Chapter 6
Analytical Discussion and Conclusion

This thesis has discussed Japanese corporate culture and its dynamics in Thailand through the case study of the Thaniya entertainment area. The previous chapters have dealt with the emergence of the Thaniya area and its functions with emphasis on *settai,* corporate entertainment. Nearly thirty decades history of the area has witnessed continuity and change of Japanese corporate culture and Thai social and economic conditions reflecting in the sex industry. This chapter discusses what have made clear respecting these subjects through the surveys and the research findings conducted in the previous chapters. Furthermore, future trends of the Thaniya entertainment area will be examined, considering the change found in the area during the recent recession which Japanese corporate culture is forced to be on its turning point.

6.1 Japanese Corporate Culture and Its Impact on Japanese Society

Japanese corporate culture has traditionally been characterized by a sense of solidarity and unity, conformity, and consensus among employees. These characteristics grow out of Japanese style management. The theory of the management style is generally accepted that Japanese style management comprises of lifetime employment, seniority-based promotion and enterprise unions. Management's paternalistic attitudes towards the employees nurture their high loyalty towards the company and strong sense of identity with their company. Japanese style management, however, is more of an established practices or customs, neither prescribed by law nor agreed upon among enterprises. It is

generally accepted that this unique style of management has come into being due to the configurations of historical conditions of the pre-war, and even more specifically in the postwar rapid industrialization periods (Abegglen 1958: 24, Odaka 1984: 3).

Under the established management practices, most regular employees are recruited from new graduates from high schools and universities once a year, and continue working for the company until their retirement age. They are educated company ideology by training programs for new employees and through OJT by their seniors. In addition to the education, the loyalty and the sense of solidarity are often strengthened by fringe benefits given by the management. As a 1990 survey by a Japanese governmental agency showed that more than 95 percent of companies with over 1,000 employees had company housing, while 80 percent of those with under 500 employees provided them with company housing (NHK and Daiwa 1995: 140-3). Employees are also provided with family allowances, company-run hospitals and resorts, and other various fringe benefits through their company lives. In this regard, the management takes care of not only its employees themselves but also their wives and children, who are not employed by the company. The sense of solidarity especially among colleagues can be brought up by encouraging them to develop camaraderie among them. As described in Chapter 2, many Japanese enterprises do not make any distinction in promotions for the first 10 years or longer after entering the company. In this way, employees can feel secure about their lives as far as they stay in their companies.

It seems reasonable to suppose that employees of the same company come to possess the same sense of value, solidarity and unity, rather than competitive consciousness, under Japanese style management. In other words, as Tao analyzes, many employees feel a sense of relief and comfort so long as they show conformity to the company. This sense of conformity

develops into consensus in decision-making: *ringi*-system, which is carried out inside a company, and *settai,* which is done towards business customers and partners. In this context, Japanese style management creates its corporate culture, which nature is marked by conformity, consensus and a sense of solidarity.

The best way Japanese salary men develop conformity, camaraderie and sense of solidarity can be gathering with one another frequently. They actually have a lot of opportunities to gather: drinking after day's work, playing golf, athletic festivals, recreational trips, and so on. This principle can be applied to the case of business partners and customers. The best explanation for the principle of *settai,* or corporate entertainment can be found in the unanimous approvals and the agreements that lack any conflicts or arguments at every stage of the negotiations. *Settai* already became customary activities among Japanese salary men, particularly those in the sales department, to offer dinner and drinking to business customers and partners. The Ginza area, downtown Tokyo, has been known for luxury nightclubs for *settai* since the 1950s. Japanese companies had continuously increased *settai* expenses until 1992. Some salary men spent money for *settai* that exceeded his monthly income by as much as ten fold. It is generally said that Japanese business cannot succeed without *settai.* Business targeting *shayo-zoku,* of company-expense-account spenders, grew accordingly, with the Ginza area topping the list. Many luxury restaurants and nightclubs came to send bills to the customers' companies directly as far as the companies were well known or trusted, instead of examining the customers' personality as such.

Such lavish *settai* has made some major impacts on Japanese business society and society in general. Firstly, lavish *settai* budget of Japanese companies produced a double price system: prices for ordinary people, and those for *shayo-zoku.* Luxury restaurants and nightclubs

targeting *shayo-zoku*, set prices that exceed what ordinary people can afford to pay by themselves. Membership price of a golf club located in the outskirts of Tokyo quadrupled in only three years because it was popular among *shayo-zoku*. Limitless *settai* budget boosted prices and led to a general dissatisfaction of lifestyle in Japan, as a result. Secondly, the tendency that Japanese are classified primarily according to the group that they belong to, rather than the background of their birth is strengthened. Their company name and its scale are more important than their personality, particularly when they visit luxury restaurants and nightclubs targeting *shayo-zoku*. Thirdly, such lavish *settai* has often caused scandals of offering and receiving bribes.

Consequently, Japanese corporate culture has become so influential that Japanese society is often called a company-oriented society (Asahi Shimbun 1995: 75-95). In particular, *Settai* clearly mirrors the salient characteristics of the corporate culture: a sense of solidarity, unity and conformity. Furthermore, it is important to note that Japanese corporate culture have been carried out and maintained by only male employees. In other words, Japanese women, especially wives of salary men, have been compelled to support Japanese corporate culture, which has secured their lives.

6.2 Japanese Corporate Culture in Thailand: As Seen through the Thaniya Area

It can be said that Japanese corporate culture is maintained and strengthened by the feeling of solidarity and conformity among the people concerned. Japanese resident officers, therefore, needs the places where they gathered with one another after day's work and escort business customers and partners as well. This observation of the Thaniya entertainment area can illustrate that the emergence of the area is liked

to Japanese corporate culture, if not the direct factor. The emergence of the Thaniya entertainment area is dated from the appearance of the Thaniya Building in 1970, which soon became the building of gathering Japanese affiliated companies. At that time, Japanese investment flow to Thailand rapidly increased: the amount rose from 404 million baht in 1969 to 707 million baht in 1973 (Phongpaichit and Baker 1997: 137). The number of Japanese affiliated companies in Thailand was 217 in 1970 and increased to 274 in 1973 (JCCB 1995: 216-7). The number of Japanese businessmen coming to this area increased accordingly. As if responding their demands for the places where they were able to gather with one another, restaurants and nightclubs targeting Japanese resident officers and their visitors mushroomed around Thaniya Road where nothing but the lane with green was found along both sides at that time (see Picture 4.3).

Several aspects are found that Japanese corporate culture with emphasis on *settai* is actually practiced at the Thaniya entertainment area. There were some Japanese managers like Mr. A, who brought service style and know-how of nightclubs at Ginza targeting *shayo-zoku* to those at the Thaniya area. All Thai hostesses were trained to have the same manners as Ginza hostesses possessed: the way of serving whiskey and water, talking to customers, and so on. They were provided with costumes so that they looked like Ginza hostesses. Most establishments furnished sofas and low tables on the carpeted floor, where was softly lighted. Pianists or music bands played soft and light music to make the customers feel relaxed. Everything was designed just for meeting Japanese men's taste. These pictures were totally different from those seen at the Patpong area: most establishments were beer bars, girls danced almost naked to loud music, anyone who was interested in the establishment was welcomed.

The most significant feature of Japanese corporate culture with

emphasis on *settai* is reflected in the charge system applied by most establishments at the Thaniya area. A business card is an essential item when visiting Thaniya's establishments. Once a business card is accepted by the manager or *mama*, Japanese resident officers do not have to pay their bills in cash afterwards. Their bills are sent to their offices directly, and the account department of the company will pay the mount for them after a simple check of the bill. This system clearly reflects two aspects of Japanese corporate culture in connection with *settai:* stress on company-oriented individuals rather than personalities; and the indulgent attitude of management towards *settai* expenses.

Thus the setting of the Thaniya entertainment area was to meet Japanese resident officer's, or *shayo-zoku* in Thailand, tastes and demands, if not direct attempt. From what has been observed in the study, it is no exaggeration to say that the Thaniya entertainment area has existed to help Japanese resident officers reproduce their corporate culture in Bangkok. Thais and Westerners as well as Japanese themselves, come to call the Thaniya area 'Japanese town' due to its exclusiveness and uniqueness of the existence.

This study also shows that continuity and change in a state of the Thaniya entertainment area are linked to the conditions of Japanese economy as well as the tendency of Japanese mass culture in connection with entertainment in each period. As stated above, it is an important factor that the emergence of the Thaniya entertainment area is the increase in the population of Japanese resident officers as Japanese investment flow to Thailand grew in the 1970s. The biggest Japanese investment flows to Thailand after the 1985 Plaza Accord brought a large number of Japanese resident officers and visitors to Thailand. The number of Japanese affiliated company increased from 394 in 1985 to 1,166 in 1998, while the population of Japanese residents in the country increased from 7,852 in 1985 to 22,481 in 1998 (see Table 2.1 and 4.2).

This study shows that the Thaniya entertainment area also experienced its biggest change after the Plaza Accord. The number of establishments at the Thaniya area greatly increased to about 300, which means there is no longer place for another establishment in the area. Since *karaoke* became popular leisure-activity among Japanese then, Thaniya's establishments introduced *karaoke* system to attract Japanese customers one after another. Since then, the Thaniya area is known for *karaoke* houses. This change indicates that the Thaniya entertainment area is greatly influenced by Japanese popular culture.

As described earlier, Japanese' social status tends to be much linked with the scale of the company they work for, rather than family background. After the Plaza Accord, not only large enterprises but also small and medium-sized enterprises sent employees as resident officers to Thailand. The latter group was not generally used to offering and accepting *settai* at luxury nightclubs like those in the Ginza district. They might lack the feeling of responsibility for the companies' image, contrary to those who were trained as the elite of the company. As Mr. A, who is a witness of the change, points out, more Japanese resident officers come to the Thaniya area to enjoy themselves, rather than the consciousness of escorting their customers, compared with the times before the Plaza Accord.

In addition to the increase in the number of Japanese resident officers, the number of Japanese visitors on business and tourists increased accordingly due to yen's appreciation. Thailand's cheaper and diverse commercial sex services are often introduced in various men's entertainment magazines by many red-light writers. In contrast, the prices of sexual entertainment in Japan are getting higher especially in the bubble economy period, and the sector is controlled severer than before. Whatever the purposes of their visits to Thailand, business or

pleasure, more and more Japanese men who are interested in sexual entertainment come to the Thaniya area expecting to have such pleasure. As if responding to the demands of such male visitors, many *karaoke* houses began to employ CSWs as hostesses after the Plaza Accord, according to one informant. Today, there are only four or five establishments which do not allow the hostesses to serve commercial sex. It can be concluded here that the Thaniya entertainment area has extended its role from merely the place of reproducing specific components of the Japanese corporate culture to the place of responding to any Japanese men's demands for sexual entertainment.

The change is greatly related to the tourist-oriented commercial sex sector in Thailand, which origins go back to the Vietnam War. The Thai sex industry increased its variety in accordance with various tastes of tourists in each period. In other words, one of the features of the Thai sex industry can be its flexibility and variety. However, economic, social and cultural problems that Thai society has faced so far are clearly reflected in the Thai sex industry. As Phongpaichit, and Boonchalaksi and Guest's studies show, the main reasons that push young Thai women into the commercial sex sector are poverty especially in rural villages, poor-educational background, and daughter's obligation towards parents based on Buddhist teachings. Both studies actually illustrate that remittances of CSWs have actually functioned to relieve the economic gap between the rich in urban and the poor in rural.

However, it is generally said among Japanese that CSWs working at the Thaniya entertainment area are a different kind of Thai women from those working in other varieties in the sector, such as massage parlors and go-go bars at Patpong. Japanese tend to believe that Thai women working at the Thaniya area are from fairly well families, educated and the reason they enter into this vocation is that they want to do so. That is because the prices are rather higher than other varieties of the sector (see

Table 3.8). One of the purposes of the empirical study is whether the belief is true or not. It is true that CSWs working at the Thaniya area in general have some advantages of those working in other varieties: they are better paid, and they are less restricted by the owners, compared with those working at massage parlors as claimed by Boonchalaksi and Guest's study. However, as far as interviews with forty hostesses in this study indicate, there are few differences in the conditions between hostesses working at *karaoke* houses at the Thaniya and CSWs working at massage parlors in Bangkok, who were interviewed by Phongpaichit, and Boonchalaksi and Guest. The findings of the interviews reveal that the main factors Thai young women enter into the sex industry are still poor home and educational background, moreover, the Japanese belief towards Thaniya hostesses is a totally groundless argument. Interviews with forty hostesses working at several *karaoke* houses at the Thaniya area lead to the conclusion that economic, social and cultural problems in connection with rural poverty are actually reflected in the Thai sex industry.

Through this study, it is clear that Japanese corporate culture is so influential that produce company-oriented individuals, who persist in their culture even in a foreign social context. The emergence of the Thaniya entertainment area can be an exact example. Japanese resident officers need the place for gathering with one another and carrying out *settai* to maintain their culture. Establishments at the Thaniya entertainment area have satisfied their demands and interests in each period. Actually, the Thaniya area merges with the Thai sex industry, however, that is far from cultural interaction. The Thaniya area clearly reflects Japanese' nature often critically characterized as exclusive, uncreative nature and lacking individuality, and that Thai tourist-oriented sex industry, which ingratiates itself with any kind of sexual demands of foreigners in order to obtain foreign currency, instead of efforts for improving women's rights.

Efforts for both features to work for mutual understandings between the two countries in the face of 'globalization' today, neglecting the basic issues raised in this study may not be realistic. No matter how much the Japanese government and enterprises try to perform cultural cooperation and exchange with Thai people, mutual understanding between the two countries may not come true, for Japanese' lack of attitude on understanding other culture. In a similar view, as far as the significant part of Thai society is content with the reputation of cheap and diverse commercial sex services, Thai society would not be truly and readily respected and be often misunderstood by people in other countries; the image is too visible though partially.

Today, the discussion of 'globalization' becomes the subject of international relations for the coming century. From 'globalization' viewpoint, both Japanese corporate culture and the Thai culture in connection with the sex industry need to be tackled on the policy level immediately, otherwise other meaningful efforts by both countries would be too far to be effective.

6.3 Limitation

Since the author is a wife of a Japanese resident officer, there are some limitations of the study. Firstly, since Japanese corporate culture is male-oriented culture, the author could not visit the Thaniya entertainment area repeatedly. Secondly, Mr. Y, the assistant of empirical research, is a person who are inside of Japanese corporate culture, therefore empirical research should be conducted carefully and secretly not to be noticed by not only his colleagues but also hostesses. Their network is so firm that any rumor can spread rapidly and broadly. Therefore, empirical research was conducted within the limit of the karaoke houses where Mr. Y escorted his visitors. Since Mr. Y is

dispatched from a Japanese governmental agency, many of those who he escorted to the Thaniya area were governmental officials graduated from so-called high-ranked universities in Japan. As participant observation shows, Japanese behavior at Thaniya differs according to their educational background. It should have been better if we have had another sample group. However, regarding empirical research of other Japanese affiliated companies to find the state of *settai* including commercial sex services, it is admittedly impossible to be included in this study.

Recently, more and more *karaoke* houses appear in the Sukhumvit area. I am incompetent to discuss Japanese corporate culture that might be performed at the area because I have no definite information on the area.

6.4 Future Research Introduction

The impact of Japan's worst economic recession in decades can be found in the business of Thaniya. Managers and hostesses remarked that they had fewer customers lately, and to what is worse, customers came to spend less money per a visit than before. Some establishments reduce hostesses' working days. Most establishments at the Thaniya area are suffering from economic hardships they have never experienced before as well as Japan's economy.

Can Thaniya business be expected to go upwards again as Japan's economy will recover? Will *settai* at Thaniya become thriving again? The answer may be 'No'. The Heisei recession begun in 1991 leads Japanese style management and its corporate culture to their turning point. Matsushita Electric Industrial, the biggest Japanese electric giant, announced elimination of lifetime employment system (NHK TV program

on October 18,1998). The largest automobile giant, Toyota Motor revealed that they would terminate the seniority-based pay-raise system (Yomiuri Shimbun July 8, 1999). In this way, Japanese style management has already begun to be modified with emphasis on labor-management relations.

Japanese corporate culture would be forced to change in accordance with readjustment of Japanese style management. Termination or readjustment of lifetime employment and seniority-based promotion would impact on employees' feelings towards the company: their companies would no longer secure their lives. Loyalty towards the company, accordingly, may lessen. A sense of solidarity, conformity and consensus would be replaced by individualism, differentiation and a majority decision respectively. In addition, introduction of individual ability-based salary system may encourage employees' motivation to progress their own abilities, rather than gathering with one another for strengthening camaraderie. The nature of labor-management relations would change to that of impersonal and rational, to borrow Abegglen's terms (Abegglen 1958).

Settai, that has played a remarkable role in sustaining Japanese corporate culture is compelled to be under review, considering both economic hardships and an ethical movement against corruption caused by lavish *settai.* As Figure 2.1 in Chapter 2, *settai* expenses plunged after the bubble economy collapsed. It is said that there were more than 2,000 luxury nightclubs at the Ginza district during the bubble boom period, however, today many of which are replaced by inexpensive *karaoke* houses and casual restaurants targeting young people (Yomiuri Shimbun September 28, 1998). The recent sensational bribery scandals become a subject of discussion about the propriety of *settai,* further expanded to the argument of Japanese corporate culture as such in Japanese society.

These circumstances in Japan may suggest that *karaoke* houses at the Thaniya area would not much depend on *shayo-zoku*, or expense account spenders, as their major customers as much as they had before the recession. Although the Thaniya entertainment area would continue to exist as the center place for *settai* among Japanese resident officers in Bangkok, the area may be compelled to shift their targeting customers from *shayo-zoku* to those who have to enjoy themselves at their own pockets to a large extent, due to reduction of *settai* budget. *Karaoke* houses at the area may welcome more tourists. Some establishments have already shifted; for example, 'Japanese high-school-girls' uniform service' suggesting *enjo-kosai*, or teenage prostitution attracts Japanese men who have interests in unusual sexual entertainment. Findings of the observation indicate that the context of the Thaniya entertainment area would turn to the place for catching Japanese male's attention with diverse commercial sex services. In other words, the Thaniya entertainment area would be forced to separate Japanese corporate culture.

Consequently, it can be said that the Thaniya entertainment area is standing on the turning point from economic, cultural point of view as well as from the discussion about 'globalization'. However, it is yet too early to conclude the future trends of the Thaniya entertainment area. Further research of the Thaniya area must be important to find the influence of changes of Japanese corporate culture and improvement of women's status in Thai society, both of which are required by the subject of improvement of cultural relations between us in the face of 'globalization'.