Another, related, human resource challenge was a significant level of absenteeism. This was a complex problem owing to the physically demanding and challenging nature of the production work, the stress involved in meeting quotas at the breeding farms, and the women employees' living situations and family responsibilities. Safety was also a concern in that Sun Valley, in accordance with Cargill's general corporate policy, sought to reduce accident and injury rates in a processing system fraught with high risk.

Given these personnel challenges, alongside the demanding nature of the poultry production work itself, Viroj had to create a strategy for problem-solving that took into account

Thai realities. By the of turn of the century, he hoped to significantly reduce both turnover and absenteeism. .

The Country Context

Thailand, with a population of about 62 million and a land area roughly the size of Texas, is located at the center of Southeast Asia. It borders Myanmar (Burma) on the west, Laos on the north, Cambodia on the east, and Malaysia on the south. Thailand also has an extensive coastline on both the Gulf of Thailand and the Indian Ocean. The country enjoys the distinction of being the only Southeast Asian country to have escaped colonial rule. Its government is a constitutional monarchy with a parliamentary system. Though Thailand experienced numerous military coups after to the demise of the absolute monarchy in 1932, economic prosperity and the rise of a significant middle class since the late 1980's has led to an increasingly democratic political system. A major redrafting of the country's constitution in 1997 helped to bolster this process, though its parliamentary system and numerous political parties have contributed to fractious and unstable political coalitions that have resulted in frequent shifts in government.

Ethnically, Thailand is fairly homogeneous (see Table 3). There are many mountain tribe groups, but most of these live primitively in remote areas. The Moslems of southern Thailand are a small though significant component of the population and, in fact, play a key role in part of SVT's operations, as described below. The largest ethnic group is the Chinese, which accounts for 14% of the population. However, the Chinese are largely assimilated into Thai culture, taking Thai names, generally speaking Thai as their first language, practicing the Thai form of Buddhism, and often marrying ethnic Thais. In fact, most "Sino-Thais," as the Chinese as known, are of mixed Chinese-Thai origins. Chinese families dominate the business community though educated ethnic Thais, who once shunned careers in business for public or military service, are now entering business fields in large numbers.

The Thai Economy

As one of Asia's "Little Tiger" economies, Thailand enjoyed one of the world's highest rates of economic growth in the first half of the 1990's. This was largely driven by an export-oriented economic development policy. Data on gross domestic product, per capita income, and

economic activity by sector for selected years are presented in Table 1. As these data indicate, the economy moved away from fairly heavily agrarian orientation in the 1970's to its current industrial base. While a large proportion of the population, over 70%, lives in rural areas (Table 2), the distribution of income heavily favors the urban population. Thus, companies such as SVT are of considerable importance in promoting the development of rural areas. In general, Thailand was able to achieve high rates of economic growth and low rates of inflation (Diagram 1), at least up until the Asian economic crisis of 1997 (as discussed below).

A major triumph of Thai economic and social policy has been in the area of population control. Through an aggressive family planning effort focusing on contraceptive use (Table 2), the annual population growth rate has declined from over 4% in the early 1970's to about 1% by the late 1990's (*Thailand in Figures*, 1997). This shift helped to propel Thailand into a high growth economy.

A major health problem confronting Thailand has been the AIDS epidemic; it is estimated that about two percent of the population is infected with the HIV virus, which is one of the highest infection rates outside of sub-Saharan Africa. The spread of AIDS was once seen as a major threat to the country's continued economic progress. However, government and private initiatives have been highly successful in containing the spread of the disease and Thai anti-AIDS policies are often cited as exemplary programs.

Thailand's relatively low wages afford considerable competitive advantage, especially in labor-intensive industries with low skill requirements. On the downside, however, although the country has a high literacy rate (Table 2), the general population has a relatively low level of educational attainment. Despite supporting a strong higher education system for the elite, Thailand did not invest heavily in primary and secondary education and lags behind many other countries in the region in this respect. Until quite recently, mandatory education covered up through the sixth grade level. Although the proportion of children attending and completing elementary school is high (Table 2), this number drops off considerably at the secondary school level, with perhaps less than one-third of all Thais finishing high school. This labor force characteristic has hurt Thailand in its efforts to move beyond an economy based on labor

intensive, low value-added industries. As a result, there are still chronic shortages of managers, professionals, and skilled workers capable of operating complex machinery.

The Thai economy experienced serious disruption as a consequence of the 1997 Asian financial crisis, which in fact began in Thailand. Impending payments on huge foreign debts supporting questionable investment projects, combined with the Bank of Thailand's losing battle against currency speculators, resulted in a major devaluation of the Thai baht and the failure of more than half of the country's financial services corporations. Although foreign demand for Thai goods was probably enhanced by the currency devaluation, companies dependent on Thai financial markets to raise capital were unable to do so and thus could not sustain operations.

Domestic markets also suffered. Massive unemployment and negative economic growth resulted, even after Thailand secured loans from the International Monetary Fund (IMF). As Diagram 1 indicates, Thailand's real growth rate plummeted between 1996 and 1998. In the mid-1990s, the unemployment rate was around 2.8% (*Thailand in Figures*, 1997), but after the 1997 crisis, the rate increased to more than 6 or 7%. Yet this probably understates the true impact, as large numbers of unemployed people left the formal labor force, often to return to rural villages, and are thus not really counted among the unemployed. Foreign-owned companies operating in the export sector and not depending on these financial markets, however, were often unaffected by the crisis. SVT, for example, continued to grow and expand operations throughout this crisis period. By early 2000, the effects of the economic crisis lessened and, in fact, the Thai economy once again began to grow. Nevertheless, unemployment remained high as companies restructured and "downsized." Thailand, as with other economies in Southeast Asia, did not rebound from the crisis as strongly as such Asian economies as South Korea, China, and Taiwan.

Thai Culture

Buddhism is the preeminent cultural force in Thai society. Unlike the countries of East Asia where Buddhism competes with several other religious and philosophical systems (e.g., Taoism and Confucianism in China, Christianity and Confucianism in Korea, and Shinto in Japan), 95% of the Thai population is Buddhist and exclusively so. The dominant Buddhism of Thailand is Theravada Buddhism, which is a more traditional form of the religion than the Mahayana Buddhism of China and elsewhere in East Asia. The distinctions between Theravada

and Mahayana Buddhism may seem obscure to the uninitiated, but they are still significant. Theravada Buddhism stresses spiritual enlightenment through largely individual mediation and reflection. Mahayana Buddhism places more emphasis on good works and maintains that everyone, not only monks, has the potential to reach spiritual enlightenment. Thus, on one hand, Thailand is very much of a collectivist country, and in fact cross-cultural studies indicate that Thai culture is similar in its level of collectivism (i.e., group focus) to most other countries in the region (Hofstede, 1991). On the other hand, there is also a side to the Thai personality that is individualistic, and Thais often maintain that they are much more individualistic than the people of other eastern Asian cultures.

There are many distinctive features of Thai culture that often influence work behavior. *Sanuk*, which literally translates into "fun," refers to the traditional Thai belief that life is fundamentally to be enjoyed. Work, though necessarily a central focus of life, must also be performed with the opportunity for considerable enjoyment. In this way Thai culture has much more of a "being" than a "doing" orientation, a cultural trait undoubtedly supported by Thailand's lush tropical environment where food grows readily in great abundance and where people generally have not had to struggle greatly to assure abundant crops.

Also, as a predominantly collectivist culture, Thais are often most comfortable when they feel they are part of a close-knit group. Family and social networks are extremely important and the Thai expression *mee sen*, which translates as "to have strings," means that the individual has close social relationships, at work and elsewhere, that are important to success (similar to the Chinese term *guanxi*). Westerners, such as expatriate managers of subsidiaries of multinational corporations operating in Thailand, may view practices such as *mee sen* as promoting favoritism and "cronyism" in business and employment relationships. However, this fails to recognize differences in Western and Asian concepts of ethical behavior: Westerners apply objective rules that hold all must be treated equally, but in Thai as other Asian cultures ethical behavior requires preferential treatment for those to whom one is close.

Another traditional cultural trait is the *mai pen rai* attitude toward life. The expression has several connotations, and the precise meaning depends on the situation. It can be used to minimize the significance of a problem that has been encountered ("it isn't crucial"), to console

and encourage acceptance when an insurmountable difficulty has been encountered ("it's not all that bad"), or to indicate that unfortunate situations will in fact get better ("it will be all right soon"). The term is often mistranslated by Westerners to mean "never mind," which erroneously suggests a kind of unwavering fatalism on the part of Thais that gives rise to a lack of initiative and unwillingness to take action in the face of adversity. A more accurate interpretation is that Thais accept adversity as a normal aspect of life and are not easily ruffled by it. Thais place great emphasis on the concept of "resignation," which is rooted in Buddhist thought. Thus, if a problem is insurmountable, then it should be accepted; if rectifying the situation is feasible, then one should try, but be prepared for the possibility of failure. As with many other East and Southeast Asian cultures, *mai pen rai* reflects a proclivity to live in harmony with nature rather than seek to dominate it, which is more characteristic of many Western cultures.

The rapid growth and modernization of Thailand means that the *sanuk* and *mai pen rai* mindsets, along with other, related cultural traits, may be fading from the scene in dynamic Bangkok. However, they remain much stronger in rural areas (as well as among recent rural migrants to metropolitan areas) and would be important in understanding the characteristics of SVT's largely rural workforce.

Women in Thailand

Traditionally, Thai society was patriarchal. It was based on the usual gender stratification and differentiation, which accords preferential treatment to males. Common stereotypes are of men as leader and bread-winner, with women categorized as weak, emotional, and subservient to men (Siengthai, 1994). A common Thai saying is that, in a family system, the wife serves as the "back legs of the elephant." Yet although seemingly demeaning in tone, the expression is interpreted to convey the wife's pivotal role in supporting the family. Gender inequality in Thailand is clearly less pronounced than that in many other parts of eastern Asia which is reflected in a number of Thai social and cultural practices. Unlike many other cultures, for example, it is the groom who pays a dowry to the bride's family and, rather than the new bride moving to her husband's home, the husband moves to his wife's home. Thus, having daughters is valued as a means of building a large extended family. Wives also frequently handle the family finances. It is not generally the practice in Thailand for only sons or just the eldest son to

inherit property. Property is usually divided among all the children and, in some rural families, it is in fact the youngest daughter who inherits her parent's property (along with her and her husband's obligation to care for her elderly parents).

The relatively high status of women, however, does not mean that their opportunities are equal to those of men, although some change is underway. Women's access to educational opportunities, for example, has changed dramatically. While women were excluded from education in the past, there is no longer a gender gap in educational opportunities. The number of male and female students enrolled at all levels of the educational system are roughly equal (Siengthai, 1994). The legacy of past educational inequality, however, is reflected in somewhat higher male than female literacy rates (Table2). This discrepancy no longer exists in the youngest age groups of the labor force.

With economic development, the Thai government has pursued numerous policies to improve conditions for women. This is a pragmatic policy because, with a female labor force participation rate of about 47% (Table 4), Thailand has the highest proportion of women working outside the household of any Asian country. The current constitution prohibits discrimination–including employment discrimination--based on gender. Yet, as leading Thai feminist Dr. Suteera Thomson noted, enabling legislation to prohibit gender discrimination in the private sector has not been enacted. As a consequence, employers in Thailand often advertise job openings specifically restricted to men or to women, depending upon the type of work involved. This practice, however, is much less common among the Western firms operating in Thailand, particularly American companies (Lawler and Bae, 1998). Many American companies, including SVT, operate under "codes of conduct" that prohibit discrimination, similar to regulations in the U.S. Dr. Thomson notes that significant strides have been made in reducing employment discrimination in the public sector, where political action by the women's movement has had greater opportunity for success.

An active women's movement in Thailand continues to work for and achieve legislative and social change enhancing the rights of Thai women. In the realm of family life, for example, a woman whose husband has taken a minor wife (mistress) can now seek a divorce and a community property settlement from her spouse; previously, only a man could obtain a divorce

on the grounds of adultery. In addition, the children of Thai women fathered by a foreigner can now hold Thai citizenship and take advantage of full rights of citizenship, such as access to the educational system; previously, only the offspring of Thai fathers possessed citizenship rights. There have been many initiatives to improve women's employment as well, including opposition to labor legislation that is disadvantages women's opportunities in the workforce.

Company Operations

As a privately held international marketer, processor, and distributor of agricultural, food, financial, and industrial products, in 1999 Cargill (headquartered in Minneapolis) had over 80,600 employees in 65 countries and business activities in 130 more. Cargill has operated in Thailand since the early 1960's. In addition to Sun Valley, Cargill Thailand has two other principal companies: Cargill Siam Ltd., which produces and markets a variety of products and commodities including fertilizer, animal feed, and rubber; and Cargill Thai Trading Ltd., which trads in agricultural commodities. By 2000, Cargill employed approximately 4,200 individuals in all of its Thai operations. Of these, SVT was the largest employer, with a workforce of about 3,900.

Cargill SVT is a fully integrated poultry business that produced raw chicken, which is further processed (skinned, deboned, etc.) prior to sale. The company is increasingly involved in selling cooked and frozen chicken products as well. Although some by-products are sold in Thailand, virtually all of the company's output is exported. Originally, SVT produced only raw chicken for export to Japan but changed its strategy for greater vertical integration by the mid-1990's. A driving factor was extensive competition from many low-cost producers located in such countries as China, the U.S., and Brazil. In addition, Thailand, as a leading export country for raw chicken, had several other domestic producers that presented a competitive threat to SVT in the relatively volatile market for raw chicken. The protracted recessionary conditions in Japan also suggested the need to move into other national markets, and so SVT began to sell a large proportion of its products in Europe.

SVT's principal strategic response to these uncertain market conditions was to enter the cooked meat market in 1996. Producing a cooked product, however, is more complex and labor intensive than processing raw chicken. Cooked chicken, as a differentiated product, tended to

insulate the company from large and unpredictable swings in the raw chicken market, which is actually a commodity market. The U.S., for example, actually enjoyed the lowest production costs for raw processed chicken, but could not compete in the cooked market internationally because of high labor costs in so labor intensive a production process. Thailand, however, was quite cost effective in the cooked chicken market. Moreover, many cooked products were customized to client needs, with most end-product users being large restaurant chains such as McDonald's. By 2000, about 60% of the company's product was cooked chicken, and SVT planned to move completely into this area over the next few years.

SVT's major assets include its production plant near the city of Saraburi (about 120 km. north of Bangkok) where all processing takes place, and numerous other facilities located within an 80 km. radius of the plant. SVT owns 20 different farms within this area, including one breeding farm, where fertilized eggs are laid; four hatcheries, where the eggs hatch and the chicks are initially maintained; and fifteen "grow-out" farms, where the chickens mature. These farms produce about 50% of the chickens processed by SVT, with the remainder supplied by contract farmers. Another major facility in this area is the company's feed mill, which supplies feed to both company and contract farms. By 2000 in addition to cooked chicken, SVT's main raw chicken products were boneless chicken legs, boneless chicken breast, and yakitori (skewered pieces of chicken meat intended to be barbequed, primarily a product for the Japanese market).

Figure 1 shows the major SVT work units and the flow of activities among these vertically integrated units. The company provided feed to all farm operations, including contract farmers. By the end of 1999 the hatcheries were producing about 130,000 chicks per day, which were allocated to the company and contract farms. It took slightly less than sixty days for a chicken to reach market weight of between 2 and 3 three kilograms. Once the chickens arrived at the processing plant in Saraburi, they moved through the primary processes section where they were slaughtered and cleaned. The next stage in the process was deboning, after which the meat was allocated to either raw or cooked food processing operations. The end products were frozen for shipment. The processing plant was producing 650 metric tons of raw chicken meat per week, which was then sold in raw form or cooked and frozen.

m operations. The farms generally had staffs of around 20 to 25 employees. Those he grow-out farms lived on site for most of the week, as the farms needed to be fully times in case of emergencies that threaten the chickens. In the grow-out farms, the re maintained in large barns, with perhaps 10,000 or more birds per building. Each or two staff members responsible for feeding and watering the birds, as well as l maintaining the facility. The breeding farm was similarly structured, although the ifferent (e.g., collecting eggs). The hatcheries were also modified to accommodate ents of raising the chicks in their first few days of life.

tical factor for the company was the mortality rate of the chickens. The growing re vulnerable to a wide range of problems and a certain proportion died of natural to reaching market weight. An important concern in SVT, therefore, was ," which refers to actions taken to protect the chickens from infectious agents that yield or, in the extreme, cause a disastrous epidemic. A biosecurity precaution, for luded spraying with disinfectant all vehicles and individuals entering the farms. In ployees were not allowed to bring their own food into the farm areas because it n contaminants. More generally, there was extensive vigilance throughout the farm ain biological threats. Yet there was a certain mortality rate under even the best of nd so any procedure that might reduce mortality and improve yield was of interest to anizational performance. As it turns out, the staff responsible for tending to ld have a very significant impact on mortality. Given this reality, the training and of the farm employees was considered a critical factor in the business' success.

essing plant operations. At the center of the processing plant in Saraburi was a oor, filled with an elaborate complex of conveyors that transport chicken carcasses stations. When operating at peak capacity, 1,500 or more employees worked there, d to a station that performs a specific function. The chickens were moved by lt from the primary processing area through the further processing area, where the ducts were prepared and initial work performed on meat destined for the cooked a. As with the farms, the company put into practice extensive biosecurity efforts to nination of the chicken meat as it was being processed. Those entering the

processing area were required to wear protective clothing, masks, helmets, and boots; walk through shallow tanks of disinfectant; be sprayed with disinfectant; and also scrub their hands with surgical disinfectant.

The work environment and conditions of employment in the processing plant were quite different from those on the farms. The demands of farm work were great and the activities required were often physically taxing. The farm workers, however, had much more freedom in setting the pace of their work and were not subject to constant and direct supervision. In addition, the physical environment of the farm was generally more pleasant, comfortable, and agreeable than that of the plant. Though separated from their families most of the week, farm workers were provided with pleasant living quarters. They were also given visiting hours for family members each day along with the services of a staff member who prepared their food and maintained the living quarters.

In the processing plant, by contrast, supervision and work activities were much more regulated. Workers were typically organized into teams of 40-50 workers headed by a supervisor and one or more assistant supervisors. Quality control personnel also oversaw and scrutinized work on the floor. Employees wore uniforms that were color-coded to indicate the employee's general job category (e.g., production worker, supervisor, quality control). Most of the production area was chilled to a few degrees above freezing, which is especially cold to these employees who live in a tropical area where daytime temperatures are typically well over 30 degrees Celsius.

The job activities and work pace were highly routinized and dictated by an assembly line process. For most jobs, physical strength was not as necessary as manual dexterity. Most employees performed a single simple function, such as removing skin on one leg, or cutting off a single chicken part, as each carcass moves by the employee's work station. Certain jobs required considerable manual dexterity, such as gutting and cleaning the chickens, deboning tasks, and threading pieces of chicken meat onto yakitori skewers. Some tasks, however, required a significant degree of physical strength, such as thoses in the slaughter room or the repeated lifting of whole chicken carcasses onto conveyor belts as they are sent from the primary processes area to further processing.

Work was also done in relatively close quarters with most employees wielding fairly sharp knives, so great care was needed to avoid injuring oneself and others. The plant floor was wet and slippery, so there was also the possibility of falling. Although SVT had a good safety record in terms of major accidents, minor cuts and other injuries were not uncommon; the plant had a fully equipped first aid facility staffed by nurses to handle these problems. Employees also ran the risk of joint injuries owing to the highly defined division of labor that required the repetition of a given sequence of moves perhaps thousands of times over the course of a shift. The plant processed as many as 150,000 chickens over two eight-hour shifts, but most employees had their shifts extended by an hour or so of mandatory overtime. Thus, the work setting in the processing plant was inherently stressful–physically, mentally, and socially--particularly for rural people not used to the regimentation of industrial life.

Because of the care required in production work, individual workers and work groups had significant impact on productivity, despite the work pace set by the assembly line technology. For example, if those employed in deboning left too much meat on the carcass, the raw meat yield would be negatively impacted. The preparation of yakitori skewers required speed and precision, and workers were also responsible for checking the quality of the product. Thus, skill development and refinement were important aspects of work in the processing plant, at least for certain types of jobs. In addition, the "discretionary effort" of employees–the effort beyond the minimum requirements of the job and under the control of the employee-- was a critical production factor even in such a routinized a work environment.

The base pay rate for production workers at SVT was the local minimum wage. At the time of the case study, this wage was 140 Thai baht per day in the Saraburi province. This compensation was around US $4 per day (i.e., 37 baht per U.S. dollar at the time this was written). This comparison, however, understates the purchasing power of the Thai baht. Women typically worked eight-hour shifts, six days per week. Most employees also earned about an hour of overtime daily, for which they were paid at a premium rate.

Women in the SVT Workforce

The SVT female workforce had somewhat of a bimodal age distribution, with a majority of younger workers 16 to 23 and another age cluster of workers in their late 20's to early 50's. Those under 18, however, require governmental permission to obtain factory employment. By January 2000, around 80% of the more than 3,200 SVT production workers were female. This pattern was similar to other Thai poultry producers, as well as several other industries in Thailand. Why were so many women employed in this industry? Part of this gender imbalance was probably due to self-selection, though employer preference might have been a factor as well.

Self-Selection

Because food preparation was traditionally associated with women, employment in food processing might appeal to women, especially in rural societies where traditional cultural values were still very strong. In fact, most of the nearly 100 SVT female production workers interviewed by the case writers expressed the view that their duties were generally viewed as "women's work" by both men and women, and therefore deemed inappropriate for men (Table 5). These women saw no serious inequities in this gender division of labor and, in fact, considered such differentiation appropriate.

Given the size of the SVT workforce, there were several hundred male production workers. While women tended to be clustered in food preparation and animal husbandry, the male workers were similarly differentiated by their job assignments within the company. Almost all of the workers in the feed mill were male, as well as most of the workers involved in slaughtering animals. In contrast, the vast majority of the workers who processed the chickens after they were slaughtered were female. None of the women workers interviewed at the plant, however, expressed any interest in doing work connected with the feed mill or the slaughtering of the animals. They found slaughtering repugnant, especially because most were Buddhists who at least in principle should avoid killing animals.[1] Most workers in the feed mill were male

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[1]In fact, most of the workers involved in slaughtering chickens were Moslems, specifically recruited from southern Thailand because their religion does not prohibit such work. Moslems were also hired because Islamic dietary laws required their meat to be from animals slaughtered by Moslems. This employment practice enabled the company to market products to Moslems (e.g., Pakistanis living in Britain).

primarily because the work involved a great deal of heavy lifting, and the women we interviewed saw themselves as lacking the necessary strength for this sort of work.

It should be stressed that work differentiation by gender did not appear to have any discriminatory impact on earnings by sex, as the starting wage for most SVT production worker-- male or female-- was at or slightly higher than the minimum wage. Also, a strict division of labor by gender appeared to be breaking down to some degree. While the 1997 financial crisis in Thailand resulted in massive unemployment throughout the country, SVT continued to grow. There were no layoffs and, in fact, additional workers were hired. Many of the increasing number of unemployed men in the area applied for jobs that, until then, had been largely the domain of women. Though the number of men working in the further processing activities increased significantly, the jobs remained overwhelming dominated by women.

Employer Preferences

Another factor influencing the employment of large numbers of women in the poultry industry might be attributed to employer preferences. A great many employers in the region were involved in industries that normally did not hire women for production jobs. Where work was dirty, dangerous, or required considerable physical strength not only were most women disinclined to seek employment, but employers were apt to openly discriminate in favor of men, as well. While this might be a general rule, however, it was not always true. Many Thai women, for example, worked in the construction industry. This might be attributed at least in part to the construction boom that lasted through much of the 1990's, creating an acute shortage of workers. In general, a clear gender division of labor prevailed.

In Saraburi Province, for example, much of the industrial activity involved work that was stereotypically male, with the dominant industries quarrying and cement production (*Thailand in Figures*). Light manufacturing and wholesale or retail trade constituted a much lower proportion of the province's economy than that of metropolitan Bangkok. Consequently, employment opportunities for women in the province were much less. Apart from some other poultry plants in the province, employment opportunities were scare for women in the formal sector of the economy, especially for those with limited education. The women interviewed at SVT clearly stated that their employment options were primarily restricted to: a) working in one of the

poultry plants; b) working in the agricultural sector, but generally only if they were from rural or farm families, or c) migrating to Bangkok or other areas with greater opportunities for women workers.

In industries where work conditions were not stereotypically male, females sometimes enjoyed an advantage relative to males in securing production jobs. Most of the independent experts interviewed in connection with this study repeatedly noted that there were important differences between the orientation of men and women toward industrial work, particularly among rural workers for whom employment of this type is relatively new. To understand this, it is necessary to look at some traditional Thai cultural characteristics that continue to influence rural life.

Traditional values and mindsets such as *sanuk* and *mai pen rai*, previously discussed, promoted a culture among many rural people in which men were often expected to live a kind of *bon vivant* lifestyle, with work secondary to their enjoying the camaraderie of other men in such pursuits as drinking, gambling, attending cock fights, and other pastimes. While farm work was physically demanding and grueling, it tended to be self-pacing, although quite intensive at certain times (e.g., planting and harvesting crops). Otherwise, on the farm, there are substantial periods of free time during the year. The individual farmer, and even the farmer working on a collective, was not subject to continual supervision and a highly regimented work environment. Moreover, rigid work schedules, with precise starting and stopping times, were not normally a part of rural life. Therefore, given the differences between farm and factory, men were more suited culturally to the lifestyle on the farm while women's roles were more adaptable to the regimentation demands of industry.

In contrast to men, women were expected to assume a fundamental role in maintaining the integrity of the family, at least when children were present. Reinforcing these economic gender roles was the custom of polygamy. Though illegal, polygamy was still practiced and socially legitimized, with a man sometimes having one or more minor wives in addition to a legal wife. Men might also have children by minor wives and maintain separate households for each family. Thus, a husband's commitment and devotion of resources to any given family might be limited. If divorce ensued, men often failed to provide any kind of child support. This

approach to life tended toward a rather tenuous marital relationship, putting the economic burden on women to provide for their families.

Thus, in rural settings, women who are responsible for children might be seen by businesses as generally more desirable employees. They were viewed as more serious and committed to work than men, in part because of their responsibility for any children and in part because of the different societal expectations for women relative to men. In addition to the economic realities for women, there are also those who argue that firms preferred women employees in production jobs, particularly young unmarried women, because they are docile, non-assertive, and more readily controlled (Siengthai, 1994).

Work and Family Issues for SVT's Women Employees

The women working at SVT varied considerably with regard to educational attainment. The older workers, particularly those over thirty, usually had completed no more than fifth or sixth grade, and many only finished fourth grade, which was the minimum educational level required for employment at SVT. Younger workers generally had finished elementary school and attended, if not finished, middle school or high school. Obtaining more education was a goal of those who wanted better jobs, either at SVT or elsewhere. The opportunity to do this, however, was limited by the dual burdens of work schedules and family responsibilities.

More than half of the women employees interviewed had school or pre-school age children. Family size in these cases seemed to cluster at around 2 to 3 children. In addition, several women interviewed were pregnant. Thai law provides for paid maternity leave after giving birth, and so most women worked until this time. Of the women employees with children, almost half were the principal source of income for their families. In many of these cases, the husband was either deceased or absent, and therefore not contributing to the support of the family. For the remainder of the working mothers who were primary providers, the husband was either unemployed or had an irregular source of income. It should be noted that the term "marriage" is quite loosely used in Thai society, and many of the interviewees were vague about their marital situation.

The SVT female workforce was comprised of a mixture of women from farm villages and the more urban areas of the province. Transportation to and from home was difficult and could

be costly, especially for those in rural areas. Many of the women at SVT supplemented their income in ways fairly typical of rural families in developing countries. Women from farms, for example, helped out with farm tasks. Some women worked as street vendors on their one free day a week. Others produced a range of handicrafts in their spare time that they sold either in outdoor markets or through cooperatives established by the government or non-governmental organizations (NGOs) to facilitate the sale of such goods to retail stores or exporters.

These employees also had other, less desirable means of generating funds in order to make ends meet. Gambling, as an example, was fairly common and many workers regularly buy national lottery tickets. Lottery tickets sales, however, were typically handled by vendors (often disabled people) rather than computerized, which meant it was difficult to pick certain desired numbers because they might have been sold previously. There was a parallel underground lottery, however, run by racketeers and linked to the results of the national lottery, in which individuals can buy any numbers they wish. Because of this, the underground lottery was sometimes more appealing.

Another common practice was the "chits and shares" system, which helped women to periodically generate large sums of money for certain needs. This was a savings club of friends who each contributed monthly a fixed amount to a pool. The club members bid to use the pool for that particular month and the person with the highest bid prevailed. The winner was required to continue to contribute both her regular monthly share for the remainder of the life of the pool. Each member of the group received the pool only once during its life, which was usually set by the number of members (i.e., a six-member chit and share fund would normally last six months, after which a new fund was typically started). The member who waited to the last month to use the fund not only was exempt from interest payments to the fund, but also collected the accrued payments of the other members. For such a system to work, the members obviously must know and trust one another. From time to time, a member might abscond with the funds after winning the pool, making no further payments to the pool and thereby stealing the contributions of other members. In extreme cases, this individual might quit her job and simply disappear. Whatever the case, a failed chit and share fund could cause considerable conflict and discord among its participants, and this sometimes flowed over into the workplace. Finally, in cases of extreme

need, individuals borrowed from "loan sharks," who charged exorbitant interest rates and utilized unsavory collection methods. Employees so indebted might need to leave their jobs and move elsewhere to escape the loan shark.

Although women working at SVT were recruited in a variety of ways, many of those interviewed indicated that they had obtained their jobs by word-of-mouth through friends or family members. The use of social networks in this manner is typical of collectivist cultures, a reflection of *mee sen* contacts, although SVT used testing and evaluation methods to maintain a high level of selectivity in choosing its labor force. The company also used publicity to recruit (i.e., fliers and other forms of advertising) in other provinces, and a small number of those interviewed had, in fact, been recruited to SVT in that manner. When they moved to Saraburi, they either lived with relatives or rented space because SVT provided no housing except temporary quarters for farm workers. Recruiting workers, in general, was not difficult for SVT; rather, the problem rested with high turnover and maintaining quality workers for an extended period of time. And this was the persistent challenge that presented itself to Viroj Suwan in the mid-1990's.

Assessing the Problem

Turnover among the workers at SVT, especially those in the production facility, seemed to stem from several sources. First, the clash of traditional rural culture and the demands of industrial employment undoubtedly resulted in job dissatisfaction for many of rural workers, which led to both job withdrawal (quitting) and work withdrawal (absenteeism and perhaps decreased work effort). Family responsibilities were a second cause of quitting and absenteeism. Daycare was not generally a problem for most of the women employees because younger children were typically cared for on a day-to-day basis by a grandparent or older sibling; in some instances, the father was at home and cared for the children. A problem arose, however, when a child or other family member required extended medical care that could not be handled by the regular caregiver. The worker would then have numerous absences or be forced to quit. For

employees of farm families, there was often the seasonal need to assist with planting or harvesting on the family farm, an obligation also resulting in frequent absences or turnover.

Such turnover was a serious problem because the company was not recovering the training costs of employees who stayed with the company for only a short time. In addition, SVT was able to show that employees with over a year of service had double the productivity of employees with only six months service. Training, therefore, was not sufficient to assure maximum performance; work experience was also a critical factor. This meant that a high turnover rate cost SVT not only its initial and repeated training costs, but also more productive experienced workers down the line. Given the turnover rate in the early 1990s, a large portion of the work force was obviously working below peak performance levels. High absenteeism was also disruptive of work team performance. In addition, there was a perceived need that employee performance in certain key areas could be improved regardless of the turnover and absenteeism problems.

Reducing the high turnover rates, especially among women employees would undoubtedly improve productivity. The questions facing SVT was how to go about it. What human resource management strategies would work?

Part B: Five Years Later

Between 1995 and 2000, SVT developed a series of human resource management (HRM) initiatives that addressed these concerns quite effectively. During this period, the company continuously met or exceeded its financial performance goals and in 2000 embarked on an ambitious expansion program to increase production capacity by 30%. This part of the SVT case highlights and analyzes these changes, showing various aspects of the Human Resource Management system from both management and employee perspectives, and with special attention to the impact of these policies on women production workers at SVT.

Compensation Policies

In general, poultry producers in Thailand paid production workers at or near the minimum wage. The difficulties involved in performance of the work, along with the demands of family responsibilities--especially for women workers, suggest that this pay level was insufficient to develop and retain a highly productive workforce. One solution might have been to increase pay ratio to a level significantly above the minimum wage. There was no guarantee, however, that this strategy would reduce turnover and absenteeism, or increase productivity. Moreover, because of the highly competitive nature of this industry, particularly in raw chicken production, any wage increase not offset by a performance increase could seriously disadvantage the company relative to other domestic and global competitors.

Instead of a general pay increase, SVT initiated several programs that linked pay to performance. It appraised the performance of production workers, and this was used in part to determine annual pay increments and promotion opportunities. In addition, the employee's time in the company was also taken into account. An employee with less than one year's experience, for example, was typically paid 140 baht (the minimum wage) while those working of six or seven years received about 220 to 230 baht per day. These experienced employees indicated that other poultry producers in the area (all locally owned companies) generally paid only the minimum wage with little opportunity for significant annual increments. Thus, two important SVT objectives-- performance and longevity--were tied to pay increases. Employees understood this relationship and saw the connection in their pay increases.

SVT also implemented a number of other performance-based rewards. Annual bonuses were paid to employees based on overall company performance, although this practice was fairly widespread in Thailand and did not greatly distinguish SVT from other firms. Bonuses, however, were somewhat greater for longer-term employees. In the grow-out farms, individual bonuses were paid to employees based on the mortality rates in their barns. An employee achieving a mortality rate in her area of less than 6% received a gold chain, worth perhaps a month's salary. These "mortality reduction achievement" awards were highly valued by the farm employees who often wore them as a status symbol. Performance-based pay systems can be difficult to implement in collectivist cultures, where individuals tend to avoid interpersonal competition. To some extent, this problem was moderated by the somewhat more individualistic character of Thais, as noted in Part A; yet as a rule Thais are not individualistic in the Western sense. To a considerable extent, the success of the incentive system rested in the fact that most incentives were linked to specific goals rather than interpersonal or even inter-group competition. In this way, groups or individuals who reached predefined and absolute goals (i.e., chicken mortality rates) received the specified reward, generally without reference to the performance of others.

Other bonuses were specifically linked to daily attendance, and SVT paid a special award annually to those with perfect attendance. Employees received a bonus at the end of their probationary periods. Work groups also received bonuses based on group attendance, turnover, and accident rates. This approach clearly took advantage of the collectivist nature of Thai culture, with individual group members encouraged to take responsibility for the group as a whole and with the group working to reduce the likelihood of individual members quitting or not attending.

Family-Friendly and Woman-Friendly Policies

With so large a contingent of woman employees, it is not surprising that SVT implemented a number of policies that specifically addressed their particular concerns and needs. Much of this was reflected in the company's corporate culture. The SVT mission statement specified that "the foundation of our business is a skilled and respected work force." Thus, the

development of employees and enhancement of their well-being were considered keys to success. This company value was incorporated into a wide range of training programs. Supervisors in particular were inculcated with the need to be empathic and responsive to employee needs whenever possible. The corporate culture promoted SVT as a community or family.

The relationship between supervisors and workers seemed to have somewhat of a *pi-nong* characteristic, meaning it was like "big sister/brother-little sister/brother." A Thai normally referred to a somewhat older person as *pi* regardless of blood relationship. In a hierarchical society like Thailand, *pi-nong* implied reciprocal relationships, with the big brother or sister (supervisor) serving as benefactor of the little sister or brother (worker), and the latter accepting direction from the former. This two-way hierarchical relationship was used effectively at SVT to build a corporate culture. While the relationship was apt to break down in the case of a much older worker, this situation was infrequent. Most supervisors had several years of work experience and were typically older than their subordinates.

The supervisors were often women who, for the most part, were promoted from the ranks of production workers, resulting in a natural affinity between certain supervisors and their female subordinates. Nevertheless, such relationships also existed between women workers and male supervisors, and they also viewed their co-workers as something akin to a family. Many of the women interviewees indicated that they viewed their relationship to their supervisor in *pi-nong* terms. They would solicit and obtain advice from the supervisor on a variety of issues, including personal problems outside of work. As one supervisor expressed in the interview: "They [the workers] love and trust and feel very close to the supervisor." This relationship, clearly fostered by SVT, had the benefit of helping resolve family and personal problems that might lead to turnover and absenteeism.

SVT also developed other women- and family-friendly policies. The supervisor could arrange, when necessary, short or even extended leaves of absence without pay to allow the employee to handle family emergencies such as a sick child or family member. It also allowed short-term leave-without-pay during the harvest season. While maternity leave with pay was required by Thai law, interviewees indicated that other companies and employers discouraged workers from using it. Unlike SVT, other employers also discriminated against female job

applicants who were likely to become pregnant. While medical care for pregnant workers was generally covered under the Thai Social Security Act, SVT provided some supplementary assistance, such as some payment for hospitalization. In addition, SVT reassigned pregnant women to work that was not physically taxing and did not normally require them to work overtime.

SVT required annual physical examinations for all employees. One purpose of this was to assure healthy employees in a country where many endemic diseases could cause product contamination problems. The employees, however, seemed quite pleased to have this service provided, and women especially seemed to appreciate this attention to health. In sum, the women interviewees saw SVT as supportive of families and their family responsibilities, which they highly appreciated and contributed to their attachment to the company.

Employees also appreciated the financial assistance given by SVT for the schooling of their children. The company not only provided funds to offset some of the employee's education costs, but also granted some scholarship assistance, up to and including college education, for students with particularly good grades. In addition, SVT provided free bus service for employees to and from home. For women in particular, this was viewed as a significant benefit and considered a very woman-friendly policy. Many lived far from the plant and, because of work schedules, had to travel to or from work either very early in the morning or late in the evening. Thus, safety was a concern for those traveling alone. Other poultry companies in the area provided bus service but for a significant fee, even amounting up to several day's pay.

Another area in which women employees rated SVT very positively concerned sexual harassment. This was not seen as a serious problem at the company; in fact, several interviewees indicated that an appealing aspect of employment at SVT was the general absence of sexual harassment. One worker contrasted the atmosphere at SVT with a previous job as a waitress, where she continuously had to deal with unwanted advances from male customers. There was, as one might expect given Cargill's policies and code of conduct, no hint of this being a problem with male supervisors or managers. What sexual harassment did occur came from male workers. All of the women interviewed indicated that this was fairly benign and they were able to handle it without recourse to management.

One final area that warrants mention was the educational program that SVT implemented for its employees. Although not exclusively a woman- or family-friendly policy, it did have substantial impact on the women employees. There was considerable variation in educational attainment among SVT workers. All were required to have at least a 4th grade education, although many of the younger workers had completed some middle school or high school prior to employment at SVT. The company added a program whereby employees could attend classes several hours per week outside of normal work hours and receive pay. These classes could lead to certificates at the 6th, 9th, and 12th grade levels. Increasing their education not only could help employees advance in the company, it also provided a sense of personal accomplishment. Some of the middle-aged women employees, many with only 4th or 5th grade educations, had taken advantage of this program to complete 6th grade. Some felt that their effort provided a positive model for their children and encouraged them to pursue their own education. The educational program also served to build attachment to the company, at least during the period when the workers participated in the program. At the time of the study, about 200 production workers were enrolled in this program. Its usefulness was reflected in comments from workers on the grow-out farms. Given the remoteness of the farms and the work schedules of the employees, their participation in the educational program was not an option. Some of the interviewees, however, were very aware of the program and indicated that they wished it was available to them as well.

It should be noted that SVT's women employees did not view all aspects of their work situation positively. With demand far exceeding current capacity, the company required most of its employees to work one to two hours per day overtime. Although compensated at a premium rate for this work, several women interviewees felt this interfered with family life and they did not want to work overtime; others, however, very much appreciated the extra income, so this was not a universal response. The company was in the process of expanding its production capacity by some 30%, thereby possibly reducing the overtime problem in the future.

SVT also rotated shifts for most of the processing plant workers every two weeks. In this system, employees moved from the day shift to the night shift, which required them to be at work from 7:00 p.m. to 5:00 a.m. It might seem that compulsory night work would be quite unpopular

but that was not always true. Many of the women with children indicated that this provided them with more time to be with their children, especially younger ones during daylight hours. When working day shifts, the children were often asleep when the mother left for work and returned home. The night shift, however, had the disadvantage of reducing time with their spouses. Rotating shifts seemed to strike a balance between these two demands.

Another concern expressed by women interviewees regarded the physical demands of the work relative to their physical strength. Most of the women working at SVT were quite small in stature, often under five feet tall and weighing less than 100 pounds. Some of those working on the grow-out farms felt overburdened by the care of too many chickens and this extended their workdays and the effort required. They expressed that additional staff needed to be assigned to the farms to deal with the workload. In the processing plant, some women employees were required to lift carcasses to shift them from one conveyor belt to another. Given the improved methods of raising chickens, their weight had increased substantially (while a typical chicken might have weighed around 2 kilograms in the past, the male birds were now approaching 3 kilograms). Many of the women felt that it was exceedingly difficult to repeatedly lift this mass. The increasing number of men working in the processing plant, however, seemed to address this problem because they were often assigned heavier work.

Concluding Observations

A number of policies implemented by SVT apparently had very positive effects on the quality of work life at SVT, particularly for its many women employees. The case illustrates that sophisticated HRM policies can be used with considerable success in the case of lower-level employees in developing countries. There is some belief in the employment field that HRM policies are only applicable for higher-level employees in those contexts. However, it was clear that the SVT employees--even the ones with quite limited educational backgrounds, understood the employment policies and how to work within the provisions of the system to enhance their work and personal lives. Therefore, the HRM policies served their intended purpose: they motivated workers to act–and to change their actions--to increase organizational performance. The evidence from this case study indicates a significant return to the company for its HRM

investment. By 2000, SVT was increasing its operations by 30%, a reflection of its general success in this market. This is likely to lead to a substantial increase in the number of workers the company employs. Moreover, SVT's reputation as an excellent employer is likely to contribute to its hiring efforts, enabling it to attract the best qualified applicants. In particular, its policies relating to women are apt to make the company a source of quality employment for women in the Thai agribusiness sector.

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APPENDICES

Appendix A: Tables

Table 1 Economic Profile of Thailand

	1976	1986	1996	1998
Gross Domestic Product	US$7.6 billion	US$28.3 billion	US$114.9 billion	US$115.5 billion
Per Capita	US$176	US$533	US$1823	US$2024
Distribution by Sector				
Agriculture	25.9%	15.7%	10.9%	NA
Manufacturing	18.7%	23.9%	28.2%	NA
Wholesale/Retail	19.2%	16.8%	16.4%	NA
Services	11.1%	14.7%	12.7%	NA
Other	25.1%	28.9%	31.8%	

Source: *Thailand in Figures (*1997, 1998).

*In billions of 1998 US dollars (assuming exchange rate of 40 baht/dollar).

Table 2 National Human Resource Profile

	1970	1980	1995
Estimated Population	35,745,000	46,718,000	58,265,000
Percent of Population in Rural Areas	NA	NA	74%
Total Births per Woman	5.0	NA	2.2
Contraceptive Prevalence	14.5%	44.5%	65.5%
Life Expectancy at Birth (years): Males	56*	59.25	66.78
Females	60*	63.19	71.92
Percentage of Population with Access to Safe Water			
Urban	NA	56%	67%
Rural	NA	70%	85%
Percent of Population with Access to Sanitation			
Urban	NA	78%	84%
Rural	NA	46%	85%
Infant Mortality (rate per 1,000)	64*	56	26
Adult Literacy Rate			
Males (urban)	NA	NA	98%
Males (rural)	NA	NA	94%
Females (urban)	NA	NA	96%
Females (rural)	NA	NA	91%
School Enrollment Ratios			
Males (6-11 years old)	80%	88.5%	81.8%
Males (12-17 years old)	29%	39.4%	39.1%
Females (6-11 years old)	75.5%	89%	81.4%
Females (12-17 years old)	21%	31.6%	35.9%

Source: *UN Women's Indicators and Statistics Database (Version 3),* unless otherwise noted. *Estimates.

Table 3 Religious and Ethnic Groups

Ethnic Groups	
Thai:	75%
Chinese:	14%:
Other (Malay, Indian, hill tribes):	11%
Religious Groups	
Buddhist:	95.0%
Muslim:	3.8%
Christian:	0.5%
Hindu:	0.1%
Other:	0.6%

Source: *CIA World Factbook.*

Table 4 Economic Status of Women

	1980		1995	
	Female	**Male**	**Female**	**Male**
Labor Force Participation Rate	48%	54%	48%	60%
Women as a Percentage of Adult Labor Force	47%		44%	

Women per 100 Men (major occupations)

Professional and Technical	Admin. & Management	Clerical	Sales	Services
111.34	28.58	94.39	149.95	127.66

Women's Average Age at First Marriage (1990): 22.7

Percentage of Women Headed Households (1990): 22%

Source: *UN Women's Indicators and Statistics Database (Version 3)*, unless otherwise noted,

Table 5 Profile of Female Employees Interviewed at Sun Valley Thailand

(n = 81)

Age					Years of Education			
					?	1-6	7-9	9+
16-20	21-25	26-30	30-35	over 35				
10	14	23	16	18	3	52	20	6

Marital Status			Number of Minor Children			
Single	Married	Divorced/ Widowed	0	1	2	3+
29	45	7	40	22	16	3

Years of Employment at SVT			
?	< 1	1-5	5+
1	9	34	27

FIGURE 1
SVT PRODUCTION PROCESS

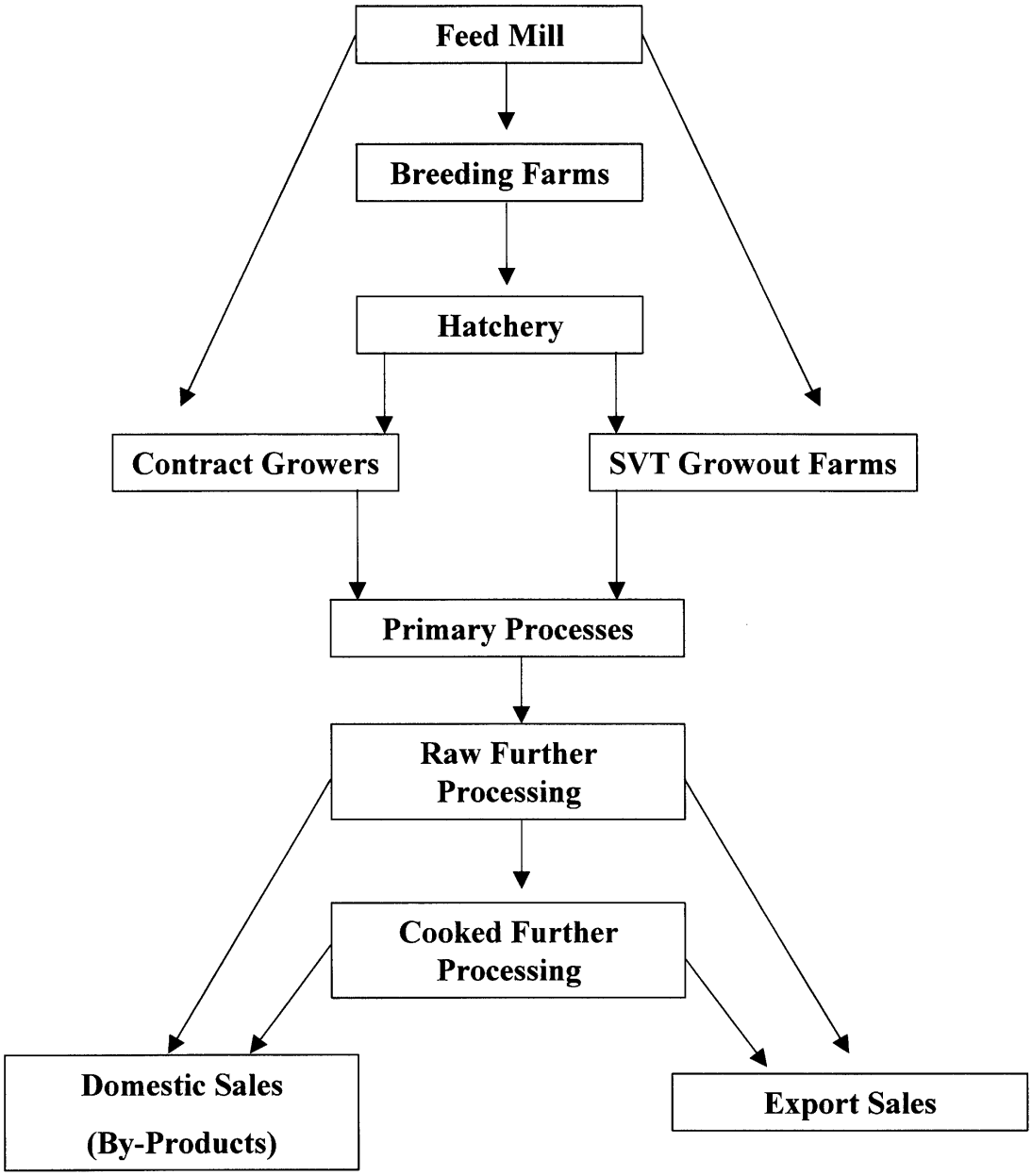
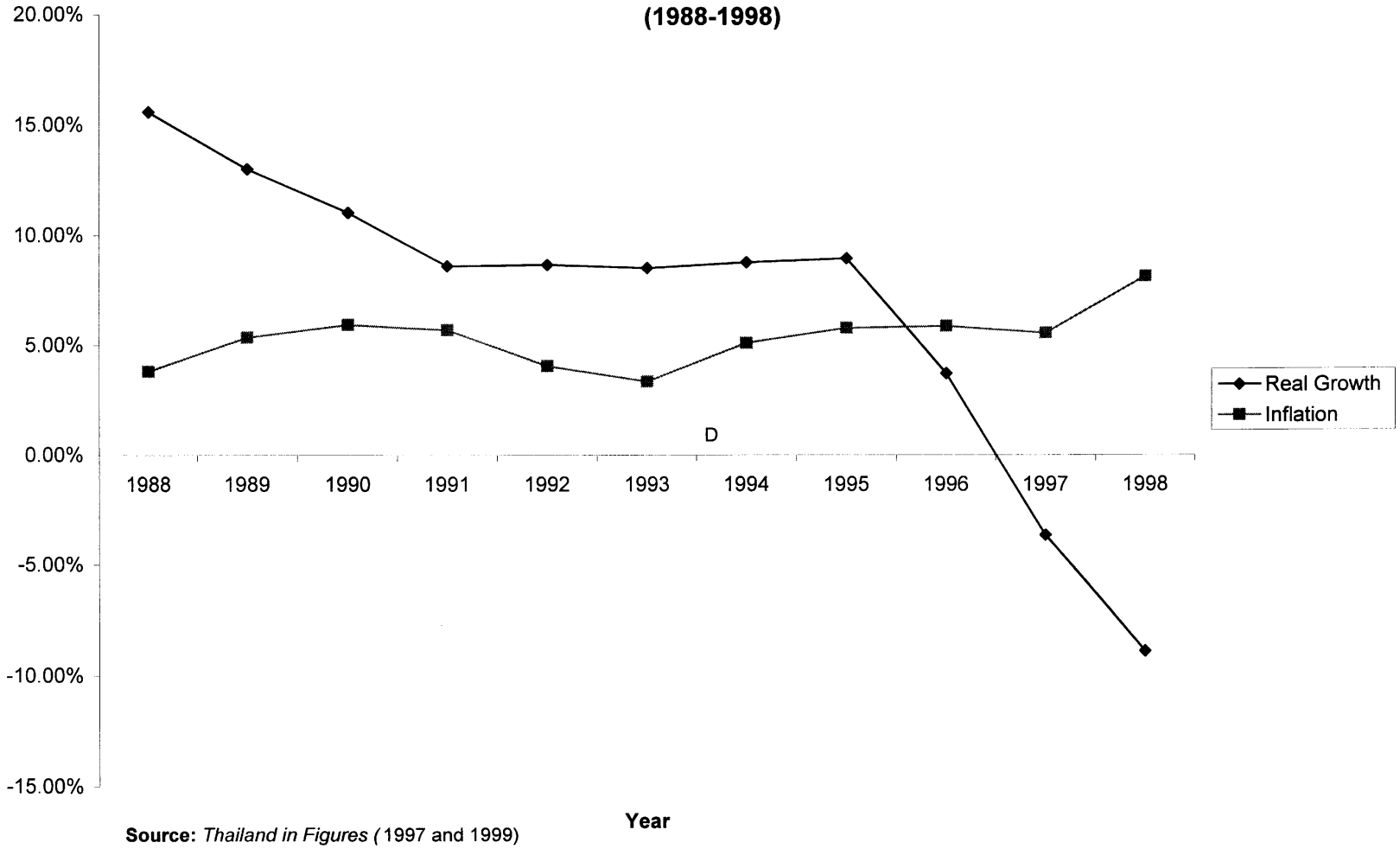


DIAGRAM 1

THAI REAL GROWTH AND INFLATION
(1988-1998)



Source: *Thailand in Figures (*1997 and 1999)